

WITT (UK) LIMITED

(Registered Number 4408889)

REPORT AND FINANCIAL STATEMENTS FOR THE

11 MONTHS ENDED FEBRUARY 28, 2003



Witt (UK) Limited

Report of the Directors

The directors submit their report and financial statements for the eleven months ended February 28, 2003.

1. Directors

M L Hawker
Arnulf Lieb
Wolfgang Jess

Secretary A Lord

All directors and the company secretary were appointed upon incorporation of the company.

2. Directors' interests

The directors of the company are shown above. No director has held any interest in the ordinary shares of the company during the period.

Interests in the share capital of the parent companies, Grattan PLC and Josef Witt Beteiligungs Verwaltungsgesellschaft International mbH, are detailed in those company's reports and accounts.

3. Principal activities

The company operates a catalogue home shopping business. The company commenced trading in August 2002.

4. Results and dividends

The full results of the company's operations are set out on page 4. No dividend is proposed. The loss for the period has been transferred to reserves as shown in note 7 to the financial statements.

5. Incorporation

The company was incorporated on April 4, 2002.



By order of the Board
A Lord, Secretary

August 26, 2003

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Witt (UK) Limited

Report of the independent auditors to the members of Witt (UK) Limited

We have audited the financial statements on pages 4 to 8.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at February 28, 2003 and of the loss of the company for the period from 4 April 2002 (*date of incorporation*) to 28 February 2003 and have been properly prepared in accordance with the Companies Act 1985.



August 26, 2003

KPMG LLP
Chartered Accountants
Registered Auditor

1 The Embankment
Neville Street
LEEDS
LS1 4DW

Witt (UK) Limited

Profit and loss account

Eleven Months ended February 28, 2003

	Note	11 Months ended 28.2.2003 £
Turnover		1,601,823
Cost of sales		(2,797,504)
Gross loss		(1,195,681)
Administrative expenses		(545,498)
Distribution		(137,546)
Loss on ordinary activities before taxation	2	(1,878,725)
Taxation	3	-
Loss retained for the period	7	(1,878,725)

The company has no recognised gains or losses other than those included in the loss above and therefore no separate statement of recognised gains and losses has been prepared.

The notes on pages 6 to 8 form part of these financial statements.

Witt (UK) Limited

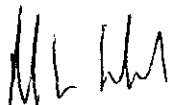
Balance sheet

February 28, 2003

	Note	28.2.2003 £
Current assets		
Debtors	4	849,904
Creditors: Amounts falling due within one year	5	(493,709)
		<hr/>
Net assets		356,195
		<hr/>
Capital and reserves:		
Called up share capital	6	2,234,920
Profit and loss account	7	(1,878,725)
		<hr/>
Equity shareholders' funds		356,195
		<hr/>

The notes on pages 6 to 8 form part of these financial statements.

The financial statements were approved by the board on August 26, 2003.



M L Hawker
Director

Witt (UK) Limited

Notes on the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Otto (GmbH & Co KG) includes the company in its own published consolidated financial statements.

Turnover

Turnover represents the amount receivable for sale of goods, net of VAT.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2. Loss on ordinary activities before taxation

Employees

All employees were employees of the parent companies and details of their remuneration and pension arrangements are disclosed in the report of that company. A recharge of employee costs is made by each parent.

Directors' emoluments

The directors receive no payments in respect of services provided as directors of the company.

Audit fees

Audit fees for the current period will be borne by Grattan Plc.

Witt (UK) Limited

Notes on the financial statements (continued)

3. Taxation on profit on ordinary activities

28.2.2003
£

Current tax

-

The charge of nil is lower than the standard rate of corporation tax in the UK. The differences are explained below:

28.2.2003
£

Loss on ordinary activities before taxation

(1,878,725)

Loss on ordinary activities multiplied by standard rate of
Corporation tax in the UK of 30%

(563,617)

Effect of:

Tax losses surrendered

240,300

Tax losses carried forward

323,317

Current tax

-

4. Debtors

28.2.2003
£

Trade debtors

458,917

Amounts due from immediate parent companies

390,987

849,904

Witt (UK) Limited

Notes on the financial statements (continued)

5. Creditors: amounts falling due within one year

	28.2.2003 £
Other Taxes and Social Security	175,017
Accruals	318,692
	<hr/> 493,709 <hr/>

6. Called up share capital

	28.2.2003 £
Authorised, allotted and fully paid 3,400,000 ordinary shares 1 Euro each	 2,234,920
	<hr/>

7. Profit and loss account

	£
Loss for the period	(1,878,725)
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Balance at February 28, 2003	(1,878,725)
	<hr/>

8. Ultimate parent undertaking

The directors regard the ultimate holding company as being Otto (GmbH & Co KG), a company incorporated in Germany. The immediate parent companies are Grattan Plc, holding 25% of the shares, which is registered in England, and Josef Witt Beteiligungs Verwaltungsgesellschaft International mbH, holding 75% of the shares, which is registered in Germany.

Josef Witt Beteiligungs Verwaltungsgesellschaft International mbH is a 100% subsidiary of Josef Witt GmbH, registered in Germany. Joseph Witt GmbH itself is a wholly owned subsidiary of Schwab Versand GmbH, within the Otto group.

The directors have taken advantage of the exemption in Financial Reporting Standard 8, paragraph 3(c), and have not disclosed transactions with parent and fellow subsidiary undertakings.