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Company Registration No. 826521 (England and Wales)

OMK DESIGN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002



OMK DESIGN LIMITED

COMPANY INFORMATION

Directors	R W Kinsman B A Morrison E S Kinsman G M Morrison
Secretary	E S Kinsman
Company number	826521
Registered office	5 Cornfield Terrace Eastbourne East Sussex BN21 4NN
Auditors	Breeze Ralph & Co. 5 Cornfield Terrace Eastbourne East Sussex BN21 4NN
Business address	Stephen Building 30 Stephen Street London W1P 1PN
Bankers	Barclays Bank plc The West Herts Group St. Albans Herts

OMK DESIGN LIMITED

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OMK DESIGN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

The directors present their report and financial statements for the year ended 30 September 2002.

Principal activities

The principal activities of the company in the year under review continued to be that of designers and manufacturers of furniture.

Directors

The following directors have held office since 1 October 2001:

R W Kinsman
B A Morrison
E S Kinsman
G M Morrison

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2002	1 October 2001
R W Kinsman	50,000	50,000
B A Morrison	50,000	50,000
E S Kinsman	-	-
G M Morrison	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Breeze Ralph & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

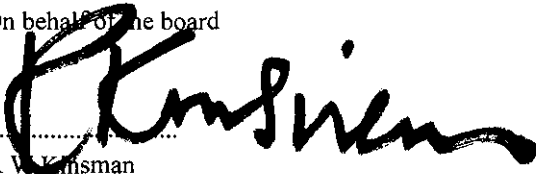
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



R W Kinsman

Director

23/10/02

OMK DESIGN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OMK DESIGN LIMITED

We have audited the financial statements of OMK Design Limited on pages 3 to 9 for the year ended 30 September 2002. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

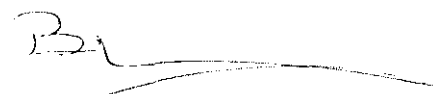
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

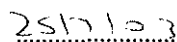
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Breeze Ralph & Co.

Chartered Accountants
Registered Auditor



5 Cornfield Terrace
Eastbourne
East Sussex
BN21 4NN

OMK DESIGN LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2002**

	Notes	2002 £	2001 £
Turnover	2	1,392,901	1,470,445
Cost of sales		(701,471)	(739,383)
Gross profit		691,430	731,062
Administrative expenses		(712,263)	(707,284)
Operating (loss)/profit	3	(20,833)	23,778
Profit/(loss) on sale of tangible assets		(160)	-
(Loss)/profit on ordinary activities before interest		(20,993)	23,778
Other interest receivable and similar income		768	2,571
Interest payable and similar charges		(2,620)	(602)
(Loss)/profit on ordinary activities before taxation		(22,845)	25,747
Tax on (loss)/profit on ordinary activities	4	1,009	(1,009)
(Loss)/profit on ordinary activities after taxation	11	(21,836)	24,738

OMK DESIGN LIMITED**BALANCE SHEET
AS AT 30 SEPTEMBER 2002**

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	5	173,079	170,497
Current assets			
Stocks		237,996	215,773
Debtors	6	159,756	115,563
Cash at bank and in hand		87,519	139,138
		485,271	470,474
Creditors: amounts falling due within one year	7	(274,216)	(247,884)
Net current assets		211,055	222,590
Total assets less current liabilities		384,134	393,087
Creditors: amounts falling due after more than one year	8	(13,722)	-
Provisions for liabilities and charges	9	-	(839)
		370,412	392,248
Capital and reserves			
Called up share capital	10	100,000	100,000
Profit and loss account	11	270,412	292,248
Shareholders' funds	12	370,412	392,248

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 23/7/03

R W Kinsella
Director

OMK DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15% reducing balance
Computer equipment	15% reducing balance
Office equipment, fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance
Website	50% on cost

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

In the year to 30 September 2002 86.13 % (2001 - 76.51 %) of the company's turnover was to markets outside the United Kingdom.

OMK DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002**

3	Operating (loss)/profit	2002	2001
		£	£
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets (note 5)	35,899	35,124
	Auditors' remuneration	4,850	3,600
	Directors' emoluments	5,531	5,163
4	Taxation	2002	2001
		£	£
	U.K. corporation tax	-	170
	Adjustment for prior years	(170)	-
	Current tax charge	(170)	170
	Deferred tax charge/credit current year	(839)	839

The company has estimated losses of £ 75,464 (2001 : £ 61,228) available for carry forward against future trading profits.

On the basis of these financial statements no provision has been made for corporation tax.

5	Tangible fixed assets	Plant and machinery	Office equipment, fixtures and fittings	Motor vehicles	Total
		£	£	£	£
	Cost				
	At 1 October 2001	205,209	156,595	90,228	452,032
	Additions	17,376	3,153	28,450	48,979
	Disposals	-	-	(40,125)	(40,125)
	At 30 September 2002	222,585	159,748	78,553	460,886
	Depreciation				
	At 1 October 2001	102,872	114,633	64,030	281,535
	On disposals	-	-	(29,627)	(29,627)
	Charge for the year	17,957	11,053	6,889	35,899
	At 30 September 2002	120,829	125,686	41,292	287,807
	Net book value				
	At 30 September 2002	101,756	34,062	37,261	173,079
	At 30 September 2001	102,337	41,962	26,198	170,497

The net book value of tangible fixed assets includes £29,938 in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £3,750 for the year.

OMK DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002**

6 Debtors	2002	2001
	£	£
Trade debtors	110,921	89,803
Amounts owed by group undertakings and undertakings in which the company has a participating interest (note 15)	4,916	8,491
Other debtors	43,919	17,269
	<u>159,756</u>	<u>115,563</u>
7 Creditors: amounts falling due within one year	2002	2001
	£	£
Net obligations under hire purchase contracts	8,667	2,132
Trade creditors	93,419	123,185
Amounts owed to group undertakings and undertakings in which the company has a participating interest (note 15)	136,829	53,648
Taxation and social security	8,024	7,000
Payments received on account	-	565
Other creditors (note 14)	27,277	61,354
	<u>274,216</u>	<u>247,884</u>
The bank overdraft facility is secured.		
8 Creditors: amounts falling due after more than one year	2002	2001
	£	£
Net obligations under hire purchase contracts	<u>13,722</u>	<u>-</u>
Net obligations under hire purchase contracts		
Repayable within one year	9,721	2,560
Repayable between one and five years	15,393	-
	<u>25,114</u>	<u>2,560</u>
Finance charges and interest allocated to future accounting periods	(2,725)	(428)
	<u>22,389</u>	<u>2,132</u>
Included in liabilities falling due within one year	(8,667)	(2,132)
	<u>13,722</u>	<u>-</u>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

OMK DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002****9 Provisions for liabilities and charges**

	Deferred taxation £
Balance at 1 October 2001	839
Profit and loss account	(839)
Balance at 30 September 2002	-

Deferred taxation provided in the financial statements is as follows:

	2002 £	2001 £
Accelerated capital allowances	-	839

A deferred tax asset of £6,036 on trading losses carried forward has not been provided.

10 Share capital

	2002 £	2001 £
Authorised		
100,000 Ordinary shares of £ 1 each	100,000	100,000
Allotted, called up and fully paid		
100,000 Ordinary shares of £ 1 each	100,000	100,000

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2001	292,248
Retained loss for the year	(21,836)
Balance at 30 September 2002	270,412

OMK DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002****12 Reconciliation of movements in shareholders' funds**

	2002 £	2001 £
(Loss)/profit for the financial year	(21,836)	24,738
Opening shareholders' funds	392,248	367,510
Closing shareholders' funds	370,412	392,248

13 Financial commitments

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Expiry date:		
Between two and five years	-	634

14 Transactions with directors

	Amount outstanding		Maximum
	2002	2001	in year
	£	£	£
R W Kinsman	(222)	(222)	(222)
B A Morrison	(222)	(222)	(222)

These loans are interest free and fully repayable on demand.

15 Related party transactions

Kinsman Associates Limited, in which two of the company's directors, R W Kinsman and E S Kinsman have a material interest charged management fees totalling £100,000 (2001: £100,000) and commission totalling £ nil (2001: £52,380) during the year. A motor vehicle was sold at market value to Kinsman Associates Limited for £10,338. Included in creditors (note 7) is £136,829 (2001: £53,648) owed to Kinsman Associates Limited.

East One Limited, in which two of the company's directors, R W Kinsman and E S Kinsman have a material interest were recharged wages and salaries totalling £12,000 (2001: £12,000) during the year. Included in debtors (note 6) is £4,183 (2001: £2,391) owed by East One Limited.

The rent paid during the year on the premises from which the company trades, 1 Stephen Street and 18 Canham Road, London is payable to two of the company directors. Messrs R W Kinsman and B A Morrison personally own both premises. The rent charged in the year totalled £67,486 (2001: £90,780). Included in debtors (note 6) is £733 (£6,100) owed by Kinsman and Morrison.