Company Registration No. 1391526 (England and Wales)

PEERS HARDY (UK) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

PEERS HARDY (UK) LIMITED

CONTENTS

PEERS HARDY (UK) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business
The principal activity of the company continued to be that of importing and distributing watches.

The company's balance sheet shows a satisfactory position, shareholders funds amounting to £3,354,467.

Results and dividends
The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors
The following directors have held office since 1 January 2005:

J E Story
S Potter
N C Baker

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

	'A' ordinary shares of 10p each	
	31 December 2005	**1 January 2005**
J E Story	655,000	655,000
S Potter	8,000	5,000
N C Baker	80,000	70,000

	'B' ordinary shares of 10p each	
	31 December 2005	**1 January 2005**
J E Story	107,000	120,000
S Potter	-	-
N C Baker	-	-

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that CK Audit be reappointed as auditors of the company will be put to the Annual General Meeting.

PEERS HARDY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

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 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.

By order of the board

S Potter

Secretary

3 March 2006

PEERS HARDY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO PEERS HARDY (UK) LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of the company for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, 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 abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 17 are properly prepared in accordance with that provision.

CK Audit

3 March 2006

Chartered Accountants
Registered Auditor

Dartmouth House
Sandwell Road
West Bromwich
West Midlands
B70 8TH

PEERS HARDY (UK) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Gross profit		3,826,693	3,711,401
Administrative expenses		(2,773,867)	(2,512,182)
Operating profit	2	1,052,826	1,199,219
Investment income	3	-	7,732
Other interest receivable and similar income		55,681	42,715
Interest payable and similar charges	4	(6,343)	(7,465)
Profit on ordinary activities before taxation		1,102,164	1,242,201
Tax on profit on ordinary activities	5	(343,980)	(355,853)
Profit on ordinary activities after taxation		758,184	886,348
Dividends	6	-	(314,918)
Retained profit for the year	16	758,184	571,430

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Note of historical cost profits and losses

	2005 £	2004 £
Reported profit on ordinary activities before taxation	1,102,164	1,242,201
Realisation of property revaluation gains of previous years	-	-
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	7,853	7,853
Historical cost profit on ordinary activities before taxation	1,110,017	1,250,054
Historical cost profit for the year retained after taxation, extraordinary items and dividends	766,037	579,283

PEERS HARDY (UK) LIMITED

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	7		25,052		33,308
Tangible assets	8		216,869		250,010
Investments	9		240		240
			242,161		283,558
Current assets					
Stocks	10	1,248,864		1,802,183	
Debtors	11	2,136,276		1,659,570	
Cash at bank and in hand		3,940,427		3,128,001	
		7,325,567		6,589,754	
Creditors: amounts falling due within one year	12	(4,188,182)		(4,235,901)	
Net current assets			3,137,385		2,353,853
Total assets less current liabilities			3,379,546		2,637,411
Creditors: amounts falling due after more than one year	13		(25,079)		(41,128)
			3,354,467		2,596,283
Capital and reserves					
Called up share capital	15		85,000		85,000
Revaluation reserve	16		39,107		39,107
Other reserves	16		15,000		15,000
Profit and loss account	16		3,215,360		2,457,176
Shareholders' funds - equity interests	17		3,354,467		2,596,283

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 3 March 2006

S Potter
Director

J E Story
Director

PEERS HARDY (UK) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
Net cash inflow from operating activities		1,570,137		792,043
Returns on investments and servicing of finance				
Interest received	55,681		42,715	
Interest paid	(6,343)		(7,465)	
Net cash inflow for returns on investments and servicing of finance		49,338		35,250
Taxation		(355,737)		(262,620)
Capital expenditure and financial investment				
Payments to acquire intangible assets	(7,697)		(7,264)	
Payments to acquire tangible assets	(74,499)		(32,466)	
Receipts from sales of intangible assets	82,563		-	
Receipts from sales of tangible assets	-		122,601	
Receipts from sales of investments	-		7,732	
Net cash inflow for capital expenditure		367		90,603
Equity dividends paid		(314,918)		-
Net cash inflow before management of liquid resources and financing		949,187		655,276
Financing				
Capital element of hire purchase contracts	(12,996)		(93,921)	
Net cash outflow from financing		(12,996)		(93,921)
Increase in cash in the year		936,191		561,355

PEERS HARDY (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

1	**Reconciliation of operating profit to net cash inflow from operating activities**	**2005**	**2004**
		£	**£**
	Operating profit	1,052,826	1,199,219
	Depreciation of tangible assets	107,640	137,195
	Amortisation of intangible assets	10,428	8,529
	Profit on disposal of tangible assets	-	(27,517)
	Profit on disposal of intangible assets	(77,038)	-
	Decrease/(increase) in stocks	553,319	(192,533)
	(Increase)/decrease in debtors	*(476,706)*	249,578
	Increase/(decrease) in creditors within one year	399,668	(582,428)
	Net cash inflow from operating activities	1,570,137	792,043

2	**Analysis of net funds**	**1 January 2005**	**Cash flow**	**Other non-cash changes**	**31 December 2005**
		£	**£**	**£**	**£**
	Net cash:				
	Cash at bank and in hand	3,128,001	812,426	-	3,940,427
	Bank overdrafts	(123,765)	123,765	-	-
		3,004,236	936,191	-	3,940,427
	Debt:				
	Finance leases	(100,261)	12,996	-	(87,265)
	Net funds	2,903,975	949,187	-	3,853,162

3	**Reconciliation of net cash flow to movement in net funds**	**2005**	**2004**
		£	**£**
	Increase in cash in the year	936,191	561,355
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	12,996	(3,387)
	Movement in net funds in the year	949,187	557,968
	Opening net funds	2,903,975	2,346,007
	Closing net funds	3,853,162	2,903,975

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of trade marks.

1.2 Turnover

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

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Trade marks

Trade marks are valued at cost or valuation, less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

1.5 Tangible fixed assets and depreciation

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

Land and buildings Leasehold	Over period of lease(4 years)
Fixtures, fittings & equipment	33% reducing balance/ straight line/ over period of lease as appropriate
Motor vehicles	15% to 50% reducing balance/ straight line as appropriate

1.6 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.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

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

1.9 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.10 Deferred taxation

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.

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies (continued)

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	10,428	8,529
Depreciation of tangible assets	107,640	137,195
Operating lease rentals	70,000	70,000
Auditors' remuneration	6,525	7,350
and after crediting:		
Profit on disposal of tangible assets	-	(27,517)
Profit on disposal of intangible assets	(77,038)	-

3 Investment income

	2005	2004
	£	£
Income from fixed asset investments	-	7,732
Bank interest	55,681	42,715
	55,681	50,447

4 Interest payable

	2005	2004
	£	£
On bank loans and overdrafts	447	748
Hire purchase interest	5,896	6,717
	6,343	7,465

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

5	**Taxation**	**2005**	**2004**
		£	**£**
	Domestic current year tax		
	U.K. corporation tax	347,777	355,853
	Adjustment for prior years	(3,797)	-
	Current tax charge	343,980	355,853
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,102,164	1,242,201
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29.28% (2004: 29.35%)	322,714	364,586
	Effects of:		
	Non deductible expenses	10,083	8,090
	Depreciation add back	34,567	34,693
	Capital allowances	(19,587)	(51,516)
	Adjustments to previous periods	(3,797)	-
		21,266	(8,733)
	Current tax charge	343,980	355,853

6	**Dividends**	**2005**	**2004**
		£	**£**
	Ordinary final proposed	-	314,918

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

7 Intangible fixed assets

	Trade marks	Goodwill	Total
	£	£	£
Cost			
At 1 January 2005	67,540	361,926	429,466
Additions	7,697	-	7,697
Disposals	(11,497)	-	(11,497)
At 31 December 2005	63,740	361,926	425,666
Amortisation			
At 1 January 2005	34,232	361,926	396,158
Amortisation on disposals	(5,972)	-	(5,972)
Charge for the year	10,428	-	10,428
At 31 December 2005	38,688	361,926	400,614
Net book value			
At 31 December 2005	25,052	-	25,052
At 31 December 2004	33,308	-	33,308

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

8 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2005	146,460	536,540	143,628	826,628
Additions	-	13,943	60,556	74,499
At 31 December 2005	146,460	550,483	204,184	901,127
Depreciation				
At 1 January 2005	97,618	449,529	29,471	576,618
Charge for the year	16,281	39,748	51,611	107,640
At 31 December 2005	113,899	489,277	81,082	684,258
Net book value				
At 31 December 2005	32,561	61,206	123,102	216,869
At 31 December 2004	48,842	87,011	114,157	250,010

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 December 2005	-	117,881	117,881
At 31 December 2004	15,556	75,198	90,754
Depreciation charge for the year			
At 31 December 2005	-	47,549	47,549
At 31 December 2004	4,633	10,831	15,464

9 Fixed asset investments

	Shares in subsidiary undertakings
	£
Cost or valuation	
At 1 January 2005 & at 31 December 2005	240
Net book value	
At 31 December 2005	240
At 31 December 2004	240

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Horological Industries Limited	Hong Kong	Ordinary	100.00
Terrain International Corporation Limited	England	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2005 £	Profit for the year 2005 £
Horological Industries Limited	Non trading	(36,359)	-
Terrain International Corporation Limited	Dormant	100	-

10 Stocks

	2005 £	2004 £
Finished goods and goods for resale	1,248,864	1,802,183

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

11	Debtors	2005	2004
		£	£
	Trade debtors	2,080,429	1,399,487
	Amounts owed by subsidiary undertakings	-	44,055
	Other debtors	1,898	140,333
	Prepayments and accrued income	53,949	75,695
		2,136,276	1,659,570

12	Creditors: amounts falling due within one year	2005	2004
		£	£
	Bank loans and overdrafts	-	123,765
	Net obligations under hire purchase contracts	62,186	59,133
	Trade creditors	2,604,966	2,633,479
	Amounts owed to subsidiary undertakings	21,570	-
	Corporation tax	347,777	359,534
	Other taxes and social security costs	265,425	42,309
	Other creditors	259,135	6,431
	Accruals and deferred income	627,123	696,332
	Proposed dividend	-	314,918
		4,188,182	4,235,901

13	Creditors: amounts falling due after more than one year	2005	2004
		£	£
	Net obligations under hire purchase contracts	25,079	41,128
	Net obligations under hire purchase contracts		
	Repayable within one year	62,186	59,133
	Repayable between one and five years	25,079	41,128
		87,265	100,261
	Included in liabilities falling due within one year	(62,186)	(59,133)
		25,079	41,128

14 Pension costs

Defined contribution

	2005	2004
	£	£
Contributions payable by the company for the year	51,434	45,051

15 Share capital

	2005	2004
	£	£
Authorised		
7,430,000 'A' ordinary shares of 10p each	743,000	730,000
1,070,000 'B' ordinary shares of 10p each	107,000	120,000
	850,000	850,000
Allotted, called up and fully paid		
743,000 'A' ordinary shares of 10p each	74,300	73,000
107,000 'B' ordinary shares of 10p each	10,700	12,000
	85,000	85,000

16 Statement of movements on reserves

	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 January 2005	39,107	15,000	2,457,176
Retained profit for the year	-	-	758,184
Balance at 31 December 2005	39,107	15,000	3,215,360

Other reserves
Capital redemption reserve

Balance at 1 January 2005 & at 31 December 2005	15,000

17 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Profit for the financial year	758,184	886,348
Dividends	-	(314,918)
Net addition to shareholders' funds	758,184	571,430
Opening shareholders' funds	2,596,283	2,024,853
Closing shareholders' funds	3,354,467	2,596,283

18 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	Land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
Between two and five years	70,000	70,000

19 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	434,968	438,815
Company pension contributions to money purchase schemes	7,538	6,372
	442,506	445,187

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2005	2004
Emoluments for qualifying services	174,134	172,480
Company pension contributions to money purchase schemes	-	4,637

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Distribution	36	31
Administration	17	15
Sales	18	17
	71	63

Employment costs	2005 £	2004 £
Wages and salaries	1,460,093	1,325,068
Social security costs	161,839	138,138
Other pension costs	51,434	45,051
	1,673,366	1,508,257