

QUANTUM PORTFOLIO MANAGEMENT LIMITED

FINANCIAL STATEMENTS

30 JUNE 2003

Company Registration Number 04606421

THOMPSON JONES

Chartered Accountants & Registered Auditors
Bridge House
Heap Bridge
Bury
BL9 7HT



QUANTUM PORTFOLIO MANAGEMENT LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

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QUANTUM PORTFOLIO MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	K P Barlow N G Minay
Company secretary	N G Minay
Registered office	Bridge House Heap Bridge Bury BL9 7HT
Auditors	Thompson Jones Chartered Accountants & Registered Auditors Bridge House Heap Bridge Bury BL9 7HT
Bankers	The Royal Bank of Scotland PLC 27 Bridge Street Ramsbottom Bury Lancashire BL0 9AD

QUANTUM PORTFOLIO MANAGEMENT LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

The directors present their report and the financial statements of the company for the period from 2 December 2002 to 30 June 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on 2 December 2002 and commenced trading on 25 February 2003.

The principal activity of the company during the period was that of investment advice and portfolio management.

The directors were pleased to have established the business and were actively seeking new sources of work.

FUTURE DEVELOPMENTS

The company will concentrate its activity on providing its services to recipients of awards of damages for catastrophic personal injury and clinical negligence.

RESULTS AND DIVIDENDS

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

		Ordinary Shares of £1 each	
		At	At
		30 June 2003	2 December 2002 or later date of appointment
K P Barlow	(Appointed 2 December 2002)	5,000	5,000
N G Minay	(Appointed 7 April 2003)	<u>5,000</u>	<u>5,000</u>

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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

QUANTUM PORTFOLIO MANAGEMENT LIMITED

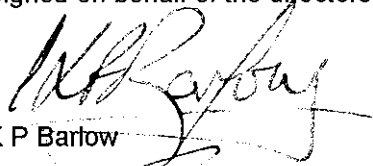
THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

AUDITORS

A resolution to re-appoint Thompson Jones as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



K P Bartow

Director



N G Minay

Director

Approved by the directors on 16 October 2003

QUANTUM PORTFOLIO MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

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 June 2003 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Bridge House
Heap Bridge
Bury
BL9 7HT

Thompson Jones
THOMPSON JONES
Chartered Accountants
& Registered Auditors

16 October 2003

QUANTUM PORTFOLIO MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

	Note	Period from 2 Dec 02 to 30 Jun 03 £
Turnover		—
Administrative expenses		6,153
Operating loss	2	(6,153)
Interest receivable		44
Loss on ordinary activities before taxation		(6,109)
Tax on loss on ordinary activities		—
Loss for the financial period		<u>(6,109)</u>

All of the activities of the company are classed as continuing.

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £6,109 attributable to the shareholders for the period ended 30 June 2003.

QUANTUM PORTFOLIO MANAGEMENT LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003**

	Period from 2 Dec 02 to 30 Jun 03 £
Loss for the financial period	(6,109)
New equity share capital subscribed	10,000
Net addition to funds	<u>3,891</u>
Closing shareholders' equity funds	<u>3,891</u>

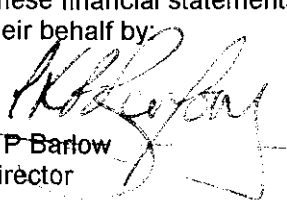
QUANTUM PORTFOLIO MANAGEMENT LIMITED

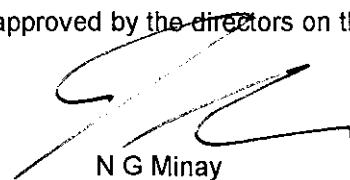
BALANCE SHEET

30 JUNE 2003

	Note	30 Jun 03 £	£
Fixed assets			
Tangible assets	4		2,790
Current assets			
Debtors	5	1,102	
Cash at bank		21,499	
		<u>22,601</u>	
Creditors: Amounts falling due within one year	6	<u>500</u>	
Net current assets			<u>22,101</u>
Total assets less current liabilities			<u>24,891</u>
Creditors: Amounts falling due after more than one year	7		<u>21,000</u>
			<u>3,891</u>
Capital and reserves			
Called-up equity share capital	9		10,000
Profit and loss account			<u>(6,109)</u>
Shareholders' funds			<u>3,891</u>

These financial statements were approved by the directors on the 16 October 2003 and are signed on their behalf by:


K P Barlow
Director


N G Minay
Director

QUANTUM PORTFOLIO MANAGEMENT LIMITED

CASH FLOW STATEMENT

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

	Period from 2 Dec 02 to 30 Jun 03	
	£	£
Net cash outflow from operating activities		(6,090)
Returns on investments and servicing of finance		
Interest received	44	
Net cash inflow from returns on investments and servicing of finance		44
Capital expenditure		
Payments to acquire tangible fixed assets	(3,455)	
Net cash outflow from capital expenditure		(3,455)
Cash outflow before financing		(9,501)
Financing		
Issue of equity share capital	10,000	
Increase in debenture loans	21,000	
Net cash inflow from financing		31,000
Increase in cash		21,499

Reconciliation of operating loss to net cash outflow from operating activities

	Period from 2 Dec 02 to 30 Jun 03	
	£	£
Operating loss		(6,153)
Depreciation		665
Increase in debtors		(1,102)
Increase in creditors		500
Net cash outflow from operating activities		(6,090)

The notes on pages 10 to 12 form part of these financial statements.

QUANTUM PORTFOLIO MANAGEMENT LIMITED

CASH FLOW STATEMENT *(continued)*

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

Reconciliation of net cash flow to movement in net funds

	30 Jun 03	
	£	£
Increase in cash in the period	21,499	
Net cash (inflow) from debentures	(21,000)	
		499
Change in net funds		499
Net funds at 2 December 2002		—
Net funds at 30 June 2003		499

Analysis of changes in net funds

	At 2 Dec 2002 £	Cash flows £	At 30 Jun 2003 £
Net cash:			
Cash in hand and at bank	—	21,499	21,499
Debt:			
Debt due after 1 year	—	(21,000)	(21,000)
Net funds	—	499	499

QUANTUM PORTFOLIO MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment - 33% on cost

2. Operating loss

Operating loss is stated after charging:

	Period from 2 Dec 02 to 30 Jun 03 £
Directors' emoluments	—
Depreciation of owned fixed assets	665
Auditors' remuneration - as auditors	<u>500</u>

3. Particulars of employees

The average number of staff employed by the company during the financial period amounted to:

	Period from 2 Dec 02 to 30 Jun 03 No
Number of management staff	<u>2</u>

No salaries or wages have been paid to employees, including the directors, during the period.

QUANTUM PORTFOLIO MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003

4. Tangible fixed assets

	Computer Equipment £
Cost	
Additions	3,455
At 30 June 2003	<u>3,455</u>
Depreciation	
Charge for the period	665
At 30 June 2003	<u>665</u>
Net book value At 30 June 2003	<u>2,790</u>

5. Debtors

	30 Jun 03 £
Other debtors	<u>1,102</u>

6. Creditors: Amounts falling due within one year

	30 Jun 03 £
Accruals and deferred income	<u>500</u>

7. Creditors: Amounts falling due after more than one year

	30 Jun 03 £
Loans	<u>21,000</u>

8. Related party transactions

The company was under the joint control of K P Barlow and N G Minay, directors and shareholders of the company throughout the current period.

Loans were outstanding to the directors at the year end as follows:

K P Barlow	£10,500
N G Minay	£10,500

The loans were made on 10 April 2003 under subordinated loan agreements. The loans are unsecured subject to the terms of the agreements. No interest is payable on any part of the loans under the agreements. No repayment shall be made in whole or in part earlier than two years from the date the loan was first made.

QUANTUM PORTFOLIO MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 2 DECEMBER 2002 TO 30 JUNE 2003****9. Share capital****Authorised share capital:**

10,000 Ordinary shares of £1 each

30 Jun 03**£****10,000****Allotted, called up and fully paid:**

Ordinary shares of £1 each

No**10,000****£****10,000**