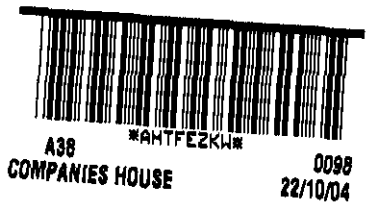
COMPANY REGISTRATION NUMBER 04606421

QUANTUM PORTFOLIO MANAGEMENT LIMITED

FINANCIAL STATEMENTS

30 JUNE 2004



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

QUANTUM PORTFOLIO MANAGEMENT LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

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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

YEAR ENDED 30 JUNE 2004

The directors present their report and the financial statements of the company for the year ended 30 June 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

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 year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

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

	Ordinary Shares of £1 each	
	At 30 June 2004	At 1 July 2003
K P Barlow	**5,000**	5,000
N G Minay	**5,000**	5,000

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 year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 11, 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)*

YEAR ENDED 30 JUNE 2004

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 Barlow

Director

N G Minay

Director

Approved by the directors on 1 October 2004

QUANTUM PORTFOLIO MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QUANTUM PORTFOLIO MANAGEMENT LIMITED

YEAR ENDED 30 JUNE 2004

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

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 DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities 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.

QUANTUM PORTFOLIO MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QUANTUM PORTFOLIO MANAGEMENT LIMITED *(continued)*

YEAR ENDED 30 JUNE 2004

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 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Thompson Jones

THOMPSON JONES
Chartered Accountants
& Registered Auditors

Bridge House
Heap Bridge
Bury
BL9 7HT

1 October 2004

QUANTUM PORTFOLIO MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2004

	Note	Year to 30 Jun 04 £	Period from 2 Dec 02 to 30 Jun 03 £
Turnover	2	**50,150**	–
Administrative expenses		**48,122**	6,153
Operating profit/(loss)	3	**2,028**	(6,153)
Interest receivable		**219**	44
Profit/(loss) on ordinary activities before taxation		**2,247**	(6,109)
Tax on profit/(loss) on ordinary activities		–	–
Retained profit/(loss) for the financial year		**2,247**	(6,109)
Balance brought forward		**(6,109)**	–
Balance carried forward		**(3,862)**	(6,109)

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 profit of £2,247 attributable to the shareholders for the year ended 30 June 2004 (2003 - loss of £6,109).

QUANTUM PORTFOLIO MANAGEMENT LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 30 JUNE 2004

	Year to 30 Jun 04 £	Period from 2 Dec 02 to 30 Jun 03 £
Profit/(Loss) for the financial year	**2,247**	(6,109)
New equity share capital subscribed	**–**	10,000
Net addition to funds	**2,247**	3,891
Opening shareholders' equity funds	**3,891**	–
Closing shareholders' equity funds	**6,138**	3,891

The notes on pages 11 to 13 form part of these financial statements.

QUANTUM PORTFOLIO MANAGEMENT LIMITED

BALANCE SHEET

30 JUNE 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	6		**2,341**		2,790
Current assets					
Debtors	7	**10,896**		1,102	
Cash at bank		**24,047**		21,499	
		34,943		22,601	
Creditors: Amounts falling due within one year	8	**10,146**		500	
Net current assets			**24,797**		22,101
Total assets less current liabilities			**27,138**		24,891
Creditors: Amounts falling due after more than one year	9		**21,000**		21,000
			6,138		3,891
Capital and reserves					
Called-up equity share capital	11		**10,000**		10,000
Profit and loss account			**(3,862)**		(6,109)
Shareholders' funds			**6,138**		3,891

These financial statements were approved by the directors on the 1 October 2004 and are signed on their behalf by:

K P Barlow
Director

N G Minay
Director

QUANTUM PORTFOLIO MANAGEMENT LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2004

	Year to 30 Jun 04 £	£	Period from 2 Dec 02 to 30 Jun 03 £	£
Net cash inflow/(outflow) from operating activities		**3,142**		(6,090)
Returns on investments and servicing of finance				
Interest received	**219**		44	
Net cash inflow from returns on investments and servicing of finance		**219**		44
Capital expenditure				
Payments to acquire tangible fixed assets	**(813)**		(3,455)	
Net cash outflow from capital expenditure		**(813)**		(3,455)
Cash inflow/(outflow) before financing		**2,548**		(9,501)
Financing				
Issue of equity share capital	–		10,000	
Repayment of debenture loans	–		21,000	
Net cash inflow from financing		–		31,000
Increase in cash		**2,548**		21,499

Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Year to 30 Jun 04 £	Period from 2 Dec 02 to 30 Jun 03 £
Operating profit/(loss)	**2,028**	(6,153)
Depreciation	**1,262**	665
Increase in debtors	**(9,794)**	(1,102)
Increase in creditors	**9,646**	500
Net cash inflow/(outflow) from operating activities	**3,142**	(6,090)

The notes on pages 11 to 13 form part of these financial statements.

QUANTUM PORTFOLIO MANAGEMENT LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30 JUNE 2004

Reconciliation of net cash flow to movement in net funds

	2004		2003	
	£	£	£	£
Increase in cash in the period	**2,548**		21,499	
Net cash (inflow) from debentures	**–**		(21,000)	
		2,548		499
Change in net funds		**2,548**		499
Net funds at 1 July 2003		**499**		–
Net funds at 30 June 2004		**3,047**		499

Analysis of changes in net funds

	At 1 Jul 2003 £	Cash flows £	At 30 Jun 2004 £
Net cash:			
Cash in hand and at bank	**21,499**	**2,548**	**24,047**
Debt:			
Debt due after 1 year	**(21,000)**	**–**	**(21,000)**
Net funds	**499**	**2,548**	**3,047**

QUANTUM PORTFOLIO MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

1. Accounting policies

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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:*

Fixtures & Fittings	-	15% reducing balance method
Computer Equipment	-	*33% on cost*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Year to 30 Jun 04 £	Period from 2 Dec 02 to 30 Jun 03 £
United Kingdom	**50,150**	–

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Year to 30 Jun 04 £	Period from 2 Dec 02 to 30 Jun 03 £
Depreciation of owned fixed assets	**1,262**	665
Auditors' remuneration		
- as auditors	**1,100**	500
Operating lease costs:		
Land and buildings	**3,020**	–

QUANTUM PORTFOLIO MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

4. Particulars of employees

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

	Year to 30 Jun 04 No	Period from 2 Dec 02 to 30 Jun 03 No
Number of management staff	2	2

The aggregate payroll costs of the above were:

	Year to 30 Jun 04 £	Period from 2 Dec 02 to 30 Jun 03 £
Wages and salaries	19,845	–
Social security costs	1,350	–
	21,195	–

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 30 Jun 04 £	Period from 2 Dec 02 to 30 Jun 03 £
Emoluments receivable	19,845	–

6. Tangible fixed assets

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1 July 2003	–	3,455	3,455
Additions	813	–	813
At 30 June 2004	813	3,455	4,268
Depreciation			
At 1 July 2003	–	665	665
Charge for the year	122	1,140	1,262
At 30 June 2004	122	1,805	1,927
Net book value			
At 30 June 2004	691	1,650	2,341
At 30 June 2003	–	2,790	2,790

QUANTUM PORTFOLIO MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

7. Debtors

	2004 £	2003 £
Trade debtors	**10,896**	–
Other debtors	**–**	1,102
	10,896	1,102

8. Creditors: Amounts falling due within one year

		2004 £		2003 £
Other creditors including taxation and social security:				
Other taxation and social security	**1,836**		–	
Directors' current accounts	**7,210**		–	
		9,046		–
Accruals and deferred income		**1,100**		500
		10,146		500

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

	2004 £	2003 £
Loans	**21,000**	21,000

10. 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 year. 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.

11. Share capital

Authorised share capital:

	2004 £	2003 £
10,000 Ordinary shares of £1 each	**10,000**	10,000

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	**10,000**	**10,000**	10,000	10,000