

Company No. 746690

TIME PRODUCTS (UK) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31ST JANUARY 2004



TIME PRODUCTS (UK) LIMITED

DIRECTORS' REPORT

The directors submit their report and independently audited accounts for the year ended 31st January 2004.

PRINCIPAL ACTIVITY

The company continued to engage in the import and distribution of watches and associated merchandise throughout the year under review. The company was also a supplier of jewellery products throughout the year. This will continue to be the principal activity for the foreseeable future.

REVIEW OF THE BUSINESS

The company continued to trade profitably during the year, and the directors are optimistic about the future.

TRADING RESULTS AND DIVIDENDS

Details of the company's results are shown in the profit and loss account on page 5. The directors recommend the payment of a dividend of £1,253,000 (2003 : £3,724,000). After dividends, retained profits of £1,549 (2003 : £3,202) have been transferred to reserves.

DIRECTORS

The following were directors throughout the year :-

M. J. Margulies	
L. D. Michaels	
J. D. Pollock	(Resigned 15 th October 2003)
David Merriman	(Appointed 1 st October 2003)

M J Margulies retires by rotation and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

None of the directors had any interests in the shares of the company at the beginning or at the end of the year under review.

The interests of the directors in the shares of the ultimate parent company, Almar plc, are shown in the directors' report of that company. Apart from this, the directors had no interests in the shares of any other group company at the end of the year.

TIME PRODUCTS (UK) LIMITED

DIRECTORS' REPORT (continued)

EMPLOYEES

The company recognises the importance of good communications with employees. The company gives full and fair consideration to employment applications from disabled persons who have the necessary abilities to perform the job in question.

CREDITOR PAYMENT POLICY

The company's payment policy for the forthcoming financial year is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and then to settle invoices in accordance with the terms. During the year ended 31st January 2004 the company had an average 23 days' purchases outstanding (2003 : 27 days), based on the total amount invoiced by suppliers.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. The directors are required to prepare the financial statements on a going concern basis unless it is not appropriate.

The directors confirm that in preparing the financial statements on pages 5 to 14 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that applicable accounting standards have been followed.

The directors have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors also have 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.

TIME PRODUCTS (UK) LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

Approved by the Board of directors and
signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'W. Colville', written over a horizontal line.

W. COLVILLE
Secretary

29th July 2004

TIME PRODUCTS (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TIME PRODUCTS (UK) LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 affairs of the Company at 31st January 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Chartered Accountants and Registered Auditors

London 5th August
2004

TIME PRODUCTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 2004

	Note	2004 £	2004 £	2003 £
TURNOVER :				
Continuing operations	2	22,147,770		23,863,034
Discontinued operations		-		12,814,458
Total turnover			22,147,770	36,677,492
Cost of sales	3		(16,487,782)	(25,644,481)
Gross profit	3		5,659,988	11,033,011
Operating expenses	3		(3,572,814)	(5,794,035)
OPERATING PROFIT				
Continuing operations		2,087,174		2,529,669
Discontinued operations		-		2,709,307
			2,087,174	5,238,976
Net finance income	4		39,821	80,352
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6		2,126,995	5,319,328
Tax on profit on ordinary activities	8		(872,446)	(1,592,126)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			1,254,549	3,727,202
Proposed dividend : £12,530 per share (2003 : £37,240 per share)			(1,253,000)	(3,724,000)
RETAINED PROFIT FOR THE YEAR			1,549	3,202
Retained profit brought forward			6,666,082	6,662,880
RETAINED PROFIT CARRIED FORWARD			6,667,631	6,666,082

There are no recognised gains or losses other than the profit for the financial years ended 31st January 2003 and 31st January 2004. Accordingly, no statement of total recognised gains and losses is given.

TIME PRODUCTS (UK) LIMITED

BALANCE SHEET AS AT 31ST JANUARY 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible Assets	9	1,147,289	1,105,052
Investments	10	<u>1,354,218</u>	<u>1,354,218</u>
		2,501,507	2,459,270
CURRENT ASSETS			
Stocks	11	4,635,074	4,690,357
Debtors	12	11,746,732	10,159,161
Cash at bank and in hand		<u>1,904,586</u>	<u>1,874,942</u>
		18,286,392	16,724,460
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(12,766,050)</u>	<u>(11,163,430)</u>
NET CURRENT ASSETS		5,520,342	5,561,030
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,021,849</u>	<u>8,020,300</u>
CAPITAL AND RESERVES			
Called up equity share capital	14	5	5
Share Premium account	15	1,354,213	1,354,213
Profit and loss account	15	6,667,631	6,666,082
EQUITY SHAREHOLDERS' FUNDS		<u>8,021,849</u>	<u>8,020,300</u>

Approved by the Board of directors on 29th July 2004
and signed on its behalf by :

M. J. Margulies)

) Directors

L. D. Michaels)

TIME PRODUCTS (UK) LIMITED

NOTES TO THE ACCOUNTS 31ST JANUARY 2004

1.ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The particular accounting policies adopted are described below.

Accounting policies

The directors have reviewed the company's accounting policies and consider that the financial statements are prepared in accordance with the requirements of Financial Reporting Standard No 18.

Foreign currencies

Foreign currency trading transactions are translated into local currency at the rate of exchange ruling at the dates of the transactions. Year end monetary assets and liabilities are translated at the rates of exchange at the balance sheet date. Translation differences are dealt with in the profit and loss account.

Depreciation

Depreciation is calculated to write off the cost of fixed assets in equal annual instalments over the following estimated useful lives :-

Long leasehold properties over the period of the lease

Fixtures, fittings, tools and equipment 3 to 10 years

Stock

Stocks comprise materials and components, watches and related goods and are valued at the lower of cost and net realisable value. Cost for all items of stock is the bought-in price of goods and materials. In assessing the net realisable value of stock, stock provisions are based upon the condition and saleability of the stock.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable results and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

The directors and eligible employees of the company are covered by the Time Products Group Pension Scheme, a defined benefit scheme, which is financed through a separate trustee administered fund. The cost of providing pensions is estimated on the basis of independent actuarial advice and is charged to the profit and loss account over the expected service lives of participating employees.

TIME PRODUCTS (UK) LIMITED

NOTES TO THE ACCOUNTS 31ST JANUARY 2004

1. ACCOUNTING POLICIES (continued)

Pensions (continued)

The accounting policy follows the funding policy except where an actuarial valuation indicates a deficiency or a surplus. For funding purposes, such surpluses or deficiencies are dealt with as advised by the actuary. For accounting purposes, they are spread over the expected remaining service lives of participating employees. Full details of the group pension scheme are disclosed in the accounts of Almar plc. Other employees of the company are covered by a defined contribution scheme and costs are charged to the profit and loss account as incurred.

Investments

Investments held as fixed assets are stated at cost less a provision for permanent impairment in value.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Cash flow exemption

The company has taken advantage of the exemption under Financial Reporting Standard 1 (Revised 1996) "Cash Flow Statements" not to prepare a cash flow statement as it is a wholly owned subsidiary and the consolidated financial statements in which the company is included are publicly available.

Exemption from consolidation

The company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to prepare consolidated financial statements as it is a wholly owned subsidiary and the consolidated financial statements in which the company is included are publicly available.

2. TURNOVER

Turnover represents the total amount receivable for goods invoiced to third parties and excludes value added tax. All turnover relates to the principal activity of the company.

3. ANALYSES OF CONTINUING AND DISCONTINUED OPERATIONS

	2004 Continuing	2004 Dis- continued	2004 Total	2003 Continuing	2003 Dis- continued	2003 Total
	£	£	£	£	£	£
Turnover	22,147,770	-	22,147,770	23,863,034	12,814,458	36,677,492
Cost of Sales	(16,487,782)	-	(16,487,782)	(17,123,651)	(8,520,830)	(25,644,481)
	<u>5,659,988</u>	<u>-</u>	<u>5,659,988</u>	<u>6,739,383</u>	<u>4,293,628</u>	<u>11,033,011</u>
Net Operating expenses						
Distribution costs	(945,557)	-	(945,557)	(1,222,822)	(48,037)	(1,270,859)
Administrative expenses	(2,628,257)	-	(2,628,257)	(2,986,892)	(1,536,284)	(4,523,176)
	<u>(3,572,814)</u>	<u>-</u>	<u>(3,572,814)</u>	<u>(4,209,714)</u>	<u>(1,584,321)</u>	<u>(5,794,035)</u>
Operating profit	<u>2,087,174</u>	<u>-</u>	<u>2,087,174</u>	<u>2,529,669</u>	<u>2,709,307</u>	<u>5,238,976</u>
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TIME PRODUCTS (UK) LIMITED

NOTES TO THE ACCOUNTS 31ST JANUARY 2004

4. NET FINANCE INCOME

	2004 £	2003 £
Interest received from group undertaking	39,821	49,692
Other interest received	-	30,660
	<u>39,821</u>	<u>80,352</u>

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the company during the year was :

	2004 No.	2003 No.
Sales and distribution	131	143
Administration	48	66
	<u>179</u>	<u>209</u>

The aggregate payroll costs of these persons were as follows :-

	2004 £	2003 £
Wages and salaries	3,017,438	4,043,926
Social Security costs	233,802	284,145
Pension costs - Defined benefit scheme	291,735	309,590
- Defined contribution scheme	13,084	9,263
	<u>3,556,059</u>	<u>4,646,924</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is arrived at after charging :-

	2004 £	2003 £
Auditors' remuneration - audit fee	15,000	28,000
Depreciation	1,132,005	755,084
Rentals paid under operating leases - Land & buildings	161,754	250,000
- Plant, machinery and other	<u>167,503</u>	<u>186,611</u>

TIME PRODUCTS (UK) LIMITED

NOTES TO THE ACCOUNTS 31ST JANUARY 2004

7. DIRECTORS' EMOLUMENTS

Only one director received remuneration from Time Products (UK) Limited during the year, this amounted to £44,000. In both the current and preceding year the remuneration of the other directors was paid by and included in the accounts of the ultimate parent company. It is not practicable to allocate this remuneration between their services as directors of Time Products (UK) Limited and their services as directors of other group companies.

The directors emoluments for the group (excluding those shown above) amounted to £1,664,000 (2003 : £1,143,000).

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation is based on the profit for the year and comprises :-

	2004 £	2003 £
Corporation tax at 30% (2003 - 30%)	783,000	1,540,000
Adjustment in respect of prior years	89,446	52,126
	<u>872,446</u>	<u>1,592,126</u>

The standard rate of tax for the period, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the current period exceeds the standard rate for the reasons set out in the following reconciliation :

	2004 £	2003 £
Profit on ordinary activities before tax	<u>2,126,995</u>	<u>5,319,328</u>
Tax on profit on ordinary activities at standard rate of 30%	638,099	1,595,798
Factors affecting charge for the period :		
Depreciation for period in excess of capital allowances	186,616	72,345
Other timing differences	(51,791)	(148,349)
Expenses not deductible for tax purposes	12,187	39,108
Other adjustments	(2,111)	(19,302)
Adjustments in respect of prior years	89,446	52,526
	<u>872,446</u>	<u>1,592,126</u>

Unprovided deferred tax assets as at 31st January 2004 amounted to £221,000 (2003:£125,000).

TIME PRODUCTS (UK) LIMITED

NOTES TO THE ACCOUNTS 31ST JANUARY 2004

9. TANGIBLE FIXED ASSETS

	Long Leasehold properties	Fixtures, fit- tings, tools and equipment	Total
COST	£	£	£
At 1st February 2003	278,287	2,384,016	2,662,303
Additions	-	1,190,609	1,190,609
Disposals	-	(1,096,378)	(1,096,378)
	<hr/>	<hr/>	<hr/>
At 31st January 2004	278,287	2,478,247	2,756,534
DEPRECIATION			
At 1st February 2003	231,649	1,325,602	1,557,251
Charge for year	23,318	1,108,687	1,132,005
Disposals	-	(1,080,011)	(1,080,011)
	<hr/>	<hr/>	<hr/>
At 31st January 2004	254,967	1,354,278	1,609,245
NET BOOK VALUE			
At 31st January 2004	23,320	1,123,969	1,147,289
At 31st January 2003	46,638	1,058,414	1,105,052

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The following are the principal subsidiary undertakings all of whom are wholly owned:-

	PLACE OF INCORPORATION/OPERATION	NATURE OF BUSINESS
Apollo Watch Products plc	<i>England and Wales</i>	Dormant
Elco Clocks & Watches Limited	<i>England and Wales</i>	Dormant
Hirst Bros. & Co. Limited	<i>England and Wales</i>	Dormant
House of Lipkin Limited	<i>England and Wales</i>	Dormant

The book values of the investments in subsidiaries do not exceed the net assets of the related companies.

TIME PRODUCTS (UK) LIMITED

NOTES TO THE ACCOUNTS 31ST JANUARY 2004

11. STOCKS

	2004 £	2003 £
Raw materials and consumables	6,068	32,318
Finished goods and goods for resale	4,629,006	4,658,039
	<u>4,635,074</u>	<u>4,690,357</u>

12. DEBTORS

	2004 £	2003 £
Amounts falling due within one year :		
Trade debtors	3,780,797	3,831,063
Amounts owed by fellow subsidiary undertakings	7,782,311	6,170,854
Other debtors	65,407	60,184
Prepayments and accrued income	118,217	97,060
	<u>11,746,732</u>	<u>10,159,161</u>

13. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	2,071,046	509,233
Amounts owed to parent company and fellow subsidiary undertakings	8,168,281	5,276,046
Corporation tax	-	132,583
Other taxes and social security costs	838,885	794,418
Other creditors	201,730	543,332
Accruals and deferred income	233,108	183,818
Proposed dividend	1,253,000	3,724,000
	<u>12,766,050</u>	<u>11,163,430</u>

TIME PRODUCTS (UK) LIMITED

NOTES TO THE ACCOUNTS 31ST JANUARY 2004

14. CALLED UP EQUITY SHARE CAPITAL

	2004	2003
Authorised		
2,000 ordinary shares of 5p each	<u>£100</u>	<u>£100</u>
Called up, allotted and fully paid		
100 shares of 5p each (2003 : 100 shares)	<u>£5</u>	<u>£5</u>

15. RESERVES

	SHARE PREMIUM ACCOUNT £	PROFIT AND LOSS ACCOUNT £	TOTAL £
At 1st February 2003	1,354,213	6,666,082	8,020,295
Retained profit for the year	-	1,549	1,549
	<u>1,354,213</u>	<u>6,667,631</u>	<u>8,021,844</u>
At 31st January 2004			

16. RECONCILIATION IN MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	1,549	3,202
New share capital subscribed	-	1,354,218
	<u>1,549</u>	<u>1,357,420</u>
Net increase in shareholders' funds		
	1,549	1,357,420
Opening shareholders' funds	8,020,300	6,662,880
	<u>8,021,849</u>	<u>8,020,300</u>
Closing shareholders' funds		

TIME PRODUCTS (UK) LIMITED

NOTES TO THE ACCOUNTS 31ST JANUARY 2004

17. CONTINGENT LIABILITIES

The company has given an unlimited guarantee in respect of overdraft and other facilities advanced to its parent company and certain fellow subsidiary companies. The amount outstanding under these facilities at 31st January 2004 was £7,645,000 (2003 :£14,498,000).

18. COMMITMENTS UNDER OPERATING LEASES

The company had annual commitments under operating leases at 31st January as follows :

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire :				
Within one year	-	27,616	-	28,526
In two to five years	-	101,665	-	93,356
Over five years	185,000	-	405,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	185,000	129,281	405,000	121,882

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within Financial Reporting Standard 8 and has not disclosed transactions with other group entities where more than 90% of voting rights are controlled within the group.

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate and ultimate parent companies are Time Products Limited and Almar plc respectively. Both companies are registered in England and Wales. A copy of the Time Products Limited accounts and the Almar plc group accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors consider that the ultimate controlling party is M J Margulies because he is a director and majority shareholder of the ultimate holding company.