

Rule 1.24

**The Insolvency Act 1986
Report of Meetings
Approving Voluntary Arrangement
Pursuant to Section 4 of the
Insolvency Act 1986**

S.4

To the Registrar of Companies

For Official Use

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Company Number

3073655

Insert full name of
company

Name of Company

McCarthy Corporation Plc

Insert full name and
address

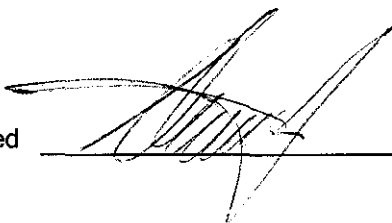
I, Alison Curry, of
Finn Associates
Four The Chandlery
40 Gowers Walk
London
E1 8BH

S367-15

Insert date

The chairman of meetings held in pursuance of Section 4 of the Insolvency Act 1986 on
Thursday, 26th June 2003, enclose a copy of my report of the said meetings.

Signed



Date

16/07/2003

Presenter's name,
address and reference
(if any)

MCCA749
McCarthy Corporation Plc

Paul Howard Finn
Finn Associates
Four The Chandlery
40 Gowers Walk
London
E1 8BH

For Official Use

Liquidation Section

Post Room



IN THE MATTER OF THE INSOLVENCY ACT 1986

AND

IN THE MATTER OF MCCARTHY CORPORATION PLC

**CHAIRMAN'S REPORT ON THE OUTCOME OF THE RECOVERED
MEETINGS OF CREDITORS AND MEMBERS FOR THE PURPOSE OF
CONSIDERING A PROPOSAL FOR A COMPANY VOLUNTARY
ARRANGEMENT PURSUANT TO PART I OF THE INSOLVENCY ACT 1986**

Date: Thursday 19 June 2003
Time: Creditors' Meeting: 10.30 am
Members' Meeting: 10.45 am
Place: The offices of Finn Associates, Four The Chandlery, 40
Gowers Walk, London E1 8BH

In Attendance:

- 1) Alison Curry, Finn Associates
(Chairman of the Meeting)
- 2) Rory McCarthy, McCarthy Corporation PLC
(Chairman of the Board)
- 3) Thomas Kenny, McCarthy Corporation PLC
(Director and Company Secretary)
- 4) Carl Snitcher, Soho Estates Ltd
(a creditor)
- 5) Nigel Forsyth, Barker Gillett
(solicitor to Soho Estates Ltd, a creditor)

I, Alison Curry, of Finn Associates, Four The Chandlery, 40 Gowers Walk, London, E1 8BH, am duly authorised pursuant to Rule 1.14(2)(b) of the Insolvency Rules 1986 by Paul Howard Finn, the Nominee of McCarthy Corporation PLC, to chair the reconvened meetings of creditors and members of the above company. The purpose of the meetings being to consider the company's proposal for a Company Voluntary Arrangement ("CVA") dated 14 May 2003, pursuant to Part I of the Insolvency Act 1986.

The meetings of creditors was duly convened at 10.30am, at which time only myself, the Chairman, Mr McCarthy and Mr Kenny were present. Pursuant to Rule 12.4A(4) of the Insolvency Rules 1986, the start of the formal business of the meeting was delayed as I had grounds to believe that representatives of Soho Estates Ltd (the landlord of the company's former trading premises) wished to attend. Mr Snitcher and Mr Forsyth representing Soho Estates arrived and were admitted to the meeting at 10.35am.

The meeting was asked if it wished the contents of the proposal to be read to the meeting, or alternatively whether they would like a brief period in which to further consider the proposal. Those present declined.

The meeting was then opened to questions from the floor.

There followed a general discussion as to the company's liabilities under the terms of its lease with Soho Estates Ltd. Ostensibly, the parties dispute whether the company has an ongoing liability under the lease.

During this discussion, it was requested by Mr Snitcher and Mr Forsyth that it be duly recorded in these minutes that:

- 1) The landlord contends the company's lease of the premises at 346 Kensington High Street not to have been surrendered with its knowledge and/or consent;
- 2) The landlord further contends that they were not consulted about the company vacating the premises and that lease has not been surrendered in an "orderly manner" (as Mr Snitcher averred was implied by the company's proposal).
- 3) The landlord further contends that the lease represents a continuing liability of the company and that its position concerning this liability is reserved.

Mr McCarthy requested that it be duly recorded in these minutes that:

- 1) The company disputes it has an ongoing liability under the lease;
- 2) The company contends that it had discussed its circumstances with the landlord and had only vacated the premises after having been advised by the landlord that the locks to the premises were to be changed (which would have effectively excluded the company from occupation).

I, the Chairman, noted that the liabilities under the lease would ultimately be a question of construction and that the quantification of landlord's claims generally was a notoriously difficult area, often requiring specialised legal assistance. It was further noted that the matter of proving and agreeing creditors' claims was within the remit of the Supervisor, should the arrangement be approved, who had recourse to the guidance of the Court, if necessary. It was further noted that the claim of the landlord, as currently submitted, was not disputed by the company.

There followed a general discussion of the merits of the company's claim against KPMG and the manner in which this claim was to be funded. No request for a detailed minute of this discussion was made nor do I consider one to be warranted.

There followed a general discussion concerning the directors' loans accounts. Again, no request for a detailed minute of this discussion was made nor do I consider one to be warranted.

There followed a request by Mr Snitcher and Mr Forsyth that the personal financial circumstances for the directors be discussed by the meeting, given the alleged personal guarantee given by Rory McCarthy in respect of the outstanding rents. I, the Chairman, advised the meeting that the purpose of the meeting was solely to discuss the company's proposal for a voluntary arrangement and, given the nature of limited liability, that it was not an appropriate venue to discuss the directors' personal financial affairs. It was noted that no evidence as to the directors' personal finances was adduced, nor would it be so adduced.

The voting intentions of those creditors who had submitted proxy votes were then placed before the meeting. Proxy votes received in advance of the meeting were as follows:

Creditor	Representative	Claim	Voting Instructions
Inland Revenue	Chairman	86,500.00	Against
HM Customs & Excise	Chairman	26,077.00	Against
Ernst & Young	Chairman	46,498.75	For
Macleod Dixon	Tim McCarthy (not present)	32,661.81	For
Incapital Europe Ltd	Chairman	25,365.31	For
Jackson Walker LLP	Chairman	32,829.09	For
BTS London Ltd	Chairman	32,509.32	For
Synergos Ltd	Chairman	1,175.00	For
Hargreaves Newberry	Chairman	5,073.06	For
Gyngell	Chairman	2,257.58	For
Kennedys	Chairman	54,482.99	For
Michcon De Reya	Chairman	25,419.95	For
FPD Savilles	Chairman	12,071.60	For
John Kearney	Rory McCarthy	83,530.70	For
BNP Paribas Jersey Trust Corporation	Chairman	140,670.24	For
Cornwall Investment Holdings Ltd	Chairman		

It was explained to the meeting that a number of issues arose concerning the claims and votes of those creditors.

Firstly, it was noted that Tim McCarthy was the sole proxy holder for Macleod Dixon, and was not present at the meeting. Consequently, their vote could not count toward the requisite majority required to approve the arrangement.

Secondly, it was noted that the claims of both Inland Revenue and Customs & Excise were substantially disputed by the company. In the case of Inland Revenue, the company had provided a legal opinion to the effect that their assessed claim for corporation tax for period during which the company made substantial trading losses was "without foundation". In the case of Customs & Excise, it was noted that their claim was based upon assessments for periods in which the company had not made "VATable" supplies.

Thirdly, it was noted that the company's largest creditor, Virgin group, who were owed approximately £2,000,000, were not present or represented at the meeting. Their vote would ultimately be decisive in relation to the arrangement.

It was explained to the meeting that it was necessary for the chairman to take a view on the extent to which these claims should be admitted, particularly where there were substantial grounds for dispute. However, this task was less onerous were the decision in relation to any particular claim would not have a bearing on the outcome of the meeting.

It was further explained that the undisputed claim of Soho Estates Ltd in the sum of £149,866.39, if exercised in favour of the arrangement, would result in the arrangement achieving the requisite majority (irrespective of any decision the chairman might make concerning the admission of the Crown claims). However, in the event that their vote was exercised against the arrangement, the requisite majority could not be achieved. Therefore, I, the Chairman felt it incumbent upon me to further adjourn the meeting in order to take legal advice upon the admission of the disputed claims and to allow Virgin an opportunity to vote, should they choose to do so.

After a brief recess, Mr Snitcher and Mr Forsyth returned to the meeting and were asked to indicated the manner in which the landlord intended to vote. They indicated that the vote was for the rejection of the proposal, on the same grounds as given by the Crown (namely, an unwillingness to support an arrangement based exclusively on litigation).

In the light of the above, I elected to utilise the Chairman's powers pursuant to Rule 1.21(2) of the Insolvency Rules 1986 to further adjourn the meeting of creditors for a period of 7 days.

The meeting was then closed at 11.30am, at which time Mr Forsyth handed Mr McCarthy Notice of a claim being filed against him personally in respect of the amounts owed to the landlord.

The meeting of members was then duly convened at 11.30am and immediately adjourned pursuant to Rule 1.21(2) of the Insolvency Rules 1986 for a period of 7 days, also on the grounds that the requisite majority of creditors' votes had not be obtained.

NOTICE TO CREDITORS

Notice Is Hereby Given that the reconvened meeting of the creditors of McCarthy Corporation Plc will be held at the offices of Finn Associates, Four The Chandlery, 40 Gowers Walk, London, E1 8BH on Thursday 26th June 2003 at 10.30am for the purpose of considering a proposal by the directors for a company voluntary arrangement in satisfaction of the company's debts.

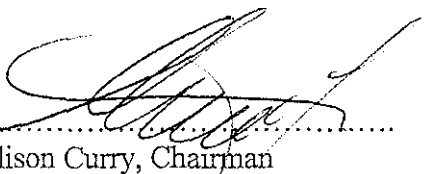
NOTICE TO MEMBERS

Notice Is Hereby Given that the reconvened meeting of members of McCarthy Corporation Plc will be held at the offices of Finn Associates, Four The Chandlery, 40 Gowers Walk, London, E1 8BH on Thursday 26th June 2003 at 10.45am for the purpose of considering a proposal by the directors for a company voluntary arrangement in satisfaction of the company's debts.

Pursuant to Rule 1.9(3) of the Insolvency Rules 1986, the following documents have already been supplied to you and remain valid for the adjourned meetings:

- a) a copy of the directors' proposal;
- b) a summary of the company's Statement of Affairs (included within the appendices to the proposal);
- c) the Nominee's Report in respect of the proposal (as filed at the High Court of Justice).
- d) Proof of debt and proxy forms

Note: Any proxies previously lodged remain valid at the reconvened meeting unless you have specified to the contrary, however, members and creditors may submit new proxies and/or change their votes should they chose to do so.

Signed: 
Alison Curry, Chairman

Dated: This 19th day of June 2003

IN THE HIGH COURT OF JUSTICE

CVA NO 3294 OF 2003

IN THE MATTER OF THE INSOLVENCY ACT 1986

AND

IN THE MATTER OF MCCARTHY CORPORATION PLC

**CHAIRMAN'S REPORT ON THE OUTCOME OF MEETINGS OF CREDITORS
AND MEMBERS FOR THE PURPOSE OF CONSIDERING A PROPOSAL FOR
A COMPANY VOLUNTARY ARRANGEMENT PURSUANT TO PART I OF
THE INSOLVENCY ACT 1986**

Date: Thursday 12 June 2003
Time: Creditors' Meeting: 10.30 am
Members' Meeting: 10.45 am
Place: The offices of Finn Associates, Four The Chandlery, 40
Gowers Walk, London E1 8BH
In Attendance: Paul Finn, Finn Associates, (Nominee & Chairman)
Alison Curry, Finn Associates

I, Paul Howard Finn, of Finn Associates, Four The Chandlery, 40 Gowers Walk, London, E1 8BH, am the Nominee of McCarthy Corporation PLC in respect of the company's proposal for a Company Voluntary Arrangement ("CVA") dated 14 May 2003, pursuant to Part I of the Insolvency Act 1986.

The meetings were duly convened and conducted at the above date and times, pursuant to Rules 1.13 - 1.21 of the Insolvency Rules 1986. As from 10.45 am (the appointed time for the Members' meeting), the meetings were conducted concurrently, pursuant to Rule 1.21(1) of the Insolvency Rules 1986.

Prior to the meeting, I had received notice from the directors of the company that they had suffered the bereavement of a close family member. They advised me that the funeral was scheduled for the proposed day of the meetings and consequently they would be unable to attend the CVA meetings.

Additionally, the members' meeting was inquorate in that no members of the company were present or represented.

In the light of the above and in the absence of any person present or represented objecting to the same, I elected to utilise the Chairman's powers pursuant to Rule 1.21(2) of the Insolvency Rules 1986 to adjourn both the meetings of members and creditors for a period of 7 days.

NOTICE TO CREDITORS

Notice Is Hereby Given that the reconvened meeting of the creditors of McCarthy Corporation Plc will be held at the offices of Finn Associates, Four The Chandlery, 40 Gowers Walk, London, E1 8BH on Thursday 19th June 2003 at 10.30am for the purpose of considering a proposal by the directors for a company voluntary arrangement in satisfaction of the company's debts.

NOTICE TO MEMBERS

Notice Is Hereby Given that the reconvened meeting of members of McCarthy Corporation Plc will be held at the offices of Finn Associates, Four The Chandlery, 40 Gowers Walk, London, E1 8BH on Thursday 19th June 2003 at 10.45am for the purpose of considering a proposal by the directors for a company voluntary arrangement in satisfaction of the company's debts.

Pursuant to Rule 1.9(3) of the Insolvency Rules 1986, the following documents have already been supplied to you and remain valid for the adjourned meetings:

- a) a copy of the directors' proposal;
- b) a summary of the company's Statement of Affairs (included within the appendices to the proposal);
- c) the Nominee's Report in respect of the proposal (as filed at the High Court of Justice).
- d) Proof of debt and proxy forms

Note: Any proxies previously lodged remain valid at the reconvened meeting unless you have specified to the contrary, however, members and creditors may submit new proxies and/or change their votes should they chose to do so.

Signed:
Paul Howard Finn, Nominee & Chairman

Dated: This 12th day of June 2003

IN THE MATTER OF THE INSOLVENCY ACT 1986

AND

IN THE MATTER OF MCCARTHY CORPORATION PLC

**CHAIRMAN'S REPORT ON THE OUTCOME OF THE FURTHER
RECONVENED MEETINGS OF CREDITORS AND MEMBERS FOR THE
PURPOSE OF CONSIDERING A PROPOSAL FOR A COMPANY VOLUNTARY
ARRANGEMENT PURSUANT TO PART I OF THE INSOLVENCY ACT 1986**

Date: Thursday 26 June 2003
Time: Creditors' Meeting: 10.30 am (adjourned to 4.00pm)
Members' Meeting: 10.45 am (adjourned to 4.00pm)
Place: The offices of Finn Associates, Four The Chandlery, 40
Gowers Walk, London E1 8BH

In Attendance:

- 1) Alison Curry, Finn Associates
(Chairman of the Meeting)
- 2) Tim McCarthy, McCarthy Corporation PLC
(Chairman of the Board)
- 3) Thomas Kenny, McCarthy Corporation PLC
(Director and Company Secretary)
- 4) Nigel Forsyth, Barker Gillett
(solicitor to Soho Estates Ltd, a creditor)

I, Alison Curry, of Finn Associates, Four The Chandlery, 40 Gowers Walk, London, E1 8BH, am duly authorised pursuant to Rule 1.14(2)(b) of the Insolvency Rules 1986 by Paul Howard Finn, the Nominee of McCarthy Corporation PLC, to chair the further reconvened meetings of creditors and members of the above company; the purpose of the meetings being to consider the company's proposal for a Company Voluntary Arrangement ("CVA") dated 14 May 2003, pursuant to Part I of the Insolvency Act 1986.

The meeting of creditors was duly reconvened at 10.30am. Shortly prior to the meeting, I received telephone confirmation from the Virgin Group, the company's principal creditor, that they wished to vote on the proposal, but that they required additional time to attend to the paperwork. Initially, I suggested a one hour adjournment, however, Virgin indicated that they would require longer than this. Consequently, I advised the meeting that I intended to utilise the Chairman's powers pursuant to Rule 1.21(2) of the Insolvency Rules 1986 to further adjourn the meetings of creditors and members to 4.00pm that day, given that the vote of Virgin could have a material affect on the outcome.

Mr Forsyth was asked if there were any matters that he wished to discuss prior to the adjournment, however he indicated that any such matters could be discussed at the final reconvened meeting later that day.

The meeting of members was then duly convened at 10.45am and immediately adjourned pursuant to Rule 1.21(2) of the Insolvency Rules 1986, to be held concurrently with the creditors' meeting at 4.00pm that afternoon.

During the period between the meetings, the proxy vote of Virgin Group was duly received. Additionally, upon consultation with Inland Revenue and HM Customs & Excise, their agreement to reduce their claims for voting purposes was also obtained. The revised Crown claims for voting purposes were based upon VAT and PAYE tax returns which had been submitted by the Company to their local tax offices during the previous week, which served to reduce the claims previously submitted (which were based exclusively upon disputed assessments). As a consequence of these additional votes, it was apparent that the requisite majorities for the acceptance of the proposal would be achieved, and Mr Forsyth (who had indicated his intention to attend the reconvened meeting) was advised accordingly.

The meetings of creditors and members were duly reconvened at 4.00pm, with myself, Tim McCarthy and Thomas Kenney in attendance. Given that no creditors were present or represented in person, we moved directly to the formal business of the meeting, namely the voting upon the acceptance or otherwise of the company's proposals.

A schedule of the votes is attached hereto, which evidences that the proposal was accepted by a majority in value of the creditors in excess of the 75% required to affect its approval. Prevailing exchange rates have been applied in respect of all foreign currency debts. A further schedule is attached showing the voting of the members, which was unanimously in favour of the proposal.

It can be seen from the schedule of votes that a number of other creditors' claims are disputed by the company, namely the additional claim of its Landlord for rents falling due on 24 June 2003, and the claims of the Crown creditors insofar as they continue to be based on disputed assessments.

The company's position in relation to its landlord, Soho Estates Ltd, is that it claims the lease to have been forfeited. The landlord takes the contrary view. It will be a matter for the Supervisor to resolve this issue when dealing with the admission of claims for dividend purposes. For the purpose of the meeting, I elected to admit the additional claim of the landlord, in the full amount claimed by them, but mark it as "objected to".

In relation to the Crown claims, the company dispute the assessment for Corporation Tax in the sum of £74,000 and for VAT in the sum of £9,111, although it accepts that there is PAYE liability due and payable. The company has been advised that these claims may be challenged only by submission of the appropriate returns, at which time these bodies will be able to submit revised claims for dividend purposes. Consequently, these claims were also admitted in full, for voting purposes only, and marked as "objected to" in the above stated amounts.

Also in relation to the voting, I would comment that the question of whether Virgin should be treated as an associate of the company had been previously considered and discussed with Mr Forsyth. Their association (or otherwise) may have been relevant to the outcome of the meeting in that it is necessary for a simple majority of 50% of those creditors not associated with the company to approve the arrangement in addition to the 75% overall majority.

In anticipation of this issue, I sought and received legal advice in advance of the meeting. The opinion obtained is that whilst Virgin was formerly an associate as defined by s.435 of the Insolvency Act 1986, the definition of association is expressed in the present tense and in this instance, the associate relationship was severed in May 2000. Consequently, Virgin should not be treated as an associate for voting purposes, as they do not have an associate relationship with the company at the present time. Therefore, whilst it was not my original opinion (nor that of the Nominee), I am now persuaded that the Virgin Group should not be treated as an associate of company.

However, I would draw to the attention of the creditors that Virgin's association, or otherwise, is in any event irrelevant as the 50% majority of undisputed non-associated creditors was obtained, as demonstrated by the alternative voting analysis which is also attached hereto.

Only one "modification" to the proposal was proposed, by Jackson Walker LLP, the company's US lawyers:

"Acceptance of the proposed voluntary arrangement does not in any way waive or release the claim of Jackson Walker LLP against Timothy McCarthy and Rory McCarthy, individually, who are jointly and severally liable for the claim."

Strictly speaking, this modification is merely a re-statement of the fact that the Company Voluntary Arrangement cannot (nor does it seek to) fetter the rights of a creditor as against a third party, in this case the directors personally, without that creditor's agreement. The directors are aware of and acknowledge their personal liabilities to Jackson Walker LLP in this regard and consider this to be entirely consistent with the statements made within the proposal concerning their funding of legal costs generally.

Finally, concerning the conduct of the meeting of creditors of 19 June 2003, the landlord's solicitors raised various objections to the conduct of the meeting and have questioned the accuracy of the meeting report and of the proposal itself. Whilst I do not concur with their objections, I have undertaken to bring these matters to the attention of the creditors within this report. Therefore, I attach copies of the relevant correspondence for the information of the creditors, in accordance with my undertaking so to do.

Signed: 
Alison Curry, Chairman

Dated: This 27th day of June 2003

CHAIRMAN'S REPORT ON THE VOTING AT A MEETING OF CREDITORS

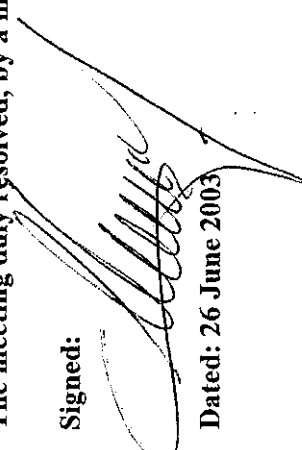
McCarthy Corporation PLC - First Meeting of Creditors (Final Further Reconvened)

Thursday 26 June 2003, 4.00pm

No.	Creditor	Claim Lodged	Proxy Holder	For	Admitted to Vote %	Against	%	Objected	Modifications
1	Inland Revenue	75,877.58	Chairman			75,877.58		74,000.00	No
2	HM Customs & Excise	9,111.00	Chairman			9,111.00		9,111.00	No
3	Ernst & Young	46,498.75	Chairman	46,498.75					No
4	Macleod Dixon	32,661.81	Tim McCarthy	31,997.94					No
5	Incapital Europe Ltd	25,365.31	Chairman	25,365.31					No
6	Jackson Walker LLP	32,829.09	Chairman	32,392.83					Yes
7	BTS London Ltd	32,509.32	Chairman	32,509.32					No
8	Synergos Ltd	1,175.00	Chairman	1,175.00					No
9	Hargreaves Newberry Gynge	5,073.06	Chairman	5,073.06					No
10	Kennedys	2,257.58	Chairman	2,257.58					No
11	Michoon De Reya	54,482.99	Chairman	54,482.99					No
12	Savilles	25,419.95	Chairman	25,419.95					No
13	John Kearney	12,024.90	Tim McCarthy	12,024.90					No
14	Soho Estates Ltd	149,866.39	Allison Curry			149,866.39			No
15	Soho Estates Ltd	28,011.63	Allison Curry			28,011.63		28,011.63	No
16	Virgin Group	2,126,271.00	Chairman	2,126,271.00					No
Sub Total - Non Associated				2,395,468.63	90.11%	262,866.60	9.89%		
17	BNP Paribas Jersey Trust Corp	83,530.70	Chairman	83,530.70					No
18	Cornwall Investment Holdings	140,670.24	Chairman	140,670.24					No
Total for all creditors		2,883,636.30		2,619,669.57	90.88%	262,866.60	9.12%		

The meeting duly resolved, by a majority in value, for the acceptance of the company's proposal for a Company Voluntary Arrangement.

Signed:



Dated: 26 June 2003

ALTERNATIVE ANALYSIS OF THE VOTING AT A MEETING OF CREDITORS (DISPUTED)

No.	Creditor	Claim Lodged	Proxy Holder	Admitted to Vote		Against	%	Objected	Modifications
1	Inland Revenue	75,877.58	Chairman	For	%	75,877.58		74,000.00	No
2	HM Customs & Excise	9,111.00	Chairman			9,111.00		9,111.00	No
3	Ernst & Young	46,498.75	Chairman						No
4	Macleod Dixon	32,661.81	Tim McCarthy						No
5	Incapital Europe Ltd	25,365.31	Chairman			46,498.75			No
6	Jackson Walker LLP	32,829.09	Chairman			31,997.94			No
7	BTS London Ltd	32,509.32	Chairman			25,365.31			No
8	Synergos Ltd	1,175.00	Chairman			32,392.83			Yes
9	Hargreaves Newberry Gyngeil	5,073.06	Chairman			32,509.32			No
10	Kennedys	2,257.58	Chairman			1,175.00			No
11	Michcon De Reya	54,482.99	Chairman			5,073.06			No
12	Savilles	25,419.95	Chairman			2,257.58			No
13	John Kearney	12,024.90	Chairman			54,482.99			No
14	Soho Estates Ltd	149,866.39	Tim McCarthy			25,419.95			No
15	Soho Estates Ltd	28,011.63	Alison Curry			12,024.90			No
			Alison Curry			149,866.39		28,011.63	No
						28,011.63			No
	Sub Total - Non Associated					269,197.63	50.59%		
16	Virgin Group	2,126,271.00	Chairman			2,126,271.00			No
17	BNP Paribas Jersey Trust Corp	83,530.70	Chairman			83,530.70			No
18	Cornwall Investment Holdings	140,670.24	Chairman			140,670.24			No
	Total for all creditors	2,883,636.30				2,619,669.57	90.88%	262,866.60	9.12%

Re: McCarthy Corporation PLC
Foreign Currency Debts (as at 26 June 2003)

	US\$	Rate	CAN\$	Rate	£
Jackson Walker	54,236.94	1.67435			32,392.83
MacLeod Dixon			72,022.56	2.25085	31,997.94
John Kearny	20,000.00	1.67435	180.00	2.25085	12,024.90

ATTENDANCE AND VOTING SHEET FOR MEMBERS

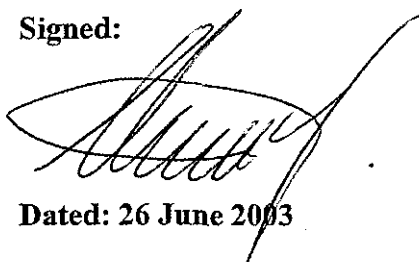
McCarthy Corporation PLC

Meeting of members held Finn Associates, Four The Chandlery, 40 Gowers Walk, London, E1 8BH, at 10.45 am on Thursday 26 June 2003 to consider a proposal for a Company Voluntary Arrangement, adjourned and reconvened at 4.00pm on that date.

<u>Name of Member</u>	<u>Representative</u>	<u>Shareholding</u>	<u>Vote</u>
Clanbrassil Nominees Ltd	Chairman	1,096,146 ordinary	For
Cornwall Investment Holdings Ltd	Chairman	9,636,585 ordinary	For
BNP Paribas Jersey Trust Corp	Chairman	735,000 ordinary	For
TOTAL		11,467,731	

The meeting duly resolved, unanimously, for the acceptance of the company's proposal for a Company Voluntary Arrangement.

Signed:



Dated: 26 June 2003

FinnAssociates

*business***care**

Your Ref: NBF/SLS/9056/1

Our Ref: PHF/ac/McCarthyCorpPLC

Mr N Forsyth
Messrs Barker Gillette
74 New Cavendish Street
London
W1G 8TF

Four The Chandlery, 40 Gowers Walk, London E1 8BH

Direct Telephone: 020 7481 4880
Direct Facsimile : 020 7481 4881
E-mail : London@finnassociates.co.uk
www.finnassociates.co.uk

COPY

25 June 2003

Dear Sir

**Re: McCarthy Corporation PLC – Proposed Company Voluntary Arrangement
Meetings of Members & Creditors held on 19 June 2003**

Thank you for your correspondence of 23 June 2003.

I cannot agree that the minutes of the meeting represent anything other than an accurate reflection of the business of the meetings. However, I am prepared to bring your comments to the attention of the reconvened meeting to be held on 26 June 2003 and to reflect them in my report of that meeting.

In response to the points specifically raised, I shall respond using the same numbering that you have employed:

1) Concerning the funding of the litigation versus KPMG, I would specifically draw your attention to paragraph 4.2.2 of the proposal, which states: "The directors of the company propose personally to fund the costs of pursuing the claim, by such means as they are able to procure. Any amount so paid or advanced by them, from the date of this proposal, shall constitute a first charge upon any monies howsoever recovered.....". I am of the opinion, therefore, that the directors' current attempts to secure funding for the litigation are consistent with this provision and further that their decision to do so does not adversely affect the creditors' dividend prospect, given that the costs of the action will be a first charge in any event.

2) I note your comments concerning the reasons for your seeking details of the directors' personal financial circumstances but it is also noteworthy that you utilised the period between the creditors and members meeting to serve documents seeking to recover your client's debt from Rory McCarthy personally.

Partners

P.H. Finn (ICAEW) P.J. Wade P.A. Finn J. Finn

Consultants

A. Curry LLB (Personal Finance) H. Davies BArch MBA RIBA (Property/Infrastructure) J.D. Hamilton ACB (Banking)
J. Holland (Forensic) N. T. O'Driscoll FCCA (Corporate Recovery) P. Redmond MA(Oxon) (Corporate Services)

Associated Regional Offices

Birmingham Doncaster Hull Leicester Newcastle Nottingham Swansea Wolverhampton

Central Administration

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3) I am of the opinion that it is of no legal bearing whether a formal vote was taken at the meeting, given the general discretion afforded to the chairman to adjourn such meetings pursuant to Rule 1.21 of the Insolvency Rules 1986 (as amended by The Insolvency (Amendment) (No. 2) Rules 2002). However, should you be aware of some authority to the contrary, I should be pleased to give it due consideration.

4) As discussed on the telephone, legal advice has been sought as to whether a creditor that was formerly an associate (as defined by s.435 of the Insolvency Act 1986) should be treated as associated for voting purposes if their association has ended prior to the vote taking place. The opinion that I have now received is in the negative. However, given the concern that you have expressed, I should be grateful to receive any specific authority upon which you consider that Virgin ought to be treated as an associate and I shall consider it accordingly.

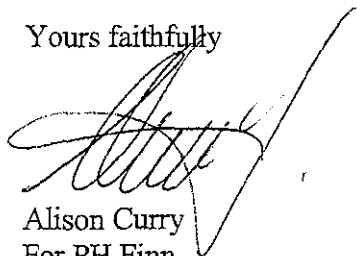
As you are aware, the company disputes your client's assertion that the lease is subsisting. Therefore, for the purpose of the reconvened meeting, it will be incumbent upon me to consider the question of the admission for voting purposes of any claim for future rents in the light of Rule 1.17 of the Insolvency Rules 1986 (as amended) and leading case law.

In any event, you have yourself confirmed that your client will be seeking to mitigate their losses by collecting the rents of existing tenants. Therefore, I should be obliged if you would supply a breakdown of the sums both demanded and received from other tenants of the property by your client and details of the basis of their current tenancies. Please also confirm the date upon which your client "secured" the premises.

I also look forward to receiving your client's proxy, which was omitted from your correspondence.

Finally, you are reminded that creditors are afforded recourse to the Court pursuant to s.6 of the Insolvency Act 1986, if they are dissatisfied as to the conduct of a meeting or wish to challenge its outcome.

Yours faithfully



Alison Curry
For PH Finn

Nominee of McCarthy Corporation PLC

BARKER GILLETTE

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Our Ref: NBF/ss/9056/1
Your Ref: PHF/ac/McCarthy
CorpPLC

Direct Line: 020 7299 6914

Date: 25 June 2003

*Originally sent 23 June 2003,
and amended 25 June 2003*

Dear Alison

**McCarthy Corporation plc ("MCC") – proposed CVA
Soho Estates Limited**

Thank you for your letter of 19th June. We have since spoken on the telephone.

I write to express our concern on some of the matters arising from the minutes, namely:-

1. We were not aware that if we wanted something to be minuted that we had expressly to ask for it. We believe that the minutes should refer to the discussion which took place regarding funding.

It seemed clear from the comments made by Mr McCarthy that the directors did not intend to fund the litigation against KPMG personally, notwithstanding paragraph 1.1.6 of the proposal, which specifically states that the directors would fund the proceedings personally as an indication of their faith in the merits.

It transpires that the directors are seeking to fund this litigation, either through insurance, whereby the insurers would not charge a premium but would take 20% of the winnings, or through finance provided by a "high net worth Guernsey investor".

We believe that the minutes should also record that the company's lawyers have not given a percentage assessment of the chances of success, which will undoubtedly be required by any insurance company.

2. The basis upon which Mr Snitcher and I sought details of the personal financial circumstances of the directors does not arise from the personal guarantee given by Mr Rory McCarthy in respect of outstanding rents. It arises from the director's proposal in paragraph 1.1.6 that they intend to fund the litigation personally. It was on that basis that we made the request.

3. Our understanding of the process which occurred when we returned to the meeting was that a formal vote was taken and Soho Estates voted against the proposal.
4. We are concerned that it is now said that the vote of the Virgin Group will be decisive in relation to the arrangement. Previously the position of the nominee was that the Virgin Group are an associated creditor. In those circumstances their vote would not be counted.

You have indicated that you may now take a different view and are obtaining legal advice on this issue.

In terms of the lease, it is settled law that for a surrender to take place there must be an unequivocal act of acceptance by the landlord.

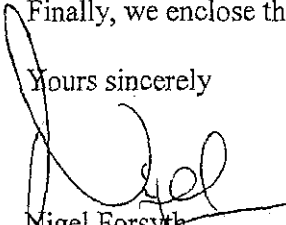
This demonstrably has not happened in this case. The company vacated the premises without the landlord's agreement and left the keys with the concierge. Our clients made it expressly clear by their letter of 11th April 2003 (a copy of which is attached) that in securing the premises and allowing the concierge to retain the keys, they were neither forfeiting nor accepting a surrender of the company's lease and the lease accordingly remained in existence.

The June quarter's rent is now due and this should be added to the amount of our client's debt. We shall let you have details shortly.

Our clients will of course give credit for any sums received from the sub-tenants, pursuant to the notices which they have served under the Law of Distress (Amendment) Act 1908.

Finally, we enclose the proxy form which has been signed by our client.

Yours sincerely



Nigel Forsyth

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