

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD 22 MARCH 2001 TO 31 MARCH 2002
FOR
PINEAPPLE HOLDINGS LIMITED**



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PINEAPPLE HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE PERIOD 22 MARCH 2001 TO 31 MARCH 2002

DIRECTORS: D Moore
J C Tasker

SECRETARY: B Patsalides

REGISTERED OFFICE: 6a Langley Street
London
WC2H 9JA

REGISTERED NUMBER: 4185525 (England and Wales)

AUDITORS: Harmer Slater
Chartered Accountants
& Registered Auditors
Quoin House
Alfred Road
Sutton, Surrey
SM1 4RR

PINEAPPLE HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
FOR THE PERIOD 22 MARCH 2001 TO 31 MARCH 2002**

The directors present their report with the financial statements of the company for the period 22 March 2001 to 31 March 2002.

INCORPORATION

The company was incorporated on 22 March 2001 and commenced trading on the same date.

PRINCIPAL ACTIVITIES

The principal activities of the company in the period under review were those of an investment holding company and to provide fashion design services.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the period ended 31 March 2002.

DIRECTORS

The directors during the period under review were:

| | |
|------------|---------------------|
| D Moore | - appointed 22.3.01 |
| J C Tasker | - appointed 22.3.01 |

The beneficial interests of the directors holding office on 31 March 2002 in the issued share capital of the company were as follows:

| | 31.3.02 | at date of appointment |
|----------------------------------|---------|---------------------------|
| Ordinary shares £1 shares | | |
| D Moore | 500 | 2 |
| J C Tasker | 300 | - |

STATEMENT OF 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

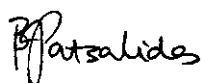
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

AUDITORS

The directors appointed Harmer Slater to fill the vacancy. A resolution to reappoint Harmer Slater, as auditors of the company, will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
B Patsalides - SECRETARY

Dated: 20th August 2002

PINEAPPLE HOLDINGS LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
PINEAPPLE HOLDINGS LIMITED**

We have audited the financial statements of Pineapple Holdings Limited for the period ended 31 March 2002 on pages four to nine. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

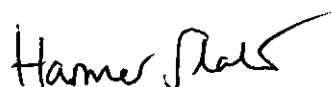
Basis of audit opinion

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.

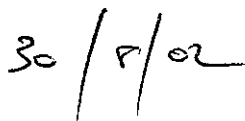
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Harmer Slater
Chartered Accountants
& Registered Auditors
Quoin House
Alfred Road
Sutton, Surrey
SM1 4RR

Dated:



PINEAPPLE HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 22 MARCH 2001 TO 31 MARCH 2002

| | Notes | £ |
|---|-------|-----------------------|
| TURNOVER | | 142,612 |
| Cost of sales | | <u>42,309</u> |
| GROSS PROFIT | | 100,303 |
| Administrative expenses | | <u>3,992</u> |
| OPERATING PROFIT | 2 | 96,311 |
| Interest receivable and similar income | | <u>10</u> |
| | | 96,321 |
| Interest payable and similar charges | | <u>159</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 96,162 |
| Tax on profit on ordinary activities | 3 | <u>21,556</u> |
| PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION | | <u>74,606</u> |
| RETAINED PROFIT FOR THE PERIOD | | <u><u>£74,606</u></u> |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period.

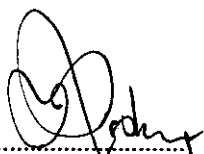
PINEAPPLE HOLDINGS LIMITED

**BALANCE SHEET
31 MARCH 2002**

| | Notes | £ | £ |
|---|-------|----------------|-----------------------|
| FIXED ASSETS: | | | |
| Investments | 4 | | 954,750 |
| CURRENT ASSETS: | | | |
| Debtors | 5 | 186 | |
| CREDITORS: | | | |
| Amounts falling due within one year | 6 | <u>879,530</u> | |
| NET CURRENT LIABILITIES: | | | <u>(879,344)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | <u><u>£75,406</u></u> |
| CAPITAL AND RESERVES: | | | |
| Called up share capital | 9 | | 800 |
| Profit and loss account | 10 | | <u>74,606</u> |
| SHAREHOLDERS' FUNDS: | 12 | | <u><u>£75,406</u></u> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



.....
J C Tasker - DIRECTOR

Approved by the Board on 20th August 2002

PINEAPPLE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 22 MARCH 2001 TO 31 MARCH 2002**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company meets its day to day working capital requirements from its own financial resources and financial support from the directors and related parties. Although the company has net current liabilities, the directors believe that it is appropriate to prepare the financial statements on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future on the basis of the company's plans and the continued support of the directors and related parties.

If the company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce balance sheet values of assets to their recoverable amounts, provide for further liabilities that may arise and reclassify fixed assets as current assets.

Accounting convention

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

The financial statements contain information about Pineapple Holdings Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under Section 248 of the Companies Act from the requirement to prepare consolidated financial statements as the group it heads qualifies as a medium-sized group.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net design fees, excluding value added tax.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING PROFIT

The operating profit is stated after charging:

| | |
|--|-------------------|
| Auditors remuneration | £ <u>1,850</u> |
| Directors' emoluments and other benefits etc | <u>-</u> |

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

| | |
|--------------------------------------|---------------|
| Current tax: | £ |
| UK corporation tax | <u>21,556</u> |
| Tax on profit on ordinary activities | <u>21,556</u> |

PINEAPPLE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 22 MARCH 2001 TO 31 MARCH 2002**

4. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|------------------------|---|
| COST: | |
| Addition | <u>954,750</u> |
| At 31 March 2002 | <u>954,750</u> |
| NET BOOK VALUE: | |
| At 31 March 2002 | <u><u>954,750</u></u> |

The company's investments at the balance sheet date in the share capital of companies include the following:

Debbie Moore Enterprises Limited

Nature of business: Ladies fashion clothes

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary shares | 100.00 |

| | |
|--------------------------------|-----------------------|
| | £ |
| Aggregate capital and reserves | 241,488 |
| Profit for the period | <u><u>108,276</u></u> |

Debbie Moore Studios Limited

Nature of business: Letting dance studios

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary shares | 100.00 |

| | |
|--------------------------------|----------------------|
| | £ |
| Aggregate capital and reserves | 168,866 |
| Profit for the period | <u><u>52,403</u></u> |

Twist Limited

Nature of business: Ladies fashion clothes

| | |
|-------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary shares | 100.00 |
| Preference shares | 100.00 |

| | |
|--------------------------------|----------------------|
| | £ |
| Aggregate capital and reserves | (46,351) |
| Profit for the period | <u><u>16,853</u></u> |

The subsidiaries have been excluded from group accounts because the group satisfies the requirements for exemption under Section 248 Companies Act 1985.

PINEAPPLE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 22 MARCH 2001 TO 31 MARCH 2002**

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | |
|---------------|------------|
| | £ |
| Other debtors | <u>186</u> |
| | <u>186</u> |

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | |
|--|----------------|
| | £ |
| Bank loans and overdrafts (see note 7) | 53,640 |
| Amounts owed to group undertakings | 229,865 |
| Taxation | 21,556 |
| Other creditors | 530,719 |
| Directors' current accounts | 41,900 |
| Accruals and deferred income | <u>1,850</u> |
| | <u>879,530</u> |

7. LOANS

An analysis of the maturity of loans is given below:

| | |
|---|---------------|
| | £ |
| Amounts falling due within one year or on demand: | |
| Bank overdrafts | <u>53,640</u> |

8. SECURED DEBTS

The following secured debts are included within creditors:

| | |
|----------------|---------------|
| | £ |
| Bank overdraft | <u>53,640</u> |

The bank overdraft is secured by an all monies debenture incorporating fixed and floating charges.

9. CALLED UP SHARE CAPITAL

| | | | |
|-------------|-----------------|----------------|--------------|
| Authorised: | | | |
| Number: | Class: | Nominal value: | £ |
| 1,000 | Ordinary shares | £1 | <u>1,000</u> |

| | | | |
|----------------------------------|-----------------|----------------|------------|
| Allotted, issued and fully paid: | | | |
| Number: | Class: | Nominal value: | £ |
| 800 | Ordinary shares | £1 | <u>800</u> |

The following shares were allotted and fully paid for cash at par during the period:

800 Ordinary shares shares of £1 each

PINEAPPLE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 22 MARCH 2001 TO 31 MARCH 2002**

10. RESERVES

| | Profit and loss account £ |
|--------------------------------|------------------------------------|
| Retained profit for the period | <u>74,606</u> |
| At 31 March 2002 | <u><u>74,606</u></u> |

11. RELATED PARTY DISCLOSURES

During the period, the company charged £142,612 for design fees to Debbie Moore Enterprises Limited, a subsidiary company.

At 31st March 2002 the company owed Debbie Moore Enterprises Limited, a subsidiary company, £128,284. The debt is unsecured, interest free and has no repayment schedule or fixed repayment date.

At 31st March 2002 the company owed Debbie Moore Studios Limited, a subsidiary company, £101,581. The debt is interest free and has no repayment schedule or fixed repayment date.

Included in creditors is a loan of £4,714 from Ms D Moore, one of the directors of the company. The loan is unsecured, interest free and has no repayment schedule or fixed repayment date.

Included in creditors is a loan of £37,186 from Mr J Tasker, one of the directors of the company. The loan is unsecured, interest free and has no repayment schedule or fixed repayment date.

The bank overdraft is secured by a corporate cross guarantee from Debbie Moore Studios Limited, Debbie Moore Enterprises Limited and Twist Limited.

Ms D Moore, a director, and Mr T H Berglund have also personally guaranteed the group overdraft facility.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | £ |
|--|-----------------------------|
| Profit for the financial period | 74,606 |
| Share capital issued in period | <u>800</u> |
| Net addition to shareholders' funds | 75,406 |
| Opening shareholders' funds | <u>-</u> |
| Closing shareholders' funds | <u><u>75,406</u></u> |
| Equity interests | <u><u>75,406</u></u> |