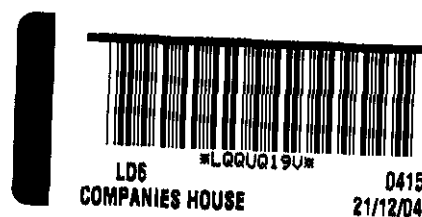


Company Registration No. 2226163 (England and Wales)

PMD HOLDINGS PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004



PMD HOLDINGS PLC

COMPANY INFORMATION

Directors	P.M. Domb M. Domb
Secretary	M. Domb
Company number	2226163
Registered office	3 Dronken House, 43A High Street Kings Langley Herts WD4 8FG
Auditors	N. Tyrrell & Co. 3 Stedham Place London WC1A 1HU
Business address	3 Dronken House, 43a High Street, Kings Langley Herts WD4 8FG

PMD HOLDINGS PLC

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PMD HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2004

The directors present their report and financial statements for the year ended 31 July 2004.

Principal activities and review of the business

The company is a holding company and does not trade.

The subsidiary company is also dormant.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 August 2003:

P.M. Domb

M. Domb

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 July 2004	1 August 2003
P.M. Domb	26,100	26,100
M. Domb	26,100	26,100

Creditor payment policy

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that N. Tyrrell & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

PMD HOLDINGS PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

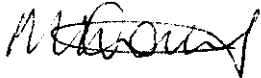
Directors' responsibilities

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

On behalf of the board



M. Domb

Director

22 October 2004

PMD HOLDINGS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PMD HOLDINGS PLC

We have audited the financial statements of PMD HOLDINGS PLC on pages 3 to 8 for the year ended 31 July 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

N. Tyrrell & Co.
Chartered Accountants
Registered Auditor
3 Stedham Place
London
WC1A 1HU



22 October 2004

PMD HOLDINGS PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2004

	Notes	2004 £	2003 £
Loss on ordinary activities before taxation		-	-
Tax on loss on ordinary activities	2	-	-
Loss on ordinary activities after taxation	5	-	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

PMD HOLDINGS PLC

BALANCE SHEET AS AT 31 JULY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Investments	3		2		2
Current assets					
Net current assets			-		-
Total assets less current liabilities			<u>2</u>		<u>2</u>
Capital and reserves					
Called up share capital	4		52,200		52,200
Profit and loss account	5		(52,198)		(52,198)
Shareholders' funds - equity interests	6		<u>2</u>		<u>2</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.

The financial statements were approved by the Board on 22 October 2004


P.M. Domb
Director

PMD HOLDINGS PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2004

	£	2004 £	£	2003 £
Net cash outflow from operating activities		-		-
Acquisitions and disposals				
Purchase of subsidiary undertakings (net of cash acquired)	-		(2)	
	<u>-</u>		<u>(2)</u>	
Net cash outflow for acquisitions and disposals		-		(2)
		<u>-</u>		<u>(2)</u>
Net cash outflow before management of liquid resources and financing		-		(2)
		<u>-</u>		<u>(2)</u>
Decrease in cash in the year		<u>-</u>		<u>(2)</u>

PMD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Taxation

Current tax charge

-	-

Factors affecting the tax charge for the year

Loss on ordinary activities before taxation

-	-

Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2003: 0.00%)

- -

Effects of:

Current tax charge

-	-

No Corporation Tax charge arises on the results for the year.

PMD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

3 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 August 2003 & at 31 July 2004	<u>2</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Virtual Realty Too Ltd	UK	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2004 £	Profit for the year 2004 £
Virtual Realty Too Ltd	<u>2</u>	<u>-</u>

4 Share capital

	2004 £	2003 £
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
52,200 Ordinary shares of £1 each	<u>52,200</u>	<u>52,200</u>

PMD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

5 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 August 2003	(52,198)
Balance at 31 July 2004	(52,198)

6 Reconciliation of movements in shareholders' funds

2004
£

2003
£

Loss for the financial year	-	-
Opening shareholders' funds	2	2
Closing shareholders' funds	2	2