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FLORAMEDIA UK LIMITED
AND ITS SUBSIDIARY UNDERTAKING

[FORMERLY MERCURIUS (UK) LIMITED]

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

Registered number: 1567452



GRIFFIN CHAPMAN
CHARTERED ACCOUNTANTS

Colchester



A member firm of

The UK 200 Group
PRACTISING CHARTERED ACCOUNTANTS

FLORAMEDIA UK LIMITED
AND ITS SUBSIDIARY UNDERTAKING

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

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The following pages do not form part of the statutory accounts

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FLORAMEDIA UK LIMITED
AND ITS SUBSIDIARY UNDERTAKING

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2001

INCORPORATED	In England on 11th June 1981
DIRECTORS	P Griffiths T J Wright T Sinnige U Liedtke
SECRETARY	G King
REGISTERED OFFICE	Plough Farm House Plough Road Great Bentley Essex, CO7 8LG
BANKERS	Barclays Bank plc 9 High Street Colchester Essex, CO1 1DD
SOLICITORS	Prettys Elm House 25 Elm Street Ipswich Suffolk, IP1 2AD
AUDITORS	Griffin Chapman Chartered Accountants St Martin's House 63 West Stockwell Street Colchester Essex, CO1 1HE

FLORAMEDIA UK LIMITED

DIRECTORS' REPORT 31ST DECEMBER 2001

The directors present their report and the audited financial statements for the year ended 31st December 2001.

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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.

Principal activity

The principal activity of the company was that of the sale of plant labels and other materials for use in horticulture and allied trades.

Change of company name

The company changed its name from Mercurius (UK) Limited to Floramedia UK Limited on 16 November 2001.

Business review

2001 has been a difficult year as far as competition is concerned in traditional markets, which has resulted in a lower turnover figure than 2000 for Floramedia UK Limited at £2,920,803.

Floramedia (Somerset) Limited however has continued to flourish with turnover up by over 40% at £550,951. Such increases are attributed to repeat business from customers gained in the previous years.

The significant improvement in both companies is that of impressive turn-around of profit with Floramedia UK Limited up 100% to £287,962 and Floramedia (Somerset) Limited now showing a positive figure of £48,170. The profitable performance is due to a great reduction one-off originations of ranges. It is also true to state that a closer 'eye' has been placed on individual 'job costings' to minimise profit erosion.

The acquisition of the Floramedia Group (Liechtenstein) by the Mercurius Groep (Wormerveer, Netherlands) in October 2001, has given even greater status to Floramedia UK Limited and Floramedia (Somerset) Limited within the market place and expansion and enhancement of product ranges is forecasted as one of the major benefits of the new organisation. As of the takeover, Mercurius UK Limited and Chilliswood Limited are to be called Floramedia UK Limited and Floramedia (Somerset) Limited respectively.

There was a profit for the year after taxation for Floramedia UK Limited amounting to £177,138 and Floramedia (Somerset) Limited amounting to £48,170. The directors do not recommend payment of a dividend and the profit therefore has been transferred to reserves.

The consolidated results for the year are shown in the profit and loss account on page 4.

FLORAMEDIA UK LIMITED

DIRECTORS' REPORT (continued) 31ST DECEMBER 2001

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31st December 2001 Ordinary shares	1st January 2001 Ordinary shares
P Griffiths	-	-
T J Wright	-	-
T Sinnige (Appointed 14 December 2001)	-	-
U Liedtke (Appointed 14 December 2001)	-	-
R Woudt (Resigned 14 December 2001)	-	-

The directors' interests in the shares of the ultimate parent undertaking are shown in the financial statements of that company.

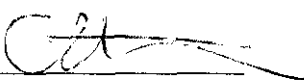
Charitable and political contributions

Donations to charitable organisations amounted to £805 (2000 £1,062).

Auditors

It will be proposed at the annual general meeting that Griffin Chapman will continue in office.

On behalf of the board


G King
Secretary

Dated 15 February 2002

FLORAMEDIA UK LIMITED

Independent auditors' report to the shareholders of Floramedia UK Limited

We have audited the financial statements of Floramedia UK Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes. 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 in the statement of directors' responsibilities, 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 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 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 and the group's affairs as at 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Griffin Chapman

REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Dated 15 February 2002

FLORAMEDIA UK LIMITED
AND ITS SUBSIDIARY UNDERTAKING

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2001**

	Note	2001 £	2000 £
Turnover	2	3,491,754	3,296,619
Cost of sales		(2,263,750)	(2,360,734)
Gross profit		<u>1,228,004</u>	<u>935,885</u>
Net operating expenses			
Administrative expenses		(876,706)	(979,620)
Operating profit/(loss)	3	<u>351,298</u>	<u>(43,735)</u>
Net interest		(15,166)	(38,695)
Profit/(loss) on ordinary activities before taxation		<u>336,132</u>	<u>(82,430)</u>
Taxation	5	(110,824)	(5,486)
Profit/(loss) retained for the year	14	<u><u>225,308</u></u>	<u><u>(87,916)</u></u>

Movements in reserves are shown in note 14.


There are no recognised gains or losses other than the profit or loss for the above two financial years.

FLORAMEDIA UK LIMITED
AND ITS SUBSIDIARY UNDERTAKING

CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER 2001

	Note	2001 £	2000 £
Fixed assets			
Intangible assets	6	-	-
Tangible assets	7	94,243	126,326
		<u>94,243</u>	<u>126,326</u>
Current assets			
Stocks	9	673,894	609,318
Debtors	10	622,646	685,537
Cash at bank and in hand		96,651	35,144
		<u>1,393,191</u>	<u>1,329,999</u>
Creditors: amounts falling due within one year	11	(759,962)	(616,839)
Net current assets		<u>633,229</u>	<u>713,160</u>
Total assets less current liabilities		<u>727,472</u>	<u>839,486</u>
Creditors: amounts falling due after more than one year	12	(121,478)	(458,799)
Net assets		<u><u>605,994</u></u>	<u><u>380,687</u></u>
Capital and reserves			
Called up share capital	13	650,000	650,000
Profit and loss account	14	(44,006)	(269,313)
Equity shareholders' funds		<u><u>605,994</u></u>	<u><u>380,687</u></u>

The financial statements were approved by the Board on 15 February 2002 and signed on its behalf by:



Director
P Griffiths

FLORAMEDIA UK LIMITED

BALANCE SHEET AT 31ST DECEMBER 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	7	93,325	104,889
Investments	8	12,500	12,500
		<u>105,825</u>	<u>117,389</u>
Current assets			
Stocks	9	493,619	440,652
Debtors	10	1,002,623	793,288
Cash at bank and in hand		93,743	22,784
		<u>1,589,985</u>	<u>1,256,724</u>
Creditors: amounts falling due within one year	11	623,798	(487,090)
Net current assets		<u>966,187</u>	<u>769,634</u>
Total assets less current liabilities		<u>1,072,012</u>	<u>887,023</u>
Creditors: amounts falling due after more than one year	12	121,478	(113,627)
Net assets		<u>950,534</u>	<u>773,396</u>
Capital and reserves			
Called up share capital	13	650,000	650,000
Profit and loss account	14	300,534	123,396
Total shareholders' funds		<u>950,534</u>	<u>773,396</u>

The financial statements were approved by the Board on 15 February 2002 and signed on its behalf by:

Director
P Griffiths

FLORAMEDIA UK LIMITED

AND ITS SUBSIDIARY UNDERTAKING

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2001

1 Accounting policies

Basis of accounting

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

Basis for consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking for the year ended 31st December 2001.

The group is exempt from preparing a cash flow statement under Financial Reporting Standard No. 1 (revised 1996) as it is a wholly owned subsidiary of Mercurius Groep Wormerveer BV, incorporated in the Netherlands.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives on a straight line basis as follows:-

Leasehold land and buildings	10%
Plant and machinery	15% - 33.3%
Motor vehicles	25% - 33.3%

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value.

The cost of work in progress includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

FLORAMEDIA UK LIMITED

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NOTES ON FINANCIAL STATEMENTS

(continued)

FOR THE YEAR ENDED 31ST DECEMBER 2001

1 Accounting policies (continued)

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Pensions

Defined contribution scheme

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by company to the fund and amounted to £35,893 (2000 £28,412).

Goodwill

Goodwill on consolidation is capitalised on a straight line basis over its useful economic life of 3 years.

2 Turnover

In the opinion of the directors, 9% of the turnover of the company is attributable to geographical markets outside the UK (2000 9%).

3 Operating profit/(loss)

	2001 £	2000 £
Operating profit/(loss) is stated after crediting:		
Interest receivable	5,219	7,399
Profit on foreign exchange	-	-
Profit on sale of assets	1,800	1,100
	<hr/>	<hr/>
and after charging:		
Loss on sale of assets	11,293	-
Research and development	13,708	3,788
Auditors' remuneration	7,150	10,800
Loss on foreign exchange	9,936	41
Amortisation of goodwill	-	54,444
	<hr/>	<hr/>
Depreciation of tangible fixed assets (note 7):		
Owned assets	58,293	57,647
	<hr/>	<hr/>

FLORAMEDIA UK LIMITED
AND ITS SUBSIDIARY UNDERTAKING

NOTES ON FINANCIAL STATEMENTS
(continued)
FOR THE YEAR ENDED 31ST DECEMBER 2001

4 Directors and employees

	2001 £	2000 £
Staff costs including directors' emoluments		
Wages and salaries	381,576	345,570
Social security costs	37,190	33,414
Other pension costs	35,893	28,412
	<u>454,659</u>	<u>407,396</u>

The average number of employees of the group during the year was 24 (2000: 25).

Directors	£	£
Aggregate emoluments	101,563	79,562
Pension contributions	16,321	14,444
	<u>117,884</u>	<u>94,006</u>

Highest paid director	£	£
Amounts excluding pension scheme contributions	<u>62,707</u>	<u>40,191</u>

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. During the year 2 directors (2000 2) were accruing benefits under this scheme and the contributions amounted to £16,321 (2000 £14,444).

5 Taxation

	2001 £	2000 £
Corporation tax on profit on ordinary activities at 30% (2000 18.05%)	100,000	5,000
Under/(over) provision in earlier years	10,824	486
	<u>110,824</u>	<u>5,486</u>

FLORAMEDIA UK LIMITED
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NOTES ON FINANCIAL STATEMENTS
(continued)
FOR THE YEAR ENDED 31ST DECEMBER 2001

6 Intangible fixed assets

The group	Goodwill on consolidation £
Cost	
1st January 2001	138,328
Additions	-
31st December 2001	138,328
Amortisation	
1st January 2001	138,328
Provided in the year	-
31st December 2001	138,328
Net book amount	
31st December 2001	-
1st January 2001	-

7 Tangible fixed assets

The group

	Motor Vehicles £	Plant and Machinery £	Land and Buildings £	Total £
Cost				
1st January 2001	76,492	183,013	101,500	361,005
Additions	26,169	11,334	-	37,503
Disposals	(12,500)	-	(30,000)	(42,500)
31st December 2001	90,161	194,347	71,500	356,008
Depreciation				
1st January 2001	35,817	145,867	52,995	234,679
Charge for the Year	28,589	21,092	8,612	58,293
Disposals	(12,500)	-	(18,707)	(31,207)
31st December 2001	51,906	166,959	42,900	261,765
Net book amount				
31st December 2001	38,225	27,388	28,600	94,243
1st January 2001	40,675	37,146	48,505	126,326

FLORAMEDIA UK LIMITED

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NOTES ON FINANCIAL STATEMENTS

(continued)

FOR THE YEAR ENDED 31ST DECEMBER 2001

7 Tangible fixed assets (continued)

The net book value of fixed assets includes £nil (2000 £nil) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

The company

Cost	Motor Vehicles £	Plant and Machinery £	Land and Buildings £	Total £
1st January 2001	57,209	169,339	71,500	298,048
Additions	26,169	11,334	-	37,503
Disposals	(12,500)	-	-	(12,500)
31st December 2001	70,878	180,673	71,500	323,051
Depreciation				
1st January 2001	21,391	136,018	35,750	193,159
Charge for the year	23,732	18,185	7,150	49,067
Disposals	(12,500)	-	-	(12,500)
31st December 2001	32,623	154,203	42,900	229,726
Net book amount				
31st December 2001	38,255	26,470	28,600	93,325
1st January 2001	35,818	33,321	35,750	104,889

8 Fixed asset investment

Investment in subsidiary company

	£
Cost at 1st January 2001	12,500
Cost at 31st December 2001	12,500

The investment consists of the entire issued share capital of Floramedia (Somerset) Limited, a company incorporated and registered in England.

9 Stocks

	The group		The company	
	2001	2000	2001	2000
	£	£	£	£
Finished goods and goods for resale	631,121	551,472	470,816	409,088
Short-term work in progress	42,773	57,846	22,803	31,564
	673,894	609,318	493,619	440,652

FLORAMEDIA UK LIMITED

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NOTES ON FINANCIAL STATEMENTS

(continued)

FOR THE YEAR ENDED 31ST DECEMBER 2001

10 Debtors

	The group		The company	
	2001	2000	2001	2000
	£	£	£	£
Amounts falling due within one year				
Trade debtors	582,456	633,980	482,024	544,425
Amounts owed by parent undertaking	1,679	498	1,679	498
Amounts owed by subsidiary	-	-	483,911	204,285
Other loans	3,147	3,889	-	-
Other debtors	9,891	5,141	9,891	5,141
Prepayments and accrued income	25,473	42,029	25,118	38,939
	<u>622,646</u>	<u>685,537</u>	<u>1,002,623</u>	<u>793,288</u>

11 Creditors: amounts falling due within one year

	The group		The company	
	2001	2000	2001	2000
	£	£	£	£
Bank overdrafts	17,786	-	17,786	-
Trade creditors	59,178	94,573	42,522	81,895
Amounts owed to parent undertaking	420,453	418,786	327,832	327,208
Corporation tax	111,000	5,000	111,000	5,000
Other taxation and social security	78,622	56,411	68,395	48,961
Accruals and deferred income	58,822	39,792	42,162	21,749
Other creditors	14,101	2,277	14,101	2,277
	<u>759,962</u>	<u>616,839</u>	<u>623,798</u>	<u>487,090</u>

12 Creditors: amounts falling due after more than one year

	The group		The company	
	2001	2000	2001	2000
	£	£	£	£
Loan from parent undertaking	<u>121,478</u>	<u>458,799</u>	<u>121,478</u>	<u>113,627</u>

Amounts falling due after more than five years

	The group		The company	
	2001	2000	2001	2000
	£	£	£	£
Loan from parent undertaking	<u>121,478</u>	<u>458,799</u>	<u>121,478</u>	<u>113,627</u>

Interest on the group loan is payable at 1% above the base rate depending on the results for the year, and the loan falls due for repayment on 1st January 2016.

FLORAMEDIA UK LIMITED
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NOTES ON FINANCIAL STATEMENTS
(continued)
FOR THE YEAR ENDED 31ST DECEMBER 2001

13 Called up share capital

The group	2001		2000	
	Number of shares	£	Number of shares	£
Authorised				
Equity shares				
Ordinary shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allotted, called up and fully paid				
Equity shares				
Ordinary shares of £1 each	650,000	650,000	650,000	650,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Profit and loss account

The group	2001 £
1st January 2001	(269,314)
Retained profit for the year	225,308
	<u> </u>
31st December 2001	(44,006)
	<u> </u>
The company	
1st January 2001	123,396
Retained profit for the year	177,138
	<u> </u>
31st December 2001	300,534
	<u> </u>

15 Guarantees and financial commitments

The group is due to make operating lease payments of £42,384 (2000 £44,584) within one year. Payments of £39,440 (2000 £41,640) relate to leases which expire after more than five years and are in respect of land and buildings.

16 Contingent liabilities

There were no contingent liabilities at 31 December 2001 nor 31 December 2000.

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NOTES ON FINANCIAL STATEMENTS
(continued)
FOR THE YEAR ENDED 31ST DECEMBER 2001

17 Transactions with related parties

As a wholly owned subsidiary of Mercurius Groep Wormerveer BV, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Mercurius Groep Wormerveer BV.

At 31st December 2001 £3,147 (2000 £3,889) was owed to the group by Mr R C Leamon, a former director of the subsidiary undertaking.

18 Directors' interests and loans

During the year the following directors had a loan from the company which amounted to the following balances at the year end:-

	£
P Griffiths	5,141

The highest amount of the loan during the year was:-

	£
P Griffiths	6,218

No interest is payable on the loan.

19 Profit for the financial year

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the year includes £177,138 which is dealt with in the financial statements of the company.

20 Controlling related party

The directors are of the opinion that the ultimate parent undertaking is Mercurius Groep Wormerveer BV, a company incorporated in Holland.

Mr R Woudt is the company's controlling related party by virtue of his shareholding in the ultimate parent undertaking.