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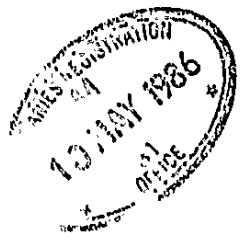
S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

NOW CALLED -

SEATRAC (EUROPE) LIMITED

REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED
30 JUNE 1985

Neville Russell
Chartered Accountants
Hitherbury House
97 Portsmouth Road
Guildford
Surrey
GU2 5DL



S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

NOW CALLED

SEATRAC (EUROPE) LIMITED

DIRECTORS :	P C Mazzotti Mrs F A van der Most
SECRETARY :	P C Mazzotti
REGISTERED OFFICE :	Welfitt House Headley Road Grayshott Hindhead Surrey GU26 6LG
AUDITORS :	Neville Russell Hitherbury House 97 Portsmouth Road Guildford Surrey GU2 5DL
COMPANY NAME :	Special resolution dated 7 September 1985 changed the company name as shown above.

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3	Auditors Report
4	Profit and Loss Account
5	Balance Sheet
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7 - 11	Notes on the Financial Statements

COMPANIES REGISTRATION M 10 MAY 1986 31 OFFICE

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 30 June 1985.

REVIEW OF THE BUSINESS

The principal activity of the company continued to be that of general importers and exporters between Europe and South East Asia. Neither the level of business nor the year end financial position were satisfactory from a trading point of view, however the chief reason for this is an overall decline in the level of activity of the company while operating costs have remained high and so performance is much as expected.

FUTURE DEVELOPMENTS

The structure of the group of companies is being revised and the name of the company was changed to Seatrac (Europe) Limited by special resolution on 7 September 1985. The directors hope that the company will return to a profitable situation before long.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £26,258.

The directors do not recommend payment of a dividend. The deficit for the year has been added to the deficit on profit and loss account at the beginning of the year.

FIXED ASSETS

Details of changes in fixed assets are given in Note 7 to the financial statements.

DIRECTORS

The directors set out below have held office during the whole of the period from 1 July 1984 to the date of this report :-

A G I van der Most (died on 16 March 1985)
P C Mazzotti
Mrs F A van der Most (appointed 16 July 1985)

At 30 June 1984, and 30 June 1985 Mr P C Mazzotti had a beneficial interest in 4,000 shares of the company, i.e. 40% of the issued capital. The remaining 6,000 shares are owned by Eggleston Investments Limited incorporated in Hong Kong. Mr van der Most was a director of Eggleston Investments Limited. The issued share capital of Eggleston Investments Limited is Hong Kong $150,000, of which Mrs van der Most, subsequent to her husband's death, is the beneficial owner of 15,000 Ordinary Shares of HK$1 and 50,000 Accumulative Participating Preference Shares, which is a total holding of 43.3%.

TAXATION STATUS OF THE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act 1970 as amended.

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

REPORT OF THE DIRECTORS (Cont/d)

AUDITORS

The auditors, Neville Russell, have signified their willingness to continue in office and a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

P C Mazzotti
Secretary

Hitherbury House
97 Portsmouth Road
Guildford
Surrey
GU2 5DL

Date : 11th April 1986

AUDITORS REPORT TO THE MEMBERS OF S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

We have audited the financial statements on pages 4 to 11. Our audit was conducted in accordance with approved Auditing Standards having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation the company's system of control is dependent upon the close involvement of the directors who are major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements, which have been prepared under the historical cost convention give a true and fair view of the state of the company's affairs as at 30 June 1985 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

Hitherbury House
97 Portsmouth Road
Guildford
Surrey
GU2 5DL

Neville Russell
Chartered Accountants

Date : 11 April 1986

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1985

	Notes	1985		1984	
		£	£	£	£
TURNOVER			2,284		51,257
Cost of Sales			1,681		46,381
GROSS PROFIT			603		4,876
Administrative expenses		(40,123)		(55,376)	
Other operating income		13,050		32,651	
			(27,073)		(22,725)
OPERATING LOSS			(26,470)		(17,849)
Interest receivable		230		1,090	
Interest payable		(18)		(2)	
			212		1,088
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3		(26,258)		(16,761)
Taxation on loss on ordinary activities	6		-		-
DEFICIT FOR THE YEAR			£(26,258)		£(16,761)

STATEMENT OF ACCUMULATED LOSSES

Accumulated losses at beginning of year	(45,101)	(28,340)
Deficit for the year	(26,258)	(16,761)
Accumulated losses at end of year	£(71,359)	£(45,101)

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

BALANCE SHEET AT 30 JUNE 1985

	Notes	1985		1984	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		1,904		3,055
CURRENT ASSETS					
Debtors	8	12,395		21,926	
Cash at bank and in hand		1,682		2,715	
		14,077		24,641	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(77,340)		62,797	
NET CURRENT LIABILITIES			(63,263)		(38,156)
NET LIABILITIES			£(61,359)		£(35,101)
CAPITAL AND RESERVES					
Called up share capital	10		10,000		10,000
Profit and loss account			(71,359)		(45,101)
			£(61,359)		£(35,101)

Approved by the board on 11th April 198.6

P C Mazzotti .....)

) Directors

Mrs F A van der Most .....)

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 30 JUNE 1985

	1985	1984
	£	£
SOURCE OF FUNDS		
Loss on ordinary activities before taxation	(26,258)	(16,761)
Adjustment for items not involving the movement of funds :		
Depreciation	1,172	1,250
Funds absorbed by operations	(25,086)	(15,511)
Funds from other sources		
Repayment of Loan	8,000	9,500
Tax repayment	768	-
	(16,318)	(6,011)
APPLICATION OF FUNDS		
Purchase of fixed assets	(21)	-
	£(16,339)	£(6,011)
MOVEMENT IN WORKING CAPITAL		
Increase (decrease) in debtors	(763)	(16,276)
(Increase) decrease in creditors	(14,543)	20,327
	(15,306)	4,051
Movement in net liquid funds :-		
Increase (decrease) in bank and cash balances	(1,033)	(10,062)
	£(16,339)	£(6,011)

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1985

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

(c) Depreciation

Depreciation is calculated to write off the cost of the fixed assets over their estimated useful lives. The methods used are stated in Note 7.

(d) Taxation

The charge for taxation is based on the result for the year, at current rates of tax, and takes into account deferred taxation on all timing differences between the treatment of certain items for accounts purposes and their treatment for corporation tax purposes except where trading losses exceed other timing differences, because the directors are unable to foresee with reasonable certainty that such timing differences will not reverse.

(e) Foreign Currencies

Transactions denominated in foreign currencies have been translated at a rate equal to the market exchange rate at the date of transaction. Monetary assets and liabilities held in foreign currencies have been translated into sterling at the market exchange rate at Balance Sheet date.
Profits and Losses on exchange are credited, or charged, to Revenue.

2. TURNOVER

The turnover, and the loss is attributable to the principal activity, the general import and export of goods and provision of services between Europe and South East Asia. The whole of the turnover is to the South East Asia market.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1985	1984
	£	£
The loss on ordinary activities before taxation is stated :-		
after crediting :-		
Interest receivable	230	1,090
Profit on exchange	-	957
and after charging :-		
Emoluments of directors (Note 4)	-	1,137
Depreciation of tangible fixed assets (Note 7)	1,172	1,250
Auditors' remuneration	750	890
Hire of equipment	934	877
Bank interest	18	2
Loss on exchange	13,764	-

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1985

4.(i) DIRECTORS EMOLUMENTS

	1985	1984
Management services	£NIL	£1,137

The emoluments of directors disclosed above include amounts paid to :

The Chairman The highest paid director	£NIL	£1,137

One director has waived his entitlement to directors emoluments amounting to £NIL (1984 £7,200).

4.(ii) DIRECTORS TRANSACTIONS

Femka Trading Limited

Mr Mazzotti is beneficially interested in 100% of the equity of Femka Trading Limited. Included in the Balance Sheet are the following items for that company.

	1985	1984
	£	£
Other debtors	7,479	9
Debtor amount falling due after more than one year	-	8,000
	£7,479	£8,009
The maximum amount outstanding during the year was :-	£8,009	£20,236

During the year £4,550 (1984 £5,040) was charged to Femka Trading Limited for services. £NIL (1984 £5,300) was charged by Femka Trading Limited for services in return. Also loan interest of £107 (1984 £1,090) was charged to that company.

S.E.A. Trac (Europe) BV

S.E.A. Trac (Europe) BV is entirely owned by Eggleston Investment Limited and Mr Mazzotti.

Included in the Balance Sheet are the following items for that company.

	1985	1984
	£	£
Creditors	£73,954	£49,270
The maximum amount outstanding during the year was	£73,954	£76,965

During the year £8,500 was charged to S.E.A. Trac (Europe) BV, by way of Management charge (1984 £27,611).

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1985

4.(ii) DIRECTORS TRANSACTIONS (Cont/d)

Eggleston Investments Limited

60% of the equity of S.E.A. Trac Industrial Services (UK) Limited is owned by Eggleston Investments Limited, of which company Mrs van der Most owns 43.3%, subsequent to her husband's death on 16 March 1985.

Included in the Balance Sheet are the following items for that company

	1985	1984
	£	£
Debtors	1,704	275
The maximum amount outstanding during the year was	1,704	716

Cost of Sales includes commission of £NIL (1984 £1,060) and Management charges of £611 (1984 £1,093) were also payable to Eggleston Investments Limited.

5. STAFF COSTS

	1985	1984
	£	£
Wages and salaries	7,238	22,440
Social security costs	802	2,063
Other pension costs	-	1,080
	£8,040	£25,583

The average number of persons employed by the company (including directors) during the year was as follows :-

	1985	1984
	Number	Number
Management	1	1
Administration	1	2
Sales	1	1
	3	4

6. TAXATION

	1985	1984
	£	£
Based on the loss for the year :-		
Corporation tax	£NIL	£NIL

Subject to agreement by HM Inspector of Taxes, tax losses of about £83,000 are available to set against future profits of the same trade.

No provision has been made for deferred taxation since available tax losses exceed the timing differences which are likely to reverse.

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1985

7. TANGIBLE FIXED ASSETS

	Office Furniture and Equipment	Motor Vehicle	Leasehold Premises (Short)	Total
	£	£	£	£
Cost				
1 July 1984	6,258	5,248	2,000	13,506
Additions	21	-	-	21
30 June 1985	6,279	5,248	2,000	13,527
Depreciation/Amortisation				
1 July 1984	4,137	4,314	2,000	10,451
Charge for the year	939	233	-	1,172
30 June 1985	5,076	4,547	2,000	11,623
Net Book Value				
30 June 1985	£1,203	701	-	1,904
30 June 1984	£2,121	934	-	3,055
Depreciation rates :	15% of cost	25% of net book value	Over term of lease	

8. DEBTORS

	1985	1984
	£	£
DUE WITHIN ONE YEAR		
Trade debtors	1,021	9,939
Other debtors	9,745	1,674
Prepayments and accrued income	1,278	1,545
Corporation tax	-	768
Other tax	351	-
	12,395	13,926
DUE AFTER ONE YEAR		
Femka Trading Limited	-	8,000
	£12,395	£21,926

9. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	1985	1984
	£	£
Trade creditors	-	8,766
Taxation other than Corporation Tax	164	541
Social security costs	113	336
Other creditors	74,088	49,357
Accruals and deferred income	2,975	3,797
	£77,340	£62,797

Of the "other creditors", £73,954 (1984 £49,270) relates to S.E.A. Trac (Europe) BV and ranks behind other creditors - See Note 13.

S.E.A. TRAC INDUSTRIAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1985

10. SHARE CAPITAL

	Authorised		Allotted, Issued and Fully Paid	
	1985	1984	1985	1984
	£	£	£	£
Ordinary Shares of £1 each	10,000	10,000	10,000	10,000

11. HOLDING COMPANY

The ultimate holding company is Eggleston Investments Limited, incorporated in Hong Kong.

12. PENSION COMMITMENTS

There were no pension commitments.

13. FUTURE FINANCIAL RESOURCES

S.E.A. Trac (Europe) BV has undertaken to provide continuing financial support and consequently in the opinion of the directors the company will be able to meet its liabilities as they fall due for payment. The financial statements are therefore prepared on a going concern basis.