Company Registration No. SC254213

CREE-8 INVESTMENTS (EUROPE) LIMITED

Report and Financial Statements

31 March 2004



CREE-8 INVESTMENTS (EUROPE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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CREE-8 INVESTMENTS (EUROPE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Walker
G T Muir
D W Mackie

SECRETARY

D W Mackie

REGISTERED OFFICE

1 The Mews
Sundrum Castle
By Ayr
KA6 5JY

BANKERS

Lloyds TSB Scotland plc
Henry Duncan House
120 George Street
Edinburgh
EH2 4LH

SOLICITORS

MacLure Naismith
49 Queen Street
Edinburgh
EH2 3NH

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Edinburgh

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 13 August 2003 (date of incorporation) to 31 March 2004.

ACTIVITIES

The company's principal activity is the provision of equity services.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company was incorporated on 13 August 2003 and started trading on 23 September 2003.

The profit for the period, after taxation, was £48,637.

The directors do not recommend the payment of a dividend and recommend that the profit of £48,637 be transferred to reserves.

The directors are pleased with the results for the period and will continue to pursue suitable business opportunities for the company.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the period, together with their interests in the share capital of the company, are as follows:

	Ordinary shares of £1 each	
	31 March 2004 No.	Date of incorporation No.
D Walker (appointed 22 August 2003)	-	-
G T Muir (appointed 22 August 2003)	-	-
D W Mackie (appointed 22 August 2003)	-	-
Form 10 Directors FD Limited (appointed 13 August 2003, resigned 18 August 2003	-	-

The interest of the directors in the ultimate parent company is disclosed within the financial statements of that company.

AUDITORS

Deloitte and Touche LLP were appointed auditors on 19 April 2005. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Derek Walker

D Walker

Director

03 June 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREE-8 INVESTMENTS (EUROPE) LIMITED

We have audited the financial statements of Cree-8 Investments (Europe) Limited for the period ended 31 March 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 18. These financial statements have been prepared under 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 auditors' 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 directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements.

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 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte and Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh

6 June 2005

PROFIT AND LOSS ACCOUNT
Eight months ended 31 March 2004

	Note	2004 £
TURNOVER: continuing operations	2	233,768
Cost of sales	7	110,000
Gross profit		123,768
Administrative expenses		(4,217)
OPERATING PROFIT: *continuing operations*	4	119,551
Interest receivable	5	2,618
Interest payable and similar charges	5	(5,545)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		116,624
Tax on profit on ordinary activities	6	(67,987)
PROFIT FOR THE FINANCIAL PERIOD	12	48,637

There are no recognised gains and losses for the current financial period other than the profit of £48,637 shown above. Accordingly, no Statement of Total Recognised Gains or Losses has been presented.

BALANCE SHEET
31 March 2004

	Note	2004 £
FIXED ASSETS		
Investments	7	200,001
CURRENT ASSETS		
Cash		21,846
Debtors	8	141,835
		163,681
CREDITORS: amounts falling due within one year	9	(302,544)
NET CURRENT LIABILITIES		(138,863)
TOTAL ASSETS LESS CURRENT LIABILITIES		61,138
CREDITORS: *amounts falling due after more than one year*	10	(12,500)
NET ASSETS		48,638
CAPITAL AND RESERVES		
Called up share capital	11	1
Profit and loss account	12	48,637
TOTAL EQUITY SHAREHOLDERS' FUNDS	13	48,638

These financial statements were approved by the Board of Directors on 03 June 2005.

Signed on behalf of the Board of Directors

Derek Walker

D Walker
Director

CASH FLOW STATEMENT
Eight months ended 31 March 2004

	Note	2004 £
Net cash inflow from operating activities	16	144,670
Returns on investments and servicing of finance	17	(1,101)
Capital expenditure and financial investment	17	(201,724)
Net cash outflow before investment		(58,155)
Financing	17	80,001
Increase in cash in the period	18	21,846

NOTES TO THE FINANCIAL STATEMENTS
Eight months ended 31 March 2004

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the period.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Standards.

Group accounts

Under the provisions of Section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts by virtue of the fact that the group is a medium group. The financial statements therefore present information about the individual company and not as a group.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non discounted basis.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

2. TURNOVER

Turnover represents amounts derived form the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover, which arises in the United Kingdom, is attributable to the company's principal activity.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors and employees received no remuneration from any source for their services to the company in the current period.

NOTES TO THE FINANCIAL STATEMENTS
Eight months ended 31 March 2004

4. OPERATING PROFIT

	Eight months ended 31 March 2004 £
Operating profit is after charging:	
Auditors' remuneration	4,500

5. INTEREST

	Eight months ended 31 March 2004 £
Interest receivable	
On bank deposits	68
On group undertakings	2,550
	2,618
Interest payable and similar charges	
Loss on exchange	4,376
On all other loans	1,169
	5,545

6. TAX ON PROFIT ON ORDINARY ACTIVITES

	Eight months ended 31 March 2004 £
United Kingdom corporation tax charge at 30% based on the profit for the period	67,987

The standard rate of tax for the period, based on the United Kingdom standard rate of corporation tax is 30%. The actual tax charge for the current period and the previous period differs from the standard rate for the reasons set out in the following reconciliation:

Profit on ordinary activities before taxation	119,551
Tax thereon at 30%	34,987
Expenses not deductible for tax purposes	33,000
Current tax charge for the period	67,987

NOTES TO THE FINANCIAL STATEMENTS
Eight months ended 31 March 2004

7. INVESTMENTS HELD AS FIXED ASSETS

	Subsidiary undertakings £
Cost	
Additions in period	310,001
Provision for impairment	
Written off in period	110,000
Net book value	
At 31 March 2004	200,001

The parent company and the group have investments in the following subsidiary undertakings:

Subsidiary Undertaking	Country of incorporation	Principal Activity	Percentage of ordinary share capital 2004
Birkhoff Holding BV*	Netherlands	Steel fabricators	73
Birkhoff Stalbauw BV**	Netherlands	Steel fabricators	100
Solution M Limited*	UK	Advertising, design and print management	60
Duracord (Holdings) Limited*	UK	Holding company	100
Duracord Limited***	UK	Tyre and products manufacturing	100
Duracord (Europe) Limited***	UK	Tyre and products manufacturing	100
Tecnoplan (Europe) Limited***	UK	Dormant	100

* Held directly by Cree-8 Investments (Europe) Limited
** Held directly by Birkhoff Holding BV
*** Held directly by Duracord (Holdings) Limited

The share capital and reserves of Solution M Limited at 31 January 2004 were (£16,977) and its loss for the year then ended was £25,273.

The company acquired 100% of the ordinary issued share capital of Birkhoff Holding BV, and subsequently sold 27% of that share capital to management. The consolidated share capital and reserves of Birkhoff Holding BV at 31 December 2003 were 774,842 euros and its profit for the year then ended was 91,611 euros.

No financial statements have been prepared in respect of other subsidiary companies.

8. DEBTORS

	2004 £
Amounts due from group undertakings (note 15)	141,835

The loan of £139,285 due from Birkhoff Holdings BV is subordinated to ABN AMRO Bank N.V. The directors consider that the loan will not be recoverable within one year.

NOTES TO THE FINANCIAL STATEMENTS
Eight months ended 31 March 2004

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £
Directors' loans	80,000
Amounts due to related parties (note 15)	40,561
Amounts due to group undertakings (note 15)	106,755
Corporation tax	67,987
Accruals	7,241
	302,544

The directors' loans carry interest at 7% and have no fixed term for repayment.

10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2004 £
Amounts due to group undertakings (note 15)	12,500

11. CALLED UP SHARE CAPITAL

	2004 £
Authorised	
100 ordinary shares of £1 each	100
Called up, allotted and fully paid	
1 ordinary share of £1 each	1

One ordinary share of £1 was issued for cash on incorporation.

12. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £
Profit for the period	48,637
At 31 March 2004	48,637

NOTES TO THE FINANCIAL STATEMENTS
Eight months ended 31 March 2004

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2004 £
Profit for the financial period	48,637
Capital subscribed	1
Net addition to shareholder's funds	48,638

14. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Cree-8 (Holdings) Limited which is incorporated in the United Kingdom. Copies of its financial statements are available from 1 The Mews, Sundrum Castle, By Ayr, KA6 5JY.

15. RELATED PARTY TRANSACTIONS

During the period, the company advanced Birkhoff Holding BV (see note 7), a loan of £139,285. This loan is included within debtors in note 8. £2,550 interest at 4% is being charged on this loan and is included in debtors in note 8.

During the period, the company received funds of £14,255 from Birkhoff Holding BV (see note 7). This is included in amounts due to group undertakings in note 9 of the financial statements.

During the period, the company acquired 60% of the share capital of Solution M Limited (see note 7) for £100,000. The deferred consideration of £25,000 is included equally within amounts due to group undertakings in note 9 and 10 of the financial statements.

During the period, the company was allotted 200,000 ordinary shares of £1 each in Duracord (Holdings) Limited (see note 7) for £200,000. As at 31 March 2004, £80,000 of these shares had not been paid up. This is included in amounts due to group undertakings in note 9 of the financial statements.

During the period, the company received income and paid expenses on behalf of Cree-8 Limited, a company in which the directors of Cree-8 Investments (Europe) Limited are also directors. The balance due to Cree-8 Limited at 31 March 2004 was £40,561. This is included in amounts due to related parties in note 9 of the financial statements.

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £
Operating profit	119,551
Impairment provision	110,000
Gain on disposal of fixed asset investment	(3,277)
Increase in debtors	(143,661)
Increase in creditors	62,057
Net cash inflow from operating activities	144,670

NOTES TO THE FINANCIAL STATEMENTS
Eight months ended 31 March 2004

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £
Returns on investments and servicing of finance	
Interest received	68
Interest paid	(1,169)
	(1,101)
Capital expenditure and financial investment	
Purchase of trade investments	(205,001)
Sales proceeds of trade investments	3,277
	(201,724)
Financing	
Issue of ordinary share capital	1
Directors' loans	80,000
	80,001

18. ANALYSIS AND RECONCILIATION OF FUNDS

	Cash flow £
Cash at bank and in hand	21,846
Increase in cash in the period	21,846
Change in funds resulting from cash flows and funds carried forward	21,846