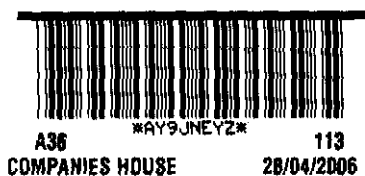


**Penauille Servisair UK Limited (formerly Servisair  
(UK) Limited)**

**Directors' report and financial  
statements**

**Registered number 509585**

**30 September 2005**



## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Penauille Servisair UK Limited	4
Profit and loss account	6
Balance sheet	7
Notes	8

## Directors' report

The directors present their annual report and the audited financial statements for the 9 months ended 30 September 2005.

### Principal activities and business review

The Company continued to trade as an airport passenger ground handling and cargo handling agent. The directors consider that the Company has traded satisfactorily and anticipate that this will continue.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (2004: £nil). The retained profit for the period of £2,367,549 (2004: £2,189,881) has been set off against reserves.

### Change of Accounting Reference Date

On 24 May 2005 the Company changed its financial year end from 31 December to 30 September. As such financial statements are presented for the 9 months ended 30 September 2005.

### Change of Company Name

On 1 February 2006 the Company changed its name from Servisair (UK) Limited to Penauille Servisair UK Limited.

### Directors and directors' interests

The directors who held office during the period were as follows:

RW Memmott	- resigned 16 September 2005
R Van Bruygom	- resigned 16 September 2005
G Morgan	- appointed 14 September 2005
J Guérin	- appointed 14 September 2005
M Behar	- appointed 4 November 2005

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the Company.

### Employees

Disabled persons are employed and trained whenever their aptitudes and abilities allow, subject to any overriding consideration of access and safety at the workplace. Where any employee becomes disabled during the period of their employment with the Company, retraining and continued employment is arranged wherever practicable.

Arrangements exist whereby the Company's representatives may meet regularly with employees' representatives who are able to enquire of matters of concern to them as employees, and may express their views on matters likely to affect their interests. Such meetings also enable the company to seek to make employees aware of the financial and economic factors affecting the performance of relevant areas of the Company. The Company does not operate an employee share scheme.

### Political and charitable contributions

The Company made no political contributions during the period (2004: £nil). Charitable donations amounted to £758 (2004: £430).

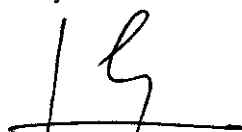
## Directors' report *(continued)*

### Auditors

The directors in office confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are individually unaware; and that each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Following a change to the auditors of the group from KPMG LLP to PriceWaterhouseCoopers LLP ("PwC"), KPMG LLP will be resigning as auditors, and PwC will be appointed as auditors of the company at a forthcoming EGM.

By order of the board

A handwritten signature in black ink, appearing to be 'J Guérin', written over a horizontal line.

**J Guérin**  
*Director*

Atlantic House  
Atlas Business Park  
Simonsway  
Manchester  
M22 5PR

25 April 2006

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Under applicable law the directors are also responsible for preparing a Directors' report that complies with that law.



## KPMG LLP

St James' Square  
Manchester  
M2 6DS  
United Kingdom

### **Independent auditors' report to the members of Penauille Servisair UK Limited**

We have audited the financial statements of Penauille Servisair UK Limited for the period ended 30 September 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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 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 directors and auditors**

As described in the Statement of Directors' Responsibilities on page 3, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the members of Penauille Servisair UK Limited** *(continued)*

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2005 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

27 April 2006

**Profit and loss account**  
*for the period ended 30 September 2005*

	<i>Note</i>	<b>9 months ended 30 September 2005</b>		<b>12 months ended 31 December 2004</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Turnover</b>	<i>2</i>		<b>131,233</b>		<b>156,595</b>
Cost of goods bought for resale		(332)		(404)	
Staff costs	<i>4,5</i>	(80,297)		(95,518)	
Depreciation and other amounts written of tangible and intangible fixed assets		(3,134)		(4,305)	
Write off of inter-company balances		(526)		-	
Other operating charges		(42,445)		(53,010)	
			<b>(126,734)</b>		<b>(153,237)</b>
<b>Operating profit</b>			<b>4,499</b>		<b>3,358</b>
Interest payable and similar charges	<i>6</i>		(2,131)		(1,168)
<b>Profit on ordinary activities before taxation</b>	<i>3</i>		<b>2,368</b>		<b>2,190</b>
Tax on profit on ordinary activities	<i>7</i>		-		-
<b>Retained profit for the financial period</b>	<i>17</i>		<b>2,368</b>		<b>2,190</b>
Profit and loss account brought forward			<b>9,849</b>		<b>7,659</b>
<b>Profit and loss account carried forward</b>			<b>12,217</b>		<b>9,849</b>

The notes of pages 8 to 17 form part of these financial statements.

All turnover and profit on ordinary activities before taxation are derived from continuing operations.

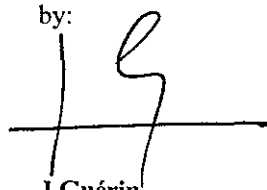
There are no recognised gains or losses other than the profit for the period and the previous year.



**Balance sheet**  
*at 30 September 2005*

	<i>Note</i>	<b>30 September 2005</b>		<b>31 December 2004</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	8		12,857		12,319
Intangible assets	9		3,849		4,162
Investments	10		1		1
			<hr/>		<hr/>
<b>Current assets</b>			16,707		16,482
Stocks	11	223		242	
Debtors	12	48,976		35,330	
Cash at bank and in hand		38		99	
			<hr/>		<hr/>
		49,237		35,671	
<b>Creditors: amounts falling due within one year</b>	13	(51,305)		(40,123)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(2,068)		(4,452)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			14,639		12,030
<b>Creditors: amounts falling due after more than one year</b>	14		(1,912)		(1,671)
			<hr/>		<hr/>
<b>Net assets</b>			12,727		10,359
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	15		10		10
Share premium account	16		500		500
Profit and loss account			12,217		9,849
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>	17		12,727		10,359
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 25 April 2006 and were signed on its behalf by:

  
**J Guérin**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

The Company has adopted FRS 17 "Retirement Benefits" in these financial statements. On the basis of materiality no prior period adjustment has been recorded, and hence there is no effect of the change of accounting policy at 31 December 2004 or 31 December 2003.

In the current period the net effect on the group has been to increase profit by £825,002.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group. The consolidated financial statements of the ultimate parent company, CFF Recycling SA, within which this Company is included, can be obtained from 119 avenue du Général Michel BIZOT, 75012 Paris.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Penauille Servisair plc (formerly Servisair plc), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Airport equipment	-	4 to 10 years
Motor vehicles	-	4 years
Furniture and fittings	-	4 years

#### *Intangible fixed assets and amortisation*

Purchased goodwill is capitalised and amortised in equal instalments over its estimated life of 20 years.

#### *Investments*

Investments in subsidiary undertakings are stated at cost less a provision for amounts considered irrecoverable.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leases*

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduced the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Pensions and other post-retirement benefits*

The Company participates in a pension scheme which provides benefits based on final pensionable pay. This scheme is closed to new members. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17, "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company also participates in a defined contribution scheme. The cost charged to the profit and loss account in respect of this scheme also represents contributions payable to the scheme in respect of the accounting period.

#### *Stocks*

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

#### *Taxation*

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers within the UK during the period. Revenue is recognised in the period in which services are provided.

## Notes (continued)

### 3 Profit on ordinary activities before taxation

	9 months to 30 September 2005 £000	12 months to 31 December 2004 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Net (gains)/ losses on foreign currency transactions	11	184
Fees paid to the Auditor and its associates		
- audit	74	81
- other services	43	22
Depreciation charge for the period:		
- intangible fixed assets	313	417
- tangible fixed assets	1,870	2,421
- tangible fixed assets held under finance leases	951	1,467
Hire of plant and machinery – rentals payable under operating leases	1,362	33
Hire of other assets – rentals payable under operating leases	6,486	9,678

### 4 Remuneration of directors

	2005 £000	2004 £000
Directors emoluments	122	-

	Number of directors	
	2005	2004
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	1	-

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2005	2004
Operations	5,244	4,826
Administration	153	140
	5,397	4,966

## Notes (continued)

The aggregate payroll costs of these persons were as follows:

	9 months to 30 September 2005 £000	12 months to 31 December 2004 £000
Wages and salaries	72,854	85,508
Social security costs	6,043	7,336
Other pension costs	1,400	2,674
	<u>80,297</u>	<u>95,518</u>

## 6 Interest payable and similar charges

	9 months to 30 September 2005 £000	12 months to 31 December 2004 £000
On bank loans and overdrafts	795	854
Charges payable in respect of finance leases	360	314
Exceptional charges payable in respect of finance leases	976	-
	<u>2,131</u>	<u>1,168</u>

The exceptional finance lease interest charge represents an additional charge required to value finance lease liabilities at the balance sheet date.

## 7 Taxation

	9 months to 30 September 2005 £000	12 months to 31 December 2004 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,368	2,190
	<u>710</u>	<u>657</u>
Current tax at 30% (2004: 30%)		
<i>Effects of:</i>		
Expenses not deductible for tax purposes	272	165
Capital allowances for period in excess of depreciation	(457)	(423)
Group relief	(525)	(399)
	<u>-</u>	<u>-</u>

## Notes (continued)

### 8 Tangible fixed assets

	Airport equipment £000	Fixtures and fittings £000	Computers £000	Total £000
<i>Cost</i>				
At 31 December 2004	42,525	6,237	6,208	54,970
Additions	2,045	752	492	3,289
Disposals	(737)	(945)	(85)	(1,767)
<b>At 30 September 2005</b>	<b>43,833</b>	<b>6,044</b>	<b>6,615</b>	<b>56,492</b>
<i>Depreciation</i>				
At 31 December 2004	32,360	5,076	5,215	42,651
Charge for period	2,126	346	349	2,821
Disposals	(821)	(937)	(79)	(1,837)
<b>At 30 September 2005</b>	<b>33,665</b>	<b>4,485</b>	<b>5,485</b>	<b>43,635</b>
<i>Net book value</i>				
<b>At 30 September 2005</b>	<b>10,168</b>	<b>1,559</b>	<b>1,130</b>	<b>12,857</b>
At 31 December 2004	10,165	1,161	993	12,319

The net book value of airport equipment includes an amount of £4,197,989 (2004: £4,403,000) and a depreciation charge for the period of £950,780 (2004: £1,467,000) in respect of assets held under finance leases.

### 9 Intangible fixed assets

	£000
<i>Cost</i>	
At 31 December 2004 and 30 September 2005	8,332
<i>Amortisation</i>	
At 31 December 2004	4,170
Charge for period	313
<b>At 30 September 2005</b>	<b>4,483</b>
<i>Net book value</i>	
<b>At 30 September 2005</b>	<b>3,849</b>
At 31 December 2004	4,162

## Notes (continued)

### 10 Fixed asset investments

Shares in  
subsidiary  
undertakings  
£000

*Net book value*

As at 31 December 2004 and 30 September 2005

1

The Company's investments comprise the entire ordinary share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Proportion of shares %
Servisair (Contract Handling) Limited	England and Wales	100
Airway Handling Limited	England and Wales	100
Servisair (Ground Handling) Limited	England and Wales	100*
Servisair (Gatwick) Limited	England and Wales	100*
Servisair Group Limited	England and Wales	100

\*indirectly held

At the date of the Directors Report the Company had applied for the following subsidiaries to be liquidated: Servisair (Ground Handling) Limited, Servisair (Gatwick) Limited and Servisair Group Limited.

### 11 Stocks

	30 September 2005 £000	31 December 2004 £000
Raw materials and consumables	54	61
Uniforms	169	181
	<u>223</u>	<u>242</u>

### 12 Debtors

	30 September 2005 £000	31 December 2004 £000
Trade debtors	22,623	13,445
Amounts owed by parent and fellow subsidiary undertakings	16,864	14,400
Other debtors	630	831
Prepayments and accrued income	8,859	6,654
	<u>48,976</u>	<u>35,330</u>

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	30 September 2005 £000	31 December 2004 £000
Bank loans and overdrafts	14,710	8,219
Obligations under finance leases (includes £976 (2004: nil) in respect of exceptional finance lease adjustment) (see note 6)	2,154	2,423
Trade creditors	10,004	7,603
Amounts owed to parent and fellow subsidiary undertakings	1,556	1,764
Other creditors including taxation and social security:		
Other taxes and social security costs	2,987	3,241
Other creditors	1,563	960
Accruals and deferred income	18,331	15,913
	<u>51,305</u>	<u>40,123</u>

### 14 Creditors: amounts falling due after more than one year

	30 September 2005 £000	31 December 2004 £000
Obligations under finance leases		
Repayable:		
Within one year	2,154	2,423
Between one and two years	858	952
Between two and five years	833	719
In more than five years	222	-
	<u>4,066</u>	<u>4,094</u>
Less: amounts falling due within one year	(2,154)	(2,423)
	<u>1,912</u>	<u>1,671</u>

### 15 Called up share capital

	30 September 2005 £'000	31 December 2004 £'000
<b>Authorised</b>		
10,100 Ordinary Shares of £1 each	10	10
<b>Allotted and fully paid</b>		
10,100 Ordinary Share of £1 each	10	10



**Notes** *(continued)*

**16 Share premium account**

	<b>30 September 2005 £000</b>	<b>31 December 2004 £000</b>
Share premium	<b>500</b>	<b>500</b>

**17 Reconciliation of movements in shareholders' funds**

	<b>30 September 2005 £000</b>	<b>31 December 2004 £000</b>
Retained profit for the financial period	<b>2,368</b>	<b>2,190</b>
Opening shareholders' funds	<b>10,359</b>	<b>8,169</b>
Closing shareholders' funds	<b>12,727</b>	<b>10,359</b>

## Notes (continued)

### 18 Commitments

- a) There were no capital commitments at the end of the financial period.
- b) Annual commitments under non-cancellable operating leases are as follows:

	2005		2004	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	962	-	633
In the second to fifth years inclusive	-	854	-	1,207
Over five years	8,649	-	8,471	-
	<u>8,649</u>	<u>1,816</u>	<u>8,471</u>	<u>1,840</u>

On 17 December 2003, Barclays Bank plc obtained fixed and floating charges over all the property and assets of Penauille Servisair UK Limited for the amounts owing to Barclays Bank plc.

### 19 Pension scheme

The defined benefit section of the Servisair Pension Scheme is closed to new employees of the company. A full actuarial valuation was carried out at 5 April 2005 by the Scheme Actuary.

The projected unit method was adopted for the last valuation of the plan. Assets were valued at market value. The main actuarial assumptions used in the valuation for accounting purposes were:

Investment return:	6.5% p.a. pre retirement 5.5% p.a. post retirement
Salary growth:	4.0% p.a.
Price inflation:	3.0% p.a.
Pension increase:	3.0% p.a.

The available assets represented 69% of the ongoing liabilities of the plan based on assets with a market value totalling £41.42m at the valuation date.

The Employer's contributions are affected by the deficit in the Scheme but each Employer within the Group is unable to identify its share of the underlying assets and liabilities in the Scheme on a consistent and reasonable basis. The Group is therefore accounting for the cost of the Scheme as if it were a defined contribution scheme.

Contributions paid for the defined benefit Scheme by the Group during the accounting period totalled £1,647,000 (2004: £2,325,000). The charge for the period is equal to these contributions less the release of the opening SSAP 24 accrual of £180,000. Full accounting disclosures in respect of the Scheme are provided in the accounts of Penauille Polyservices SA, in accordance with IAS 19. Following the actuarial valuation as at 5 April 2005, the

## **Notes** *(continued)*

### **19 Pension scheme** *(continued)*

Group has agreed to meet the funding deficit of £18.8 million by making annual fixed payments of £1.58 million over a period of 15 years.

The group also operates a defined contribution scheme. The charge for the scheme represents contributions payable by the company to the scheme and amounted to £360,381 (2004: £402,000). At the balance sheet date £42,776 of contributions were outstanding (2004: £21,752).

The Company contributed £1.22 million to the pension scheme during the period.

### **20 Parent company**

Penauille Servisair UK Limited is a wholly owned subsidiary of Penauille Servisair plc (formerly Servisair plc), which is registered in England and Wales. The company's ultimate parent company is CFF Recycling SA, a company registered in France. The results of Penauille Servisair UK Limited are consolidated in the group accounts of Penauille Polyservices SA, which may be obtained from 6, Allee des Coquelicots – 94478 Boissy Saint Leger Cedex, and also in the group accounts of CFF Recycling SA, which may be obtained from 119 avenue du Général Michel BIZOT, 75012 Paris.

On 1 April 2005 CFF Recycling SA acquired 51% of the issued share capital of DJC, a new company which has the majority shareholding in Penauille Polyservices SA. As such from 1 April 2005, CFF Recycling is the ultimate parent company of Penauille Servisair UK Limited.