

COMPANY REGISTRATION NUMBER 900322

ALFRED H KNIGHT INTERNATIONAL LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2004



Tenon Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

ALFRED H KNIGHT INTERNATIONAL LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2004

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ALFRED H KNIGHT INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 MARCH 2004

The board of directors

DJL Knight
JFL Knight
AM Katz
RK Knight

Company secretary

S Sadler

Registered office

Eccleston Grange
Prescot Road
St Helens
Merseyside
WA10 3BQ

Auditors

Blueprint Audit Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Accountants

Tenon Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

ALFRED H KNIGHT INTERNATIONAL LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2004

The directors present their report and the financial statements of the company for the year ended 31 March 2004.

Principal activities and business review

The principal activity of the company and its subsidiaries during the year continued to be that of assaying and sampling.

The directors consider the state of the company and its subsidiaries affairs to be satisfactory.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

DJL Knight
JFL Knight
AM Katz
RK Knight

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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 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. The directors 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.

ALFRED H KNIGHT INTERNATIONAL LIMITED

THE DIRECTORS' REPORT *(continued)*

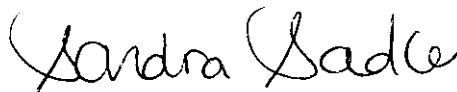
YEAR ENDED 31 MARCH 2004

Auditors

A resolution to re-appoint Blueprint Audit Limited as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Eccleston Grange
Prescot Road
St Helens
Merseyside
WA10 3BQ

Signed by order of the directors



S Sadler
Company Secretary

Approved by the directors on 25/10/2004

ALFRED H KNIGHT INTERNATIONAL LIMITED
INDEPENDENT AUDITORS' REPORT TO THE COMPANY
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 14, together with the financial statements of the company for the year ended 31 March 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 14 are properly prepared in accordance with those provisions.

Blueprint Audit Limited

Blueprint Audit Limited
Registered Auditor

Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date: *8/11/04*

ALFRED H KNIGHT INTERNATIONAL LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2004

| | Note | 2004 £ | 2003 £ |
|--|------|-------------------------|-------------------------|
| Gross profit | | 4,363,926 | 4,340,650 |
| Administrative expenses | | (4,261,077) | (4,180,763) |
| Operating profit | 2 | <u>102,849</u> | <u>159,887</u> |
| Income from shares in group undertakings | 5 | 15,652 | 18,882 |
| Interest receivable | | 8,693 | 12,940 |
| Interest payable and similar charges | 6 | (5,673) | (5,284) |
| Profit on ordinary activities before taxation | | <u>121,521</u> | <u>186,425</u> |
| Tax on profit on ordinary activities | 7 | (21,736) | (72,983) |
| Retained profit for the financial year | | <u>99,785</u> | <u>113,442</u> |
| Balance brought forward | | 1,592,497 | 1,479,055 |
| Balance carried forward | | <u><u>1,692,282</u></u> | <u><u>1,592,497</u></u> |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 14 form part of these abbreviated accounts.

ALFRED H KNIGHT INTERNATIONAL LIMITED

ABBREVIATED BALANCE SHEET

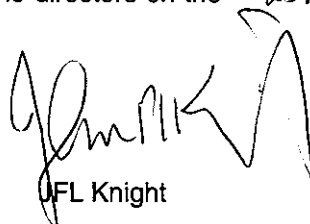
31 MARCH 2004

| | Note | 2004 £ | £ | 2003 £ | £ |
|--|------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | | 324,784 | | 344,309 |
| Investments | 9 | | 143,312 | | 143,312 |
| | | | <u>468,096</u> | | <u>487,621</u> |
| Current assets | | | | | |
| Stocks | 10 | 129,329 | | 111,170 | |
| Debtors | 11 | 2,471,951 | | 2,583,832 | |
| Cash at bank and in hand | | 219,069 | | 431,487 | |
| | | <u>2,820,349</u> | | <u>3,126,489</u> | |
| Creditors: Amounts falling due within one year | 12 | (1,460,335) | | (1,871,432) | |
| Net current assets | | | 1,360,014 | | 1,255,057 |
| Total assets less current liabilities | | | <u>1,828,110</u> | | <u>1,742,678</u> |
| Creditors: Amounts falling due after more than one year | 13 | | (16,743) | | (31,096) |
| | | | <u>1,811,367</u> | | <u>1,711,582</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 100,000 | | 100,000 |
| Share premium account | | | 19,085 | | 19,085 |
| Profit and loss account | | | 1,692,282 | | 1,592,497 |
| Shareholders' funds | 18 | | <u>1,811,367</u> | | <u>1,711,582</u> |

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 25/10/2004 and are signed on their behalf by:


DJL Knight


JFL Knight

The notes on pages 7 to 14 form part of these abbreviated accounts.

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2004

1. Accounting policies

Basis of accounting

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

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

Under Financial Reporting Standard 8, the company is exempt from disclosing transactions with group companies as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Alfred H Knight Holdings Limited.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|-------------------|-------------------------------|
| Plant & Machinery | - 20% to 33.33% straight line |
| Motor Vehicles | - 25% to 33.33% straight line |

Precious metal assets are included in plant and equipment at an amount represented by the quantity held at the year end and valued at the metal price at that date.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2004

1. Accounting policies *(continued)*

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

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 or a right to pay less tax. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Investment income

Investment income comprises dividends declared during the accounting period and interest receivable on unlisted investments.

Fixed asset investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2004

2. Operating profit

Operating profit is stated after charging:

| | 2004 | 2003 |
|--|------------------|------------------|
| | £ | £ |
| Depreciation of owned fixed assets | 93,551 | 81,034 |
| Depreciation of assets held under hire purchase agreements | 15,946 | 39,162 |
| Auditors' remuneration | 11,587 | 11,035 |
| Net loss on foreign currency translation | 48,241 | 75,887 |
| Operating leases-motor vehicles | 5,025 | 4,255 |
| Management income | (175,000) | (126,952) |
| Management charges | <u>2,228,748</u> | <u>2,483,276</u> |

3. Pension scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £106,095 (2003 : £97,615).

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

| | 2004 | 2003 |
|-----------------------|------------|------------|
| | No | No |
| Office and production | <u>132</u> | <u>137</u> |

The aggregate payroll costs of the above were:

| | 2004 | 2003 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,243,651 | 2,117,314 |
| Social security costs | 243,935 | 207,885 |
| Other pension costs | 106,095 | 97,615 |
| | <u>2,593,681</u> | <u>2,422,814</u> |

The directors received no remuneration in this year or the previous year.

5. Income from shares in group undertakings

| | 2004 | 2003 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Income from group undertakings | <u>15,652</u> | <u>18,882</u> |

6. Interest payable and similar charges

| | 2004 | 2003 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Interest payable on bank borrowing | 2,353 | 678 |
| Finance charges | 3,320 | 4,606 |
| | <u>5,673</u> | <u>5,284</u> |

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2004

7. Taxation on ordinary activities

(a) Analysis of charge in the year

| | 2004 | 2003 |
|--|---------------|---------------|
| | £ | £ |
| UK Taxation | | |
| UK Corporation tax based on the results for the year at 30% (2003 - 30%) | 40,866 | 56,462 |
| Over provision in prior year | (13,514) | (3,006) |
| | <u>27,352</u> | <u>53,456</u> |
| Foreign tax | | |
| Current tax on income for the year | (5,616) | 19,527 |
| | <u>21,736</u> | <u>72,983</u> |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

| | 2004 | 2003 |
|---|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>121,521</u> | <u>186,425</u> |
| Profit on ordinary activities by rate of tax | 36,456 | 55,928 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 9,603 | 4,035 |
| Difference between depreciation for the year and capital allowances | (5,193) | (3,501) |
| Adjustments to the tax charge in respect of prior years | (13,514) | (3,006) |
| Overseas tax | (5,616) | 19,527 |
| Total current tax (note 7(a)) | <u>21,736</u> | <u>72,983</u> |

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2004

8. Tangible fixed assets

| | Plant & Machinery £ | Motor Vehicles £ | Total £ |
|-----------------------|--|---------------------------------|--------------------|
| Cost | | | |
| At 1 April 2003 | 2,177,211 | 11,473 | 2,188,684 |
| Additions | 92,822 | – | 92,822 |
| Disposals | (2,850) | – | (2,850) |
| At 31 March 2004 | <u>2,267,183</u> | <u>11,473</u> | <u>2,278,656</u> |
| Depreciation | | | |
| At 1 April 2003 | 1,836,089 | 8,286 | 1,844,375 |
| Charge for the year | 106,310 | 3,187 | 109,497 |
| At 31 March 2004 | <u>1,942,399</u> | <u>11,473</u> | <u>1,953,872</u> |
| Net book value | | | |
| At 31 March 2004 | <u>324,784</u> | <u>–</u> | <u>324,784</u> |
| At 31 March 2003 | <u>341,122</u> | <u>3,187</u> | <u>344,309</u> |

Hire purchase agreements

Included within the net book value of £324,784 is £34,550 (2003 - £50,496) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £15,946 (2003 - £39,162).

9. Investments

| | Subsidiary undertakings £ | Associate undertakings £ | Total £ |
|-----------------------------------|--|---|--------------------|
| Cost | | | |
| At 1 April 2003 and 31 March 2004 | <u>156,781</u> | <u>3,500</u> | <u>160,281</u> |
| Amounts written off | | | |
| At 1 April 2003 and 31 March 2004 | <u>13,469</u> | <u>3,500</u> | <u>16,969</u> |
| Net book value | | | |
| At 31 March 2004 | <u>143,312</u> | <u>–</u> | <u>143,312</u> |
| At 31 March 2003 | <u>143,312</u> | <u>–</u> | <u>143,312</u> |

ALFRED H KNIGHT INTERNATIONAL LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2004

9. Investments (continued)

| Name of company | Country of incorporation | Details of investments | Proportion held by company | Nature of business |
|--|--------------------------|------------------------|----------------------------|-----------------------|
| Alfred H Knight International (Deutschland) GMBH | Germany | Ordinary | 100% | Sampling and assaying |
| Alfred H Knight Do Brazil | Brazil | Ordinary | 100% | Sampling and assaying |
| Alfred H Knight Bolivia Ltda | Bolivia | Ordinary | 100% | Sampling and assaying |
| Knight International Surveys Limited | UK | Ordinary | 100% | Dormant |
| Alfred H Knight Romania SRL | Romania | Ordinary | 25% | Sampling and assaying |
| Alfred H Knight de Mexico S.A.DE.C.V. | Mexico | Ordinary | 90% | Sampling and assaying |
| Principal associate undertakings | | | | |
| Bootle Analytical Laboratory (Consultants) Limited | UK | Ordinary | 45% | Sampling and assaying |

10. Stocks

| | 2004 £ | 2003 £ |
|------------------|----------------|----------------|
| Raw materials | 10,542 | 10,239 |
| Work in progress | 118,787 | 100,931 |
| | <u>129,329</u> | <u>111,170</u> |

11. Debtors

| | 2004 £ | 2003 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 1,202,594 | 1,155,951 |
| Amounts owed by group undertakings | 1,190,638 | 1,308,920 |
| Other debtors | 33,817 | 79,854 |
| Prepayments and accrued income | 44,902 | 39,107 |
| | <u>2,471,951</u> | <u>2,583,832</u> |

The debtors above include the following amounts falling due after more than one year:

| | 2004 £ | 2003 £ |
|------------------------------------|----------------|--------------|
| Amounts owed by group undertakings | 102,130 | - |
| Other debtors | 200 | 9,971 |
| | <u>102,330</u> | <u>9,971</u> |

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2004

12. Creditors: Amounts falling due within one year

| | 2004 | 2003 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 127,482 | 145,110 |
| Amounts owed to group undertakings | 956,875 | 1,277,947 |
| Corporation tax | 30,866 | 56,462 |
| Other taxation and social security | 65,199 | 51,313 |
| Hire purchase agreements | 14,352 | 21,964 |
| Other creditors | 20,239 | 7,055 |
| Accruals and deferred income | 245,322 | 311,581 |
| | <u>1,460,335</u> | <u>1,871,432</u> |

13. Creditors: Amounts falling due after more than one year

| | 2004 | 2003 |
|--------------------------|---------------|---------------|
| | £ | £ |
| Hire purchase agreements | <u>16,743</u> | <u>31,096</u> |

14. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

| | 2004 | 2003 |
|---------------------------------------|---------------|---------------|
| | £ | £ |
| Amounts payable within 1 year | 14,352 | 21,964 |
| Amounts payable between 1 and 2 years | 14,352 | 21,964 |
| Amounts payable between 3 and 5 years | 2,391 | 9,132 |
| | <u>31,095</u> | <u>53,060</u> |

Obligations under hire purchase contracts are secured on the assets concerned.

15. Commitments under operating leases

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as set out below.

| | <i>Assets Other Than Land & Buildings</i> | |
|--------------------------------|---|--------------|
| | 2004 | 2003 |
| | £ | £ |
| Operating leases which expire: | | |
| Within 2 to 5 years | <u>5,024</u> | <u>8,372</u> |

16. Contingencies

The company has a guarantee bond with an overseas bank worth \$nil (2003: \$15,000). The company has a foreign bills facility guaranteeing any foreign cheques that are paid into the company's bank account.

There is a counter indemnity held re Guarantee dated 7 April 1989 to HM Customs and Excise for £1,000 (2003: £1,000).

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2004

17. Share capital

Authorised share capital:

| | 2004 | 2003 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| 500,000 Ordinary shares of £1 each | <u>500,000</u> | <u>500,000</u> |

Allotted, called up and fully paid:

| | 2004 | | 2003 | |
|----------------------------|----------------|----------------|----------------|----------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> |

18. Reconciliation of movements in shareholders' funds

| | 2004 | 2003 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Profit for the financial year | 99,785 | 113,442 |
| Opening shareholders' equity funds | <u>1,711,582</u> | <u>1,598,140</u> |
| Closing shareholders' equity funds | <u>1,811,367</u> | <u>1,711,582</u> |

19. Ultimate parent company

The directors consider the ultimate parent company to be Alfred H Knight Holdings Limited which is the only undertaking that prepares group accounts including the financial statements of the company. Copies of the group accounts can be obtained at the registered office of this company.