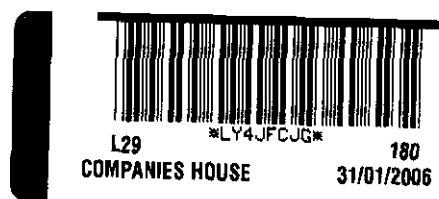


Company Registration No. 3110107

SODESM INTERNATIONAL LIMITED

Report and Financial Statements

31 December 2004



(- 24/01/2006)
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SODESM INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Adrian J Pink
Anthony J Thompson

SECRETARY

Temple Secretarial Limited

REGISTERED OFFICE

16 Old Bailey
London
EC4M 7EG

BANKERS

C Hoare & Co
37 Fleet Street
London
EC4P 4DQ

SOLICITORS

Withers & Co
16 Old Bailey
London
EC4M 7EG

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

SODESM INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

ACTIVITY

The company's principal activity is the provision of services to Power Corporation International, a subsidiary of Power Corporation of Canada.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company made a profit of £62,633 before taxation for the current year (2003 - £37,050). The directors anticipate the current level of turnover to be maintained.

DIVIDENDS

The directors do not recommend the payment of a dividend (2003 - nil).

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year were as follows:

Adrian J Pink
Anthony J Thompson

Neither director held any beneficial interest in the shares of the company or other group companies at 1 January 2004 or 31 December 2004 or at any time during the year.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

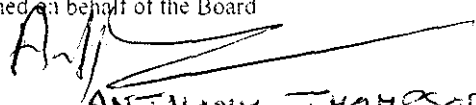
STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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 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.

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


ANTHONY THOMPSON

Director

26th January 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODESM INTERNATIONAL LIMITED

We have audited the financial statements of Sodesm International Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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.

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



Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors

Cambridge

30 January 2006

SODESM INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2004

		2004 £	2003 £
	Note		
Turnover	2	445,711	407,560
Administrative expenses		(391,950)	(368,931)
OPERATING PROFIT	4	53,761	38,629
Interest receivable and similar income	5	141,574	14
Interest payable and similar charges	6	(132,702)	(1,593)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,633	37,050
Tax on profit on ordinary activities	7	(18,739)	(11,203)
PROFIT FOR THE FINANCIAL YEAR		43,844	25,847
Retained profits brought forward		160,206	134,359
Retained profits carried forward		204,050	160,206

All activities derive from continuing operations.

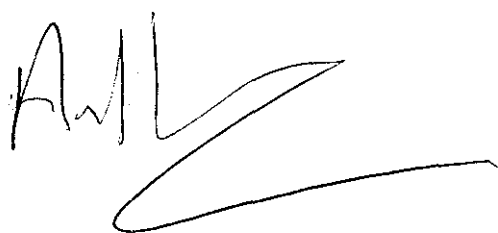
There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

SODESM INTERNATIONAL LIMITED

BALANCE SHEET 31 December 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	-	-
CURRENT ASSETS			
Debtors	9		
Due within one year		2,272	19,355
Due after more than one year		3,155,558	2,555,111
Cash at bank and in hand		15,379	10,408
		3,173,209	2,584,874
CREDITORS: amounts falling due within one year	10	(164,852)	(27,240)
NET CURRENT ASSETS		3,008,347	2,557,634
TOTAL ASSETS LESS CURRENT LIABILITIES		3,008,347	2,557,634
CREDITORS: amounts falling due after more than one year	11	(2,804,295)	(2,397,426)
		204,052	160,208
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Profit and loss account		204,050	160,206
TOTAL EQUITY SHAREHOLDERS' FUNDS		204,052	160,208

These financial statements were approved by the Board of Directors on 26th January 2005
Signed on behalf of the Board of Directors



SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful life of the assets. The rate of depreciation is as follows:

Motor vehicles	33 1/3% per annum
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Deferred taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

Turnover comprises revenue from the provision of services to Power Corporation International, a subsidiary of Power Corporation of Canada. The turnover, all of which arises in the United Kingdom, is attributable to the company's principal activity. Turnover is recognised when the economic risk and rewards are transferred to Power Corporation International.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received any emoluments in the two years ended 31 December 2004. There were no other employees of the company.

4. OPERATING PROFIT

	2004 £	2003 £
Operating profit is after charging (crediting):		
Auditors' remuneration		
Audit	6,463	2,936
Profit on sale of fixed asset	(13,211)	-

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Interest due from group undertakings	141,525	-
Interest on overdue tax	41	-
Bank interest	8	14
	<hr/> 141,574	<hr/> 14

SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Interest payable to fellow subsidiaries	132,700	-
Interest on overdue tax	2	1,593
	<u>132,702</u>	<u>1,593</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current tax		
United Kingdom corporation tax at 30% (2003 - 30%)	1,507	9,805
Total current tax	<u>1,507</u>	<u>9,805</u>
Deferred tax provided		
Origination and reversal of timing differences	17,232	1,398
Tax on profit on ordinary activities	<u>18,739</u>	<u>11,203</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2003 - 30%). The actual tax (credit) charge for the current and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2004 £	2003 £
Profit on ordinary activities before tax	62,653	37,050
Tax on profit on ordinary activities at standard rate	18,739	11,115
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	-	88
Capital allowances in excess of depreciation	(17,232)	(1,398)
Total actual amount of current tax	<u>1,507</u>	<u>9,805</u>
Deferred tax		
Balance at 1 January 2004		(18,404)
Charged to profit and loss account		17,282
As at 31 December 2004		<u>(1,122)</u>

The amounts of deferred taxation provided are as follows:

	2004 £	2003 £
Depreciation in excess of capital allowances	<u>(1,122)</u>	<u>(18,404)</u>

SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

8. TANGIBLE FIXED ASSETS

	Motor vehicles £
Cost	
At 1 January 2004	95,173
Disposal	(74,363)
	<hr/>
At 31 December 2004	20,810
Accumulated depreciation	
At 1 January 2004	95,173
On disposal	(74,363)
	<hr/>
At 31 December 2004	20,810
Net book value	
At 31 December 2004	-
	<hr/>
At 31 December 2003	-
	<hr/>

9. DEBTORS

	2005 £	2003 £
Due within one year:		
Deferred tax asset (note 7)	1,122	18,404
Share capital unpaid	2	2
Prepayments and accrued income	1,148	949
	<hr/>	<hr/>
	2,272	19,355
Due after more than one year:		
Amounts due from group undertakings	3,149,558	2,549,111
Other debtors	6,000	6,000
	<hr/>	<hr/>
	3,155,558	2,555,111
	<hr/>	<hr/>

Amounts due from group undertakings have no set repayment terms and are not interest bearing.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Amounts due to fellow subsidiaries	132,700	-
Corporation tax	1,507	5,131
Other creditors	140	-
Accruals and deferred income	30,515	22,109
	<hr/>	<hr/>
	164,862	27,240
	<hr/>	<hr/>

SODESM INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Amounts owed to fellow subsidiaries	<u>2,804,295</u>	<u>2,397,426</u>
Analysis of repayments		
Amounts falling due after more than five years	<u>2,804,295</u>	<u>2,397,426</u>

12. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up and allotted		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2004 £	2003 £
Profit attributable to the company	43,844	25,847
Opening shareholders funds	<u>160,208</u>	<u>134,361</u>
Closing shareholders funds	<u>204,052</u>	<u>160,208</u>

14. ULTIMATE PARENT COMPANY

In the opinion of the directors, the immediate and ultimate parent company of Sodesm International Limited is the ultimate controlling party, Power Corporation of Canada, a company incorporated under Canadian law.

Group accounts are available from 751 Victoria Square, Montreal, H2Y 2J3, Canada.

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under section 3 (c) of FRS 8 (Related Party Transactions) not to disclose details of transactions with fellow group companies.

Mr P G Desmarais is a director of the parent company, Power Corporation of Canada. At 31 December 2004, Mr Desmarais owed the company £6,000 (2003 - £6,000).

Anthony J Thompson, a director of the company, is a partner in Withers LLP, a firm of lawyers. During the year, Withers LLP charged Sodesm International Limited £43,875 (2003 - £25,169) for management services. At 31 December 2004, the amount due to Withers LLP was £12,431 (2003 - £6,350).