

Company Registration No. 3123072 (England and Wales)

CAPION HOLDINGS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



CAPION HOLDINGS LIMITED

COMPANY INFORMATION

Director	A Bühner
Secretary	CHT Secretaries Limited
Company number	3123072
Registered office	3 Sheldon Square London W2 6PS
Auditors	MRI Moores Rowland LLP 3 Sheldon Square Paddington London W2 6PS

CAPION HOLDINGS LIMITED

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CAPION HOLDINGS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The director presents his report and financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the company continued to be that of an investment holding company.

Director

The following director has held office since 1 January 2004:

A Bühner

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	31 December 2004	1 January 2004
A Bühner	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that MRI Moores Rowland LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Director's responsibilities

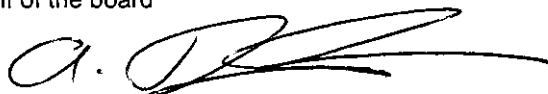
Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



.....
A Bühner

Director

22.10.1.06

CAPION HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPION HOLDINGS LIMITED

We have audited the financial statements of Capion Holdings Limited on pages 3 to 8 for the year ended 31 December 2004. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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 the director and auditors

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed. We read the director's 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 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 director 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the ability of the company to continue as a going concern. Details of the circumstances relating to this uncertainty are described in note 1 to the financial statements. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MRI Moores Rowland LLP
MRI Moores Rowland LLP
Chartered Accountants
Registered Auditor

24.1.06
3 Sheldon Square
London
W2 6PS

CAPION HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover		102,558	52,250
Administrative expenses		(138,583)	(104,424)
Operating loss	2	(36,025)	(52,174)
Other interest receivable and similar income		-	30
Interest payable and similar charges		(30)	(11)
Loss on ordinary activities before taxation		(36,055)	(52,155)
Tax on loss on ordinary activities	3	-	(3,535)
Loss on ordinary activities after taxation	8	(36,055)	(55,690)

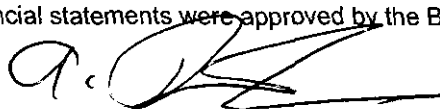
CAPION HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Investments	4		1,043,649		1,039,957
Current assets					
Debtors	5	5,270,052		4,756,021	
Cash at bank and in hand		27,286		33,193	
		
		5,297,338		4,789,214	
Creditors: amounts falling due within one year	6	(6,595,411)		(6,047,540)	
		
Net current liabilities			(1,298,073)		(1,258,326)
		
Total assets less current liabilities			(254,424)		(218,369)
		
Capital and reserves					
Called up share capital	7		1,000		1,000
Profit and loss account	8		(255,424)		(219,369)
		
Shareholders' funds			(254,424)		(218,369)
		

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 22.01.06.



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A Bühner
Director

CAPION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.5 Consolidation

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.6 Going concern

The financial statements have been prepared on the going concern basis. This is considered appropriate as the shareholders have agreed to continue to provide financial support to the company for the foreseeable future. Should the company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets as current assets.

2 Operating loss

	2004	2003
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	10,000	23,006
Director's emoluments	48,000	12,000
	<u> </u>	<u> </u>

3 Taxation

	2004	2003
	£	£
Domestic current year tax		
U.K. corporation tax	-	3,535
	<u> </u>	<u> </u>
Current tax charge	-	3,535
	<u> </u>	<u> </u>

CAPION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

4 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2004 & at 31 December 2004	955,435
Exchange differences	
At 1 January 2004	84,522
Arising in the period	3,692
At 31 December 2004	88,214
Net book value	
At 31 December 2004	1,043,649
At 31 December 2003	1,039,957

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
SCEA Domaine de Capiion	France	Ordinary	99.00
SCA Domaine de Capiion	France	Ordinary	99.65

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2004 €	Profit/(loss) for the year 2004 €
SCEA Domaine de Capiion	152,222	(10,210)
SCA Domaine de Capiion	333,245	461,415

CAPION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

5 Debtors	2004 £	2003 £
Amounts owed by group undertakings	5,268,568	4,755,813
Other debtors	1,484	208
	<u>5,270,052</u>	<u>4,756,021</u>

6 Creditors: amounts falling due within one year	2004 £	2003 £
Taxation and social security	3,615	6,274
Other creditors	6,591,796	6,041,266
	<u>6,595,411</u>	<u>6,047,540</u>

Included in other creditors is an amount owed to A Bühler of £56,350 (2003: £56,350).

7 Share capital	2004 £	2003 £
Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

8 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 January 2004	(219,369)
Retained loss for the year	<u>(36,055)</u>
Balance at 31 December 2004	<u>(255,424)</u>

9 Control

The ultimate controlling party is the Colibri Settlement, a Jersey discretionary trust.

CAPION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2004**

10 Related party transactions

At 31 December 2004, a loan account balance of £1,958,499 (2003 - £1,942,078) was due from SCEA Domaine de Capiion, a 99% owned subsidiary. The movement on the loan was for funding purposes, and is partly a result of the foreign exchange translation at the year-end rate.

At 31 December 2004, a loan account balance of £3,310,069 (2003 - £2,813,735) was due from SCA Domaine de Capiion, a 99.65% owned subsidiary. The movement on the loan was for funding purposes, and is partly a result of the foreign exchange translation at the year-end rate.