

**FORMENTA LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

13516-B-2005

**Registered Office**  
Suite 23, Park Royal House  
23 Park Royal Road  
London



## FORMENTA LIMITED

### DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2005

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The director presents his report and financial statements for the year ended 30 June 2005.

#### Principal activity

The principal activity of the company is that of an investment company.

#### Review of the business and future developments

The director considers that the results of the company are satisfactory and that the company is expected to continue at its present levels in the future.

#### Results and dividends

The results for the year are set out on page 4.

No dividends have been declared or paid during this or the comparative period.

#### Director

The following director has held office since 1 July 2004:

Annan Limited

The director has no interest in the issued share capital of the company.

#### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Matthew Edwards & Co. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

By order of the board

  
Annan Limited (Director)

Date: 10/04/06

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ  
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108  
E-mail: [audit@matthew-edwards.com](mailto:audit@matthew-edwards.com)

**FORMENTA LIMITED**

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF FORMENTA LIMITED**

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We have audited the financial statements of Formenta Limited on pages 4 to 12 for the year ended 30 June 2005. These financial statements have been prepared 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 or 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.

**FORMENTA LIMITED**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)  
TO THE SHAREHOLDERS OF FORMENTA LIMITED**

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**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 note 1 of the financial statements. The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued support of the ultimate beneficial shareholder. The financial statements do not include any adjustments that would result from a change to that basis. 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 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Matthew Edwards & Co*

**Matthew Edwards & Co.**

Chartered Accountants

**Registered Auditor**

*6/04/06*

Clinch's House, Lord Street

Douglas

Isle of Man

FORMENTA LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 €	2004 €
Administrative expenses		(10,982)	(12,568)
<b>Operating loss</b>	<b>2</b>	(10,982)	(12,568)
Other interest receivable and similar income		57	-
Interest payable and similar charges	<b>3</b>	-	(145)
<b>Loss on ordinary activities before taxation</b>		(10,925)	(12,713)
Tax on loss on ordinary activities	<b>4</b>	-	-
<b>Loss on ordinary activities after taxation</b>	<b>9</b>	(10,925)	(12,713)
<b>Loss brought forward at 1 July 2004</b>		(86,352)	(73,639)
<b>Loss carried forward at 30 June 2005</b>		(97,277)	(86,352)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

**FORMENTA LIMITED**

**BALANCE SHEET  
AS AT 30 JUNE 2005**

		2005		2004	
	Notes	€	€	€	€
<b>Fixed assets</b>					
Investments	5		407,377		389,377
<b>Current assets</b>					
Debtors	6	1,709		1,715	
Cash at bank and in hand		64		64	
		<u>1,773</u>		<u>1,779</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(504,798)</u>		<u>(475,879)</u>	
<b>Net current liabilities</b>			<u>(503,025)</u>		<u>(474,100)</u>
<b>Total assets less current liabilities</b>			<u>(95,648)</u>		<u>(84,723)</u>
<b>Capital and reserves</b>					
Called up share capital	8		1,629		1,629
Profit and loss account	9		<u>(97,277)</u>		<u>(86,352)</u>
<b>Shareholders' funds - equity interests</b>	10		<u>(95,648)</u>		<u>(84,723)</u>

The financial statements were approved by the Board on 10/04/06

  
Annan Limited  
Director

FORMENTA LIMITED

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2005**

	€	2005 €	€	2004 €
<b>Net cash inflow from operating activities</b>		18,000		79,911
<b>Financial investment</b>				
Payments to acquire investments	(18,000)		(79,909)	
<b>Net cash outflow for capital expenditure</b>		(18,000)		(79,909)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		-		2
<b>(Decrease)/increase in cash in the year</b>		-		2

**FORMENTA LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2005**

<b>1</b>	<b>Reconciliation of operating loss to net cash inflow from operating activities</b>	<b>2005</b>	<b>2004</b>
		<b>€</b>	<b>€</b>
	Operating loss	(10,982)	(12,568)
	Foreign exchange	57	(145)
	Decrease in debtors	6	84
	Increase in creditors within one year	28,919	92,540
		<u>18,000</u>	<u>79,911</u>

<b>2</b>	<b>Analysis of net funds</b>	<b>1 July 2004</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>30 June 2005</b>
		<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
	Net cash:				
	Cash at bank and in hand	64	-	-	64
		<u>64</u>	<u>-</u>	<u>-</u>	<u>64</u>
	Net funds	<u>64</u>	<u>-</u>	<u>-</u>	<u>64</u>

<b>3</b>	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2005</b>	<b>2004</b>
		<b>€</b>	<b>€</b>
	(Decrease)/increase in cash in the year	-	2
	Cash inflow from increase in debt	-	-
		<u>-</u>	<u>-</u>
	<b>Movement in net funds in the year</b>	-	2
	Opening net funds	64	62
		<u>64</u>	<u>64</u>
	<b>Closing net funds</b>	<u>64</u>	<u>64</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

**1 Accounting policies**

**1.1 Accounting convention**

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

The financial statements have been prepared on the going concern basis. This is considered appropriate as the ultimate beneficial shareholders will continue to provide financial support to the company for the foreseeable future.

**1.2 Investments**

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

**1.3 Deferred taxation**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

**1.4 Foreign currency translation**

The company's accounting records are maintained in Euros.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

**1.5 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-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.

<b>2 Operating loss</b>	<b>2005</b>	<b>2004</b>
	<b>€</b>	<b>€</b>
Operating loss is stated after charging:		
Auditors' remuneration	2,166	2,032
	<u>          </u>	<u>          </u>
<b>3 Interest payable and similar charges</b>	<b>2005</b>	<b>2004</b>
	<b>€</b>	<b>€</b>
Loss on foreign exchange	-	145
	<u>          </u>	<u>          </u>
	-	145
	<u>          </u>	<u>          </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2005

4	Taxation	2005 €	2004 €
	<b>Domestic current year tax</b>		
	Corporation tax at 30.00% (2004 - 30.00%)	-	-
	<b>Current tax charge</b>	-	-
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(10,925)	(12,713)
	Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30.00% (2004: 30.00%)	(3,278)	(3,814)
	Effects of:		
	Losses not recognised for accounting purposes	3,278	3,814
		3,278	3,814
	<b>Current tax charge</b>	-	-

On the basis of these financial statements no provision has been made for corporation tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2005

5 Fixed asset investments

	Shares in group undertakings €	Loans to group undertakings €	Total €
<b>Cost</b>			
At 1 July 2004	128,789	260,588	389,377
Additions	18,000	-	18,000
	<hr/>	<hr/>	<hr/>
At 30 June 2005	146,789	260,588	407,377
<b>Net book value</b>			
At 30 June 2005	146,789	260,588	407,377
	<hr/>	<hr/>	<hr/>
At 30 June 2004	128,789	260,588	389,377
	<hr/>	<hr/>	<hr/>

**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	Shares held Class	%
<b>Subsidiary undertakings</b>			
CIE Spa	Italy	Ordinary	87.27
Newco Immobiliare Srl	Italy	Ordinary	100.00

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 2005 €	Profit for the year 2005 €
	<b>Principal activity</b>		
CIE Spa	Wholesale of chemical products	522,930	35,370
Newco Immobiliare Srl	Real estate	73,080	9,610
		<hr/>	<hr/>

The above results are taken from the financial statements of the subsidiaries for the year ended 31 December 2004.

During the year, CIE Spa merged with VE.ART. Srl, a subsidiary of the company, to form a new company that retained the name of CIE Spa. The new CIE Spa increased its share capital from €300,000 to €330,000 and the company subscribed to €18,000 of this increase bringing its percentage shareholding in the new CIE Spa to 87.27%. No financial statements are available for the new CIE Spa at present.

6 Debtors	2005 €	2004 €
Prepayments and accrued income	1,709	1,715
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2005

7	Creditors: amounts falling due within one year	2005 €	2004 €
	Amounts owed to subsidiary undertakings	18,000	-
	Other creditors	480,506	469,226
	Accruals and deferred income	6,292	6,653
		<u>504,798</u>	<u>475,879</u>

8	Share capital	2005 No.	2004 No.
	<b>Authorised</b>		
	1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<b>Allotted, called up and fully paid</b>	<b>€</b>	<b>€</b>
	1,000 ordinary shares of £1 each	<u>1,629</u>	<u>1,629</u>

9	Statement of movements on profit and loss account	Profit and loss account €
	Balance at 1 July 2004	(86,352)
	Retained loss for the year	<u>(10,925)</u>
	Balance at 30 June 2005	<u>(97,277)</u>

10	Reconciliation of movements in shareholders' funds	2005 €	2004 €
	Loss for the financial year	(10,925)	(12,713)
	Opening shareholders' funds	<u>(84,723)</u>	<u>(72,010)</u>
	Closing shareholders' funds	<u>(95,648)</u>	<u>(84,723)</u>

11 Contingent liabilities

There were no contingent liabilities as at the balance sheet date.

12 Capital commitments

There were no major capital commitments as at the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2005

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**13 Employees**

**Number of employees**

There were no employees during the year apart from the director. The director received no remuneration during the year.

**14 Ultimate Controlling Party and Related Party Transactions**

The director is aware of the identity of the ultimate controlling party. However, they are under a duty of confidentiality that prevents them from disclosing certain information otherwise required by Financial Reporting Standard 8. Therefore they have taken the exemption offered by the Standard in respect of confidentiality.