

Company Registration No. 3130493

FORMENTA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

13516-B-2004

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



FORMENTA LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2004

The director presents his report and financial statements for the year ended 30 June 2004.

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.

Directors

The following directors have held office since 1 July 2003:

Annan Limited	(Appointed 19 December 2003)
A M Taylor	(Resigned 19 December 2003)

The directors have 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: 13/6/05

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
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FORMENTA LIMITED

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

We have audited the financial statements of Formenta Limited on pages 4 to 12 for the year ended 30 June 2004. 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, 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**

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 2004 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

13/6/05

Clinch's House, Lord Street

Douglas

Isle of Man

FORMENTA LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 €	2003 €
Administrative expenses		(12,568)	(8,244)
Operating loss	2	(12,568)	(8,244)
Other interest receivable and similar income	3	-	1
Interest payable and similar charges	4	(145)	-
Loss on ordinary activities before taxation		(12,713)	(8,243)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	10	(12,713)	(8,243)
Loss brought forward at 1 July 2003		(73,639)	(65,396)
Loss carried forward at 30 June 2004		(86,352)	(73,639)

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 2004**

	Notes	2004 €	2003 €
Fixed assets			
Investments	6	389,377	309,468
Current assets			
Debtors	7	1,715	1,799
Cash at bank and in hand		64	62
		<u>1,779</u>	<u>1,861</u>
Creditors: amounts falling due within one year	8	<u>(475,879)</u>	<u>(383,339)</u>
Net current liabilities		<u>(474,100)</u>	<u>(381,478)</u>
Total assets less current liabilities		<u>(84,723)</u>	<u>(72,010)</u>
Capital and reserves			
Called up share capital	9	1,629	1,629
Profit and loss account	10	<u>(86,352)</u>	<u>(73,639)</u>
Shareholders' funds - equity interests	11	<u>(84,723)</u>	<u>(72,010)</u>

The financial statements were approved by the Board on 13/6/05


Annan Limited
Director

FORMENTA LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
€	€	€
Net cash inflow/(outflow) from operating activities	79,911	(8)
Financial investment		
Payments to acquire investments	(79,909)	-
Net cash outflow for capital expenditure	(79,909)	-
Net cash inflow/(outflow) before management of liquid resources and financing	2	(8)
Increase/(decrease) in cash in the year	2	(8)

FORMENTA LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2004

1	Reconciliation of operating loss to net cash inflow/(outflow) from operating activities		2004	2003	
			€	€	
	Operating loss		(12,568)	(8,244)	
	Foreign exchange		(145)	46	
	Decrease in debtors		84	85	
	Increase in creditors within one year		92,540	8,105	
			<u>79,911</u>	<u>(8)</u>	
2	Analysis of net funds	1 July 2003	Cash flow	Other non-cash changes	30 June 2004
		€	€	€	€
	Net cash:				
	Cash at bank and in hand	62	2	-	64
		<u>62</u>	<u>2</u>	<u>-</u>	<u>64</u>
	Net funds	<u>62</u>	<u>2</u>	<u>-</u>	<u>64</u>
3	Reconciliation of net cash flow to movement in net funds		2004	2003	
			€	€	
	Increase/(decrease) in cash in the year		2	(8)	
	Cash inflow from increase in debt		-	-	
			<u>2</u>	<u>(8)</u>	
	Movement in net funds in the year		2	(8)	
	Opening net funds		62	70	
			<u>64</u>	<u>62</u>	
	Closing net funds		64	62	

FORMENTA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

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.

2 Operating loss

	2004	2003
	€	€
Operating loss is stated after charging:		
Auditors' remuneration	2,032	1,586

3 Other interest receivable and similar income

	2004	2003
	€	€
Profit on foreign exchange	-	1
	-	1

FORMENTA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2004

4	Interest payable and similar charges	2004	2003
		€	€
	Loss on foreign exchange	145	-
		<u>145</u>	<u>-</u>
5	Taxation	2004	2003
		€	€
	Domestic current year tax		
	Corporation tax at 30.00% (2003 - 30.00%)	-	-
		<u>-</u>	<u>-</u>
	Current tax charge	<u>-</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(12,713)	(8,243)
		<u>(12,713)</u>	<u>(8,243)</u>
	Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30.00% (2003: 30.00%)	(3,814)	(2,473)
		<u>(3,814)</u>	<u>(2,473)</u>
	Effects of:		
	Losses not recognised for accounting purposes	3,814	2,473
		<u>3,814</u>	<u>2,473</u>
	Current tax charge	<u>-</u>	<u>-</u>

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

FORMENTA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2004

6 Fixed asset investments

	Shares in subsidiary undertakings €	Loans to subsidiary undertakings €	Total €
Cost			
At 1 July 2003	128,789	180,679	309,468
Additions	-	79,909	79,909
	<u>128,789</u>	<u>260,588</u>	<u>389,377</u>
At 30 June 2004	128,789	260,588	389,377
	<u>128,789</u>	<u>180,679</u>	<u>309,468</u>
At 30 June 2003	128,789	180,679	309,468

Holdings of 20% or more

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

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
CIE Srl	Italy	Ordinary	90
VEART Srl	Italy	Ordinary	60
Newco Immobiliare Srl	Italy	Ordinary	100

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

	Principal Activity	Capital and reserves €	Profit for the year €
CIE Srl	Chemical Products & Glues.	487,566	30,439
VEART Srl	Chemical Products & Glues	163,718	10,788
Newco Immobiliare Srl	Real estate	63,473	7,989
		<u>714,757</u>	<u>49,216</u>

7 Debtors

	2004 €	2003 €
Prepayments and accrued income	<u>1,715</u>	<u>1,799</u>

FORMENTA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2004

8	Creditors: amounts falling due within one year	2004 €	2003 €
	Other creditors	469,226	379,934
	Accruals and deferred income	6,653	3,405
		<u>475,879</u>	<u>383,339</u>

9	Share capital	2004 No.	2003 No.
	Authorised		
	1,000 Ordinary £1 shares	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid	€	€
	1,000 Ordinary £1 shares	<u>1,629</u>	<u>1,629</u>

10	Statement of movements on profit and loss account	Profit and loss account €
	Balance at 1 July 2003	(73,639)
	Retained loss for the year	<u>(12,713)</u>
	Balance at 30 June 2004	<u>(86,352)</u>

11	Reconciliation of movements in shareholders' funds	2004 €	2003 €
	Loss for the financial year	(12,713)	(8,243)
	Opening shareholders' funds	<u>(72,010)</u>	<u>(63,767)</u>
	Closing shareholders' funds	<u>(84,723)</u>	<u>(72,010)</u>

12 Contingent liabilities

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

13 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 2004

14 Employees

Number of employees

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

15 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.