

Technifor Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2004



Technifor Limited

DIRECTORS AND OFFICERS

DIRECTORS

Gerard Guerin
Mathieu Boisard

SECRETARY

Castlegate Secretaries Limited

REGISTERED OFFICE

Unit 3
Trojan Business Centre
Tachbrook Park
Leamington Spa
Warwickshire
CV34 6RH

AUDITORS

Baker Tilly
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

Technifor Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Technifor Limited for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the sale of micro – percussion indent and laser marking systems.

REVIEW OF THE BUSINESS

The directors consider the position of the company to be satisfactory and that the principal activity will continue.

DIRECTORS

The following directors have held office during the year:

Gerard Guerin

Mark G M Worlidge (resigned 26 January 2004)

Mathieu C R Boisard (appointed 27 February 2004)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

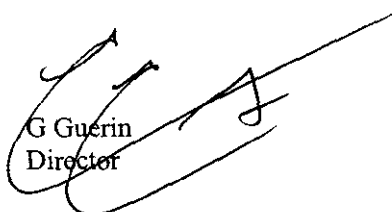
The directors at 31 December 2004 have no interest in the shares of the company.

During the year, Technifor S.A. purchased 6,500 shares held by M G M Worlidge. The company is now a wholly owned subsidiary undertaking of Technifor S.A.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

On behalf of the board



G Guerin
Director

2 May 2005

Technifor Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNIFOR LIMITED

We have audited the financial statements on pages 5 to 15.

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 DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with 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 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.

BAKER TILLY

Registered Auditor
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

9 May 2005

Technifor Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
TURNOVER	1	976,485	1,170,644
Cost of sales		(512,107)	(527,652)
		<hr/>	<hr/>
GROSS PROFIT		464,378	642,992
Other operating expenses (net)	2	(518,514)	(526,891)
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT		(54,136)	116,101
Investment income	3	617	856
Interest payable	4	(5,596)	(7,633)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(59,115)	109,324
Taxation	7	15,267	(31,310)
		<hr/>	<hr/>
(LOSS)/ PROFIT FOR THE YEAR	14	(43,848)	78,014
		<hr/>	<hr/>

The operating loss for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Technifor Limited

BALANCE SHEET

31 December 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	40,621	37,023
CURRENT ASSETS			
Stocks	9	146,456	151,354
Debtors	10	545,581	471,845
Cash at bank and in hand		142,820	12,518
		834,857	635,717
CREDITORS: Amounts falling due within one year	11	(590,567)	(343,981)
NET CURRENT ASSETS		244,290	291,736
TOTAL ASSETS LESS CURRENT LIABILITIES		284,911	328,759
CAPITAL AND RESERVES			
Called up share capital	13	65,000	65,000
Profit and loss account	14	219,911	263,759
SHAREHOLDERS' FUNDS	15	284,911	328,759

Approved by the board on 2 May 2005

G Guerin - Director

M C R Boisard - Director

Technifor Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Fixtures, fittings and equipment	over 3 and 5 years
Motor vehicles	over 4 years.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that they are recoverable. They are considered to be recoverable on the basis that it is more likely than not that there will be suitable taxable profits from which the future reversal of timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCIES

Transactions expressed in foreign currencies have been translated into sterling at the rates of exchange approximately to those ruling at the date of the transaction. Monetary assets and liabilities have been translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSIONS CONTRIBUTIONS

The company makes contributions to personal pension plans for employees. The contributions payable are charged to the profit and loss account as they fall due.

Technifor Limited

ACCOUNTING POLICIES (continued)

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Technifor Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

1 TURNOVER

The company's turnover was derived from its principal activity. Sales were made in the following geographical markets:

	2004 £	2003 £
United Kingdom	910,491	1,047,962
Other EC	65,994	122,682
	<hr/>	<hr/>
	976,485	1,170,644
	<hr/>	<hr/>

2 OTHER OPERATING EXPENSES (NET)

	2004 £	2003 £
Distribution costs	80,273	109,617
Administration expenses	438,241	417,274
	<hr/>	<hr/>
	518,514	526,891
	<hr/>	<hr/>

3 INVESTMENT INCOME

	2004 £	2003 £
Bank interest receivable	613	407
Other interest receivable	4	449
	<hr/>	<hr/>
	617	856
	<hr/>	<hr/>

4 INTEREST PAYABLE

	2004 £	2003 £
Interest payable to parent undertaking	5,596	7,108
Interest paid under hire purchase agreement	-	525
	<hr/>	<hr/>
	5,596	7,633
	<hr/>	<hr/>

Technifor Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

5	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2004 £	2003 £
	(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year		
	owned assets	21,552	33,680
	leased assets	1,074	3,439
	Loss/(profit) on disposal of fixed assets	1,477	(3,176)
	Operating lease rentals		
	- land and buildings	10,244	-
	- other	17,990	-
	Auditors' remuneration		
	- audit	7,000	6,750
	- other services	1,800	1,350
	Loss/(profit) on exchange	3,237	(4,242)
		<u> </u>	<u> </u>

6	EMPLOYEES	2004 No.	2003 No.
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The average monthly number of persons (including directors) employed by the company during the year was:

Office and management

- directors	2	4
- sales and administration	12	8

14 12

2004 2003
£ £

Staff costs for above persons:

Wages and salaries	269,147	214,732
Social security costs	28,287	24,211
Other pension costs	5,735	8,484

303,169 247,427

DIRECTORS' REMUNERATION

Emoluments (excluding pension contributions)	16,750	61,395
Pension contributions	2,860	8,088

19,610 69,483

Technifor Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

6	EMPLOYEES (continued)	2004 No.	2003 No.
	Number of directors for whom company made contributions to personal pension plans	1	1

7	TAXATION	2004 £	2003 £
	Current tax:		
	UK corporation tax on profits for the year	(14,000)	38,000
	(Over)/under provision in respect of prior year	(222)	265
	Current tax (credit)/charge for the year	(14,222)	38,265
	Deferred tax	(1,045)	(6,955)
		(15,267)	31,310
		2004 £	2003 £

Factors affecting tax charge for the year:

The tax assessed for the year is lower (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

(Loss)/profit on ordinary activities before tax	(59,115)	109,324
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	(17,735)	32,797
Effects of:		
Expenses not deductible for tax purposes	1,496	(133)
Capital allowances less than depreciation	1,045	5,114
Other adjustments	1,194	222
Adjustments in respect of prior year	(222)	265
Current tax(credit)/ charge for the year	(14,222)	38,265

Technifor Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

8 TANGIBLE FIXED ASSETS

	<i>Fixture and fittings £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost			
31 December 2003	143,393	79,906	223,299
Additions	28,501	-	28,501
Disposals	(5,144)	(21,575)	(26,719)
	<hr/>	<hr/>	<hr/>
31 December 2004	166,750	58,331	225,081
	<hr/>	<hr/>	<hr/>
Depreciation			
31 December 2003	120,670	65,606	186,276
Charged in the year	14,158	8,468	22,626
Disposals	(2,867)	(21,575)	(24,442)
	<hr/>	<hr/>	<hr/>
31 December 2004	131,961	52,499	184,460
	<hr/>	<hr/>	<hr/>
Net book value			
31 December 2004	34,789	5,832	40,621
	<hr/>	<hr/>	<hr/>
31 December 2003	22,723	14,300	37,023
	<hr/>	<hr/>	<hr/>

The net book value of motor vehicles includes £Nil (2003: £8,594) in respect of assets held under finance leases.

9 STOCKS

	2004 £	2003 £
Consumables	9,408	7,147
Finished goods and goods for resale	137,048	144,207
	<hr/>	<hr/>
	146,456	151,354
	<hr/>	<hr/>

Technifor Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

10	DEBTORS	2004 £	2003 £
	Due within one year:		
	Trade debtors	287,343	453,505
	Amounts due from fellow subsidiary	77,497	-
	Amounts owed by related undertaking	134,025	-
	Other debtors and prepayments	32,716	18,340
	Corporation tax recoverable	14,000	-
		<u>545,581</u>	<u>471,845</u>

Included within other debtors is £8,000 (2003: £6,955) in respect of deferred taxation (see note 12).

11	CREDITORS: Amounts falling due within one year	2004 £	2003 £
	Amounts owed to parent undertaking	396,531	148,201
	Obligations under finance leases	-	1,811
	Trade creditors	70,337	79,511
	Corporation tax	-	38,000
	Other taxation and social security	59,162	49,479
	Other creditors	25,710	2,950
	Accruals and deferred income	38,827	24,029
		<u>590,567</u>	<u>343,981</u>

Obligations under finance leases are secured on related assets.

Included within amounts owed to the parent undertaking is a loan of £30,000. The loan is due to be repaid on 31 July 2005 and incurs interest at 5% per annum.

12	DEFERRED TAXATION	2004		2003	
		Potential (asset) £	Amount provided £	Potential (asset) £	Amount provided £
	Taxation deferred by capital allowances at 30%	(8,000)	(8,000)	(6,955)	(6,955)

The deferred tax asset of £8,000 (2003: £6,955) is shown within other debtors (see note 10).

Technifor Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

13	SHARE CAPITAL	2004 £	2003 £
	Authorised:		
	Ordinary shares of £1 each – equity	100,000	100,000
		<u> </u>	<u> </u>
	Allotted, issued and fully paid:		
	Ordinary shares of £1 each - equity	65,000	65,000
		<u> </u>	<u> </u>
14	PROFIT AND LOSS ACCOUNT	2004 £	2003 £
	1 January 2004	263,759	185,745
	(Loss)/profit for the financial year	(43,848)	78,014
		<u> </u>	<u> </u>
	31 December 2004	219,911	263,759
		<u> </u>	<u> </u>
15	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2004 £	2003 £
	(Loss)/profit for the financial year	(43,848)	78,014
	Opening shareholders' funds	328,759	250,745
		<u> </u>	<u> </u>
	Closing shareholders' funds	284,911	328,759
		<u> </u>	<u> </u>
16	ULTIMATE PARENT UNDERTAKING		
	The ultimate parent undertaking is Castle Harlan Partners III LLC, a company incorporated in U.S.A.		
17	PARENT UNDERTAKING		
	The parent undertaking is Technifor S.A., a company incorporated in France.		
18	RELATED PARTIES		
	During the year the company purchased goods and services from its parent undertaking, Technifor S.A., amounting to £469,392 (2003: £381,842).		
	The company was charged interest of £5,596 (2003: £7,108) by Technifor S.A. together with a management charge of £12,691 (2003: £14,456).		
	At 31 December 2004 there was a balance owing to Technifor S.A. of £396,531 (2003: £148,201).		

Technifor Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

18 RELATED PARTIES (continued)

During the year the company supplied marketing support to Technifor HKS, a fellow subsidiary undertaking, amounting to £147,597 (2003: £Nil). At 31 December 2004 the amount due from Technifor HKS was £77,497 (2003: £Nil).

During the year the company recharged expenses amounting to £163,738 (2003: £Nil) to Gravograph Limited, a related undertaking under common control. At 31 December 2004, the amount due from Gravograph Limited was £134,025 (2003: £Nil).

19 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004, the company was committed to making the following payments during the next year under non-cancellable operating leases as follows:

	Land and buildings £	Other £
Expiring within 1 year	68,950	40,663
Expiring between 2 and 5 years	235,579	60,655
	<u>304,529</u>	<u>101,318</u>

Amounts due under non-cancellable operating leases for land and buildings relate to premises leased by the company but shared with a related undertaking, Gravograph Limited. Part of the above cost will be recharged to Gravograph Limited.