

Company Registration No. 03206001 (England and Wales)

SB ENGLAND LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



SB ENGLAND LIMITED

COMPANY INFORMATION

Directors	R G R Evans	(Appointed 10 November 2005)
	M J Hudson	(Appointed 26 July 2005)
	C Ellis	(Appointed 25 January 2006)

Secretary	M J Hudson
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Company number	03206001
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Registered office	35 Ballards Lane London N3 1XW
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Auditors	Berg Kaprow Lewis LLP Chartered Accountants 35 Ballards Lane London N3 1XW
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SB ENGLAND LIMITED

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SB ENGLAND LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company is that of producer, wholesaler and distributor of garden and house plants.

The company became part of the Flamingo Holdings Limited Group on 22 July 2005. On 31 October 2005, the company commenced to wind down its operations and it ceased to trade on 31 December 2005.

Directors

The following directors have held office since 1 January 2005:

R G R Evans	(Appointed 10 November 2005)
M J Hudson	(Appointed 26 July 2005)
C Ellis	(Appointed 25 January 2006)
P D Goldschmidt	(Appointed 26 July 2005 and resigned 25 January 2006)
I R Kerr	(Resigned 28 October 2005)
C M Parkinson	(Resigned 26 July 2005)

Directors' interests

The company is a wholly owned subsidiary of Flamingo Holdings Limited and consequently none of the directors have any interests in the shares of this company.

The directors interest in the shares (and options) of the ultimate UK holding company Flamingo Holdings Limited are disclosed in the financial statements of that company.

Auditors

Baker Tilly resigned as auditors of the company during the year and Berg Kaprow Lewis LLP were appointed in their stead.

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386 (1) of the Companies Act 1985. Therefore, the auditors, Berg Kaprow Lewis LLP, will be deemed to be re-appointed for each succeeding financial year.

SB ENGLAND LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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:

- 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 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.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



C Ellis

Director

5/9/06

SB ENGLAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SB ENGLAND LIMITED

We have audited the financial statements of SB England Limited for the period ended 31 December 2005 set out on pages 5 to 14. 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 or 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 other transactions is not disclosed.

We read the directors' 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 International Standards on Auditing (UK and Ireland) 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.

SB ENGLAND LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF SB ENGLAND LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the period then ended ; and
- have been properly prepared in accordance with the Companies Act 1985.

Emphasis of matter

As mentioned in the accounting policies (note 1.1), the company ceased trading in the period. The financial statements have therefore been prepared on a break-up basis which includes the assets and liabilities at the amounts which they are expected to realise.

Berg Kaprow Lewis

Berg Kaprow Lewis LLP

Chartered Accountants
Registered Auditor

5 September 2006

Chartered Accountants
35 Ballards Lane
London
N3 1XW

SB ENGLAND LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2005

		Discontinued Activities Year ended 31 December 2005 £	Discontinued Activities Year ended 31 December 2004 £
	Notes		
Turnover	2	2,350,509	6,947,999
Cost of sales		(2,258,856)	(5,773,679)
Gross profit		91,653	1,174,320
Distribution costs		(182,326)	(420,503)
Administrative expenses		(567,799)	(808,126)
Operating loss	3	(658,472)	(54,309)
Write down of group debt		-	2,486,672
Loss on termination of operations		(274,161)	-
(Loss)/profit on ordinary activities before interest		(932,633)	2,432,363
Amounts written off investments	4	-	(2,486,672)
Interest payable and similar charges	5	-	(5,533)
Loss on ordinary activities before taxation		(932,633)	(59,842)
Tax on loss on ordinary activities	6	166,081	(33,283)
Loss for the period	16	(766,552)	(93,125)

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

SB ENGLAND LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	7	678,017		823,452	
Investments	8	1,402,578		1,402,578	
		<u>2,080,595</u>		<u>2,226,030</u>	
Current assets					
Stocks	9	-	325,487		
Debtors	10	258,129	1,081,391		
Cash at bank and in hand		-	277,171		
		<u>258,129</u>	<u>1,684,049</u>		
Creditors: amounts falling due within one year	11	<u>(3,185,673)</u>	<u>(4,028,987)</u>		
Net current liabilities		<u>(2,927,544)</u>		<u>(2,344,938)</u>	
Total assets less current liabilities		<u>(846,949)</u>		<u>(118,908)</u>	
Provisions for liabilities	12	(60,438)			-
Accruals and deferred income	13	-		(21,927)	
		<u>(907,387)</u>		<u>(140,835)</u>	
Capital and reserves					
Called up share capital	15	2		2	
Profit and loss account	16	(907,389)		(140,837)	
Shareholders' funds	17	<u>(907,387)</u>		<u>(140,835)</u>	

Approved by the Board and authorised for issue on 5/9/06



C Ellis
Director

SB ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

Due to the company ceasing trading at the year end the accounts have been prepared on a break up basis which includes the assets and liabilities at the values they are expected to realise.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Freehold property 10% straight line
Plant and machinery	10%, 20%, 25% and 33 1/3% straight line
Fixtures, fittings & equipment	Polytunnels - 10% straight line
Motor vehicles	25% straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

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

1.7 Stock

Work in progress is valued at the lower of cost and net realisable value.

1.8 Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

SB ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

1 Accounting policies (continued)

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Flamingo Holdings Ltd, a company incorporated in Great Britain, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2005 £	2004 £
Operating loss is stated after charging:		
Depreciation of tangible assets	122,737	153,748
Operating lease rentals		
- Plant and machinery	17,094	60,405
Auditors' remuneration	3,400	-
and after crediting:		
Profit on disposal of tangible assets	(14,617)	(6,498)

The complete information for audit fees in 2004 is not available, as they were paid for by another group undertaking and recharged as part of a management fee.

4 Amounts written off investments	2005 £	2004 £
Amounts written off current asset investments	-	2,486,672

SB ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

5	Interest payable	2005 £	2004 £
	Hire purchase interest	-	2,771
	Other interest	-	2,762
		-	5,533
6	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	-	33,283
	Adjustment for prior years	(72,866)	-
	Receipt in respect of group relief	(93,215)	-
	Current tax charge	(166,081)	33,283
	Factors affecting the tax charge for the period		
	Loss on ordinary activities before taxation	(932,633)	(59,842)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	(279,790)	(17,953)
	Effects of:		
	Depreciation in excess of/(less than) capital allowances	(10,650)	19,938
	Tax losses utilised	-	34,611
	Amortisation of grants	-	(1,316)
	Adjustments to previous periods	-	(1,997)
	Unrelieved losses carried forward	124,359	-
		113,709	51,236
	Current tax charge	(166,081)	33,283

The Company has tax losses of approximately £410,000 carried forward at 31 December 2005 (2004: £nil). These losses can be cannot be relieved in future periods as the company's trade has ceased.

As the Company has unrelieved tax losses, the loss on termination on operations as shown on the face on the profit and loss account has not affected the Company's tax credit for the year.

SB ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

7 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2005	1,006,843	728,280	148,617	3,000	1,886,740
Additions	-	-	1,444	5,000	6,444
Revaluation	(326,843)	-	-	-	(326,843)
Disposals	-	(620,470)	(150,061)	(8,000)	(778,531)
At 31 December 2005	680,000	107,810	-	-	787,810
Depreciation					
At 1 January 2005	269,083	669,720	123,673	812	1,063,288
Revaluation	(324,284)	-	-	-	(324,284)
On disposals	-	(619,119)	(129,432)	(2,105)	(750,656)
Charge for the period	57,184	57,209	5,759	1,293	121,445
At 31 December 2005	1,983	107,810	-	-	109,793
Net book value					
At 31 December 2005	678,017	-	-	-	678,017
At 31 December 2004	737,760	58,560	24,944	2,188	823,452

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 January 2005 & at 31 December 2005	1,006,843
Depreciation based on cost	
At 1 January 2005	269,083
Charge for the period	83,118
At 31 December 2005	352,201
Net book value	
At 31 December 2005	654,642
At 31 December 2004	737,760

The company's freehold land and buildings were revalued as of July 2005 by Savills, Chartered Surveyors.

SB ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2005 & at 31 December 2005	1,402,578
Net book value	
At 31 December 2005	1,402,578
	<u> </u>
At 31 December 2004	1,402,578
	<u> </u>

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			
Veridian Marketing Limited	England and Wales	Ordinary	100.00
Ashcroft Nurseries Limited	England and Wales	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 £
	Principal activity		
Veridian Marketing Limited	Dormant	1,398,104	-
Ashcroft Nurseries Limited	Dormant	4,474	-
		<u> </u>	<u> </u>

9 Stocks

	2005 £	2004 £
Raw materials and consumables	-	325,487
	<u> </u>	<u> </u>

SB ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

10 Debtors	2005 £	2004 £
Trade debtors	78,007	1,025,994
Amounts owed by parent and fellow subsidiary undertakings	93,497	-
Corporation tax	72,866	-
Other debtors	13,759	-
Prepayments and accrued income	-	55,397
	<u>258,129</u>	<u>1,081,391</u>

11 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	1,048,538	-
Net obligations under hire purchase contracts	-	192
Trade creditors	202,629	574,945
Amounts owed to parent and fellow subsidiary undertakings	1,828,518	2,852,321
Taxes and social security costs	-	139,559
Other creditors	52,632	4,386
Accruals and deferred income	53,356	457,584
	<u>3,185,673</u>	<u>4,028,987</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company.

Net obligations under hire purchase contracts

Repayable within one year	-	192
Finance charges and interest allocated to future accounting periods	-	-
	<u>-</u>	<u>192</u>

12 Provisions for liabilities and charges

	Other £
Profit and loss account	60,438
Balance at 31 December 2005	<u>60,438</u>

The company has negotiated settlements with certain suppliers in respect of contractual arrangements. The above provision represents the directors' estimate of the costs that will be incurred.

SB ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

13 Accruals and deferred income

	Government grants £
Balance at 1 January 2005	21,927
Amortisation in the period	(21,927)
	<hr/>
Balance at 31 December 2005	-
	<hr/>

14 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the period	-	970
	<hr/>	<hr/>

15 Share capital

	2005 £	2004 £
Authorised		
100 Ordinary Shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
2 Ordinary Shares of £1 each	2	2
	<hr/>	<hr/>

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2005	(140,837)
Loss for the period	(766,552)
	<hr/>
Balance at 31 December 2005	(907,389)
	<hr/>

SB ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

17 Reconciliation of movements in shareholders' funds	2005 £	2004 £
Loss for the financial period	(766,552)	(93,125)
Opening shareholders' funds	(140,835)	(47,710)
Closing shareholders' funds	<u>(907,387)</u>	<u>(140,835)</u>

18 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	2005 £	Other 2004 £
Operating leases which expire: Between two and five years	<u>-</u>	<u>12,999</u>

19 Employees

Employment costs	2005 £	2004 £
Wages and salaries	544,112	1,029,045
Social security costs	12,419	37,403
Other pension costs	-	970
	<u>556,531</u>	<u>1,067,418</u>

20 Control

The ultimate UK parent company is Flamingo Holdings Limited, a company registered in England and Wales.

Flamingo Holdings Limited prepares group financial statements and copies can be obtained from Flamingo House, Cockerell Close, Stevenage, Hertfordshire SG1 2NP.

The ultimate controlling party is R G R Evans, one of the directors, who holds his interest via Mashiwa Limited, a company incorporated in Jersey.

21 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.