

CAMWOOD LIMITED

COMPANY NO. 3469812

ABBREVIATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2004



INDEPENDENT AUDITORS REPORT TO CAMWOOD LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 8, together with the financial statements of the company for the year ended 31st March 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with section 274B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state in a special 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, for our work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of my report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 8 are properly prepared in accordance with those provisions.

Bank House
129 High Street
Needham Market
IPSWICH
Suffolk IP6 8DH

Isles, Storer & Emsden
Isles, Storer & Emsden
Registered Auditors

26th January 2005

CAMWOOD LIMITED

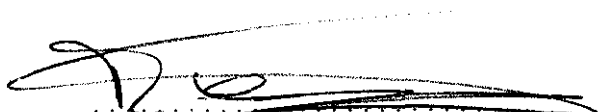
ABBREVIATED BALANCE SHEET

31ST MARCH 2004

	<u>Note</u>	<u>2004</u>	<u>2003</u>
		£	£
FIXED ASSETS			
Tangible assets	3	29,971	29,589
Investments	4	-	-
		-----	-----
		29,971	29,589
CURRENT ASSETS			
Deferred taxation	5	94,701	-
Stocks		2,044	21,687
Debtors		762,599	361,157
Cash at bank and in hand		167,406	442
		-----	-----
		1,026,750	383,286
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	413,844	470,202
		-----	-----
NET CURRENT ASSETS/(LIABILITIES)		612,906	(86,916)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		642,877	(57,327)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	7	861,408	-
PROVISIONS FOR LIABILITIES AND CHARGES		-	-
		-----	-----
NET LIABILITIES		(218,531)	(57,327)
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	9	166,445	100,000
Share premium account		404,016	-
Profit and loss account		(788,992)	(157,327)
		-----	-----
SHAREHOLDERS' FUNDS		(218,531)	(57,327)
		=====	=====

The accounts have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 30th July 2004


Mr M Welling Director

CAMWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2004

1. **ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous period, and have also been consistently applied within the same accounts.

(a) **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). The financial statements have been drawn up on a going concern basis as the debenture loans are not repayable until 19th September 2008 and the directors anticipate that there will be sufficient resources for their repayment at that time.

(b) **Depreciation**

Depreciation on fixed assets is provided at rates estimated to write off the cost less estimated residual value, of each asset over its expected useful life as follows:

Motor vehicles	- 25% reducing balance
Computers	- 25% reducing balance
Furniture and fittings	- 20% reducing balance

(c) **Stocks and Work in Progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks and work in progress to their present location and condition, including where appropriate, a proportion of overheads.

(d) **Turnover**

Turnover represents the invoiced value of goods and services provided net of value added tax.

(e) **Deferred taxation**

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

(f) **Research and Development**

Expenditure on research and development in respect of defined projects that comply with the requirements of SSAP 13 are written off against profits in the year the expenditure is incurred in accordance with industry standards and practice.

CAMWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2004 (Continued)

1. **ACCOUNTING POLICIES** (continued)

(g) Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

(h) Group Accounts

It is the policy of the company to take advantage of the exemptions conferred by the section 248 of the Companies Act 1985 from preparing group accounts. These financial statements therefore present information about the company only, and not about the group as a whole.

(i) Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

(j) Pension costs

The company operates a stakeholder pension scheme for the benefit of its employees. The funds of the scheme are administered by Trustees and are separate from the company. Any contributions made by the company are charged against profits on a payments basis.

(k) Capital instrument finance costs:

Finance costs in respect of equity and debt issues are dealt with on the following basis:

Equity share issues - charged in full to the profit and loss account and a subsequent transfer to share premium account.

Debenture loans - finance costs, including significant arrangement fees, charged to the profit and loss account over the term of the respective debenture loans.

2. **EXCEPTIONAL CHARGES TO THE PROFIT AND LOSS ACCOUNT**

Charges made to the profit and loss account include the following items which have had an impact upon the results for the year:

	<u>2004</u> £	<u>2003</u> £
Research and development	308,760	110,142
Finance costs charged in the year		
Equity issue	29,539	-
Debenture loans issue	16,655	-
	-----	-----
	354,954	110,142
Finance costs transferred to share premium account	(29,539)	-
	-----	-----
	325,415	110,142
	=====	=====

CAMWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2004 (Continued)

3. TANGIBLE FIXED ASSETS

	Total
Cost:	£
At 1 st April 2003	51,574
Additions	29,702
Disposals	(25,374)

At 31 st March 2004	55,902
	=====
Depreciation:	
At 1 st April 2003	21,985
Charge for the year	9,343
Disposals	(5,397)

At 31 st March 2004	25,931
	=====
Net Book Value:	
At 31 st March 2004	29,971
	=====
At 31 st March 2003	29,589
	=====

4. INVESTMENTS HELD AS FIXED ASSETS

	<u>2004</u>	<u>2003</u>
	£	£
Participating interests		
At cost	-	9,600
Addition	-	7,800
	-----	-----
	-	17,400
Written off in the year	-	(17,400)
	-----	-----
Net Book Value 31.3.2004	-	-
	=====	=====

Representing:

	<u>Country of</u> <u>Incorporation</u>	<u>Class of</u> <u>Shares held</u>	<u>Percentage holding</u> <u>of capital stock</u> <u>(Ordinary Shares)</u>	<u>Nature of</u> <u>Business</u>
Camwood Espana SL	Spain	Capital stock	75%	Dormant

Camwood Espana SL was incorporated on 23 September 2001, but has remained dormant for the period under review, and will not trade. Therefore the net book value at 31st March 2004 has been written down accordingly.

CAMWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2004 (Continued)

5.	DEFERRED TAXATION	<u>2004</u>	<u>2003</u>
		£	£
	Unrealised losses available for offset against future taxable profits at the standard rate of corporation tax.	94,701	-
		=====	===

This asset is dependent upon future profits and will not be receivable within one year.

6. **CREDITORS: AMOUNTS FALLING WITHIN ONE YEAR**

The following liabilities were secured:

	<u>Aggregate Amount Outstanding</u>	
	<u>2004</u>	<u>2003</u>
	£	£
Advance from debt factor	1,624	67,910

The advance from the debt factor company is secured by a debenture dated 7th March 2003, and a fixed and floating charge over the assets of the company.

7. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<u>2004</u>	<u>2003</u>
	£	£
Debenture loans	1,000,000	-
Less: finance costs attributable to future accounting periods	138,592	-
	-----	-----
Net debt	861,408	-
	=====	=====

The debenture loans are secured by fixed and floating charges. In accordance with the accounting policy, finance costs will be charged to the profit and loss account over the term of the debenture loans.

8.	BORROWINGS	<u>2004</u>	<u>2003</u>
		£	£
	Analysis of maturity of debt		
	Debenture loans		
	between two and five years	1,000,000	-
		=====	===

CAMWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2004 (Continued)

9. SHARE CAPITAL	2004		2003	
	<u>Number</u>	<u>Nominal Value £</u>	<u>Number</u>	<u>Nominal Value £</u>
Authorised Ordinary shares designated:				
Ordinary shares of £0.01 each (2003 £1 each)	78,355,500	783,555	1,000,000	1,000,000
"A" Ordinary shares of £0.01 each	6,644,500	66,445	-	-
Preferred Ordinary shares of £0.01 each	15,000,000	150,000	-	-
	-----	-----	-----	-----
	100,000,000	1,000,000	1,000,000	1,000,000
	=====	=====	=====	=====

The authorised share capital was sub-divided and re-categorised on 19th September 2003.

All classes of shares are equity shares and rank pari passu except as follows:

Preferred ordinary shares have a prior distribution of 1 pence in every 1000 pence available for distribution in respect of each and every income distribution.

Preferred Ordinary and 'A' Ordinary shares have an initial tranche right to capital distribution in the event of a sale of the company and a value maintenance mechanism in respect of any further issue of shares at a lower price.

Ordinary shares have a formulated second tranche right to capital distribution in the event of a sale of the company

	2004		2003	
	<u>Number</u>	<u>Nominal Value £</u>	<u>Number</u>	<u>Nominal Value £</u>
Called up, allotted and fully paid				
Ordinary shares of £0.01 each (2003: £1 each)	10,000,000	100,000	100,000	100,000
"A" Ordinary shares of £0.01 each	6,644,500	66,445	-	-
Preferred Ordinary shares of £0.01 each	-	-	-	-
	-----	-----	-----	-----
	16,644,500	166,445	100,000	100,000
	=====	=====	=====	=====

6,644,500 "A" Ordinary shares were issued on 19th September 2003 at £0.07525 per share which includes a premium of £0.06525

CAMWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2004 (Continued)

10. OPTIONS ON SHARE CAPITAL

	<u>2004</u>	Nominal	<u>2003</u>	Nominal
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
		£		£
The company has given the following options:				
Employees under an Enterprise Management Incentive scheme:				
Ordinary shares of £0.01 each (2003: £1 each)	553,680	5,537	1,310	1,310
Unapproved incentive scheme:				
Ordinary shares of £0.01 each	162,000	1,620	-	-
Other options:				
Ordinary shares of £0.01 each	1,119,000	11,190	-	-
	-----	-----	-----	-----
Total ordinary share options	1,834,680	18,347	1,310	1,310
Preferred ordinary shares of £0.01 each	4,227,100	42,471	-	-
	-----	-----	-----	-----
Total options	6,061,780	60,618	1,310	1,310
	=====	=====	=====	=====

At 31st March 2004 no options had been exercised (2003: Nil)

Options granted expire as follows:

Preferred ordinary shares		
within 1 year	4,227,100	42271
Ordinary shares		
within 5 years	1,119,000	11190
6 to 10 years	715,680	7157
	-----	-----
	6,061,780	60,618
	=====	=====

11. RELATED PARTY TRANSACTIONS

Directors Interest in Contracts

The company conducted trade on normal commercial terms with the following related parties in which the directors had a material interest:

<u>Related Party</u>	<u>Director</u>	<u>Detail</u>	Value of	<u>2004</u>	Value of	<u>2003</u>
			transactions	Outstanding 31.3.04	transactions	Outstanding 31.3.03
K Eaves	K Eaves	Sale of assets	-	-	(940)	-
J Pickup	J Pickup	Sale of assets	-	-	(1,581)	-
M Welling	M Welling	Sale of assets	-	-	(3,800)	(3,800)
Carayol Ltd	R Carayol	Director's fees	33,715	7,344	-	-
Musashi Partners	B Fisher	Director's fees	43,098	-	-	-
V C F Partners	D MacLennan	-Director's fees	8,750	-	-	-
		-Arrangement fees	37,500	-	-	-
Acorn Corporate Finance Limited	G Norfolk	-Raising finance	63,447	-	-	-
		-Directors fees	17,951	-	-	-