

AUDITORS' REPORT TO

JACOB JÜRGENSEN [UK] LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 6, together with the financial statements of Jacob Jürgensen [UK] Limited, prepared under s226 of the Companies Act 1985 for the year ended 31 December 2005.

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 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 the company's entitlement 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 considered necessary to confirm by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

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

Registered Auditor

22 February 2006

Chartered Accountants

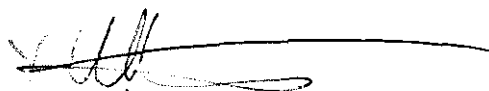


JACOB JÜRGENSEN [UK] LIMITED

ABBREVIATED BALANCE SHEET - 31 DECEMBER 2005

		2005		2004	
	Note	£	£	£	£
Tangible Fixed Assets	2		4,526		10,052
Current Assets					
Stocks		734,640		413,659	
Trade debtors		228,374		379,218	
Other debtors		4,182		7,354	
Prepayments and accrued income		332,907		2,994	
Cash at bank		17,145		60,666	
Cash in hand		492		408	
		<u>1,317,740</u>		<u>864,299</u>	
Creditors: amounts falling due within one year		<u>1,126,836</u>		<u>729,462</u>	
Net Current Assets			190,904		134,837
			<u>195,430</u>		<u>144,889</u>
Provision for Liabilities					
Deferred taxation			-		-
			<u>195,430</u>		<u>144,889</u>
			=====		=====
Capital and Reserves					
Called up share capital	3		50,000		50,000
Profit and loss account			145,430		94,889
Shareholders' Funds – equity interests			<u>195,430</u>		<u>144,889</u>
			=====		=====

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective January 2006). Approved by the Board on 22 February 2006

Directors:

JACOB JÜRGENSEN [UK] LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1 Accounting Policies

a Basis of Accounting

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

b Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

c Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life:-

Office equipment	25% - 50% on reducing balance
Fixtures and fittings	15% - 30% on reducing balance
Computer equipment	25% on cost
Computer software	50% on cost
Motor vehicles	33% on straight line

d Stocks

Stock is valued at the lower of cost and net realisable value.

e Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences.

f Leases and Hire Purchase Contracts

Payments under operating leases are charged to the profit and loss account in the year in which they are incurred. Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets over their estimated useful economic lives or, if shorter the lease term. The related obligation, net of future charges, are included in creditors falling due within and after more than one year. The interest element of repayments of finance leases and hire purchase contracts is charged to the profit and loss account over the duration of the lease and represents a constant proportion of the capital balance outstanding, so as to produce a constant periodic rate of charge on the net obligations outstanding in each period.

JACOB JÜRGENSEN [UK] LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1 Accounting Policies [continued]

g Pension Scheme

The company operates a defined contributions scheme. Pension contributions are charged against profit under the accruals basis. The number of directors for whom pension contributions were made is one (2004 one).

h Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2 Tangible Fixed Assets

	Equipment	Office Fittings	Fixtures and Equipment	Computer Software	Computer Total	
	£	£	£	£	£	£
Cost						
At 1 January 2005	8,140	295	12,491	6,513	27,439	
Additions	1,475	-	3,837	1,104	6,416	
Disposals	-	-	(3,787)	(1,038)	(4,825)	
At 31 December 2005	<u>9,615</u>	<u>295</u>	<u>12,541</u>	<u>6,579</u>	<u>29,030</u>	
	=====	===	=====	=====	=====	
Accumulated Depreciation						
At 1 January 2005	3,917	12	8,063	5,395	17,387	
Charge for the year	4,693	283	4,659	1,444	11,079	
Eliminated on disposals	-	-	(2,924)	(1,038)	(3,962)	
At 31 December 2005	<u>8,610</u>	<u>295</u>	<u>9,798</u>	<u>5,801</u>	<u>24,504</u>	
	=====	===	=====	=====	=====	
Net Book Value						
At 31 December 2005	<u>1,005</u>	<u>-</u>	<u>2,743</u>	<u>778</u>	<u>4,526</u>	
	=====	===	=====	=====	=====	
At 31 December 2004	<u>4,223</u>	<u>283</u>	<u>4,428</u>	<u>1,118</u>	<u>10,052</u>	
	=====	===	=====	=====	=====	

JACOB JÜRGENSEN [UK] LIMITED
NOTES TO THE FINANCIAL STATEMENTS

[Continued]

YEAR ENDED 31 DECEMBER 2005

3 Called Up Share Capital

Authorised	£	£
50,000 ordinary shares of £1 each	50,000 =====	50,000 =====
Allotted, issued and fully paid		
50,000 ordinary shares of £1 each	50,000 =====	50,000 =====

4 Movement on Reserves

	2005 Profit and Loss Account	2004 Profit and Loss Account
Retained profit brought forward	94,889	93,292
Profit for the year	50,541	1,597
Retained profit carried forward	145,430 =====	94,889 =====

5 Controlling Party and Ultimate Holding Company

The company is a subsidiary of Jacob Jürgensen Papier und Zellstoff GmbH, a company registered in Germany.

Messrs S Prodöhl, W E Wroldsen and A Francke, together with Messrs A von Muller and A Francke as Managing Directors of Jacob Jürgensen GmbH & Co KG, act together as the controlling party by reason of their controlling interest in the shares of Jacob Jürgensen Papier und Zellstoff GmbH.