

COMPANIES REGISTRY COPY

**Aspenmill Limited
Financial Statements
For the year ended
31 December 2003**

Company Registration Number 4206335



Aspenmill Limited

Financial Statements

Year ended 31 December 2003

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Aspenmill Limited

Company Information

The Board of Directors

Mr P. Shalson
Mr S. J. Pollins

Company Secretary

Mr J. Menell

Registered Office

Lanmor House
370/386 High Road
Wembley
Middlesex
HA9 6AX

Auditors

Landau Morley
Chartered Accountants
& Registered Auditors
Lanmor House
370/386 High Road
Wembley
Middlesex HA9 6AX

Bankers

Lloyds TSB
26 Upper Brook Street
London
W1Y 1PD

Aspenmill Limited

The Directors' Report

Year ended 31 December 2003

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

Principal Activities and Review of the Business

The principal activity of the company continued to that of providers of loan finance.

Future Developments

In the years immediately ahead the directors believe that there is considerable scope for the further development of the existing activities of the company.

Results and Dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Mr P. Shalson

Mr D. Wolinsky

Mr S. J. Pollins was appointed as a director on 5 July 2004.

Mr D. Wolinsky resigned as a director on 5 July 2004.

Mr. P. Shalson has 2 shares in the ultimate parent undertaking, SGI Limited, which represents a 100% shareholding.

Directors' Responsibilities

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 Companies Act 1985. The directors 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.

Aspenmill Limited

The Directors' Report *(continued)*

Year ended 31 December 2003

Auditors

A resolution to re-appoint Landau Morley as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



Mr S. Pollins
Director

Approved by the directors on 28.10.2004

Aspenmill Limited

Independent Auditors' Report to the Shareholders of Aspenmill Limited

Year ended 31 December 2003

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are 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 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 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 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 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 as at 31 December 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Lanmor House
370/386 High Road
Wembley
Middlesex HA9 6AX

28.10.04

LANDAU MORLEY
Chartered Accountants
& Registered Auditors

Aspenmill Limited**Profit and Loss Account****Year ended 31 December 2003**

	Note	2003 £	2002 £
Turnover	2	20,000	20,000
Operating costs		26,222	27,248
Operating Loss	3	(6,222)	(7,248)
Interest receivable		37,110	51,069
Interest payable	5	(38,843)	(52,865)
Loss on Ordinary Activities Before Taxation		(7,955)	(9,044)
Tax on loss on ordinary activities	6	—	—
Loss for the Financial Year		(7,955)	(9,044)
Balance brought forward		(21,513)	(12,469)
Balance carried forward		<u>(29,468)</u>	<u>(21,513)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

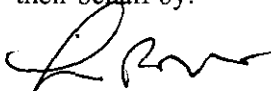
Aspenmill Limited

Balance Sheet

31 December 2003

	Note	2003 £	£	2002 £	£
Current Assets					
Debtors	7	126,890		1,067,909	
Cash at bank		32,028		41	
		<u>158,918</u>		<u>1,067,950</u>	
Creditors: Amounts Falling due Within One Year	8	<u>188,286</u>		<u>98,113</u>	
Net Current (Liabilities)/Assets			(29,368)		969,837
Total Assets Less Current Liabilities			(29,368)		969,837
Creditors: Amounts Falling due after More than One Year	9		-		991,250
			<u>(29,368)</u>		<u>(21,413)</u>
Capital and Reserves					
Called-up equity share capital	11		100		100
Profit and loss account			(29,468)		(21,513)
Deficiency	12		<u>(29,368)</u>		<u>(21,413)</u>

These financial statements were approved by the directors on the 28.10.2004 and are signed on their behalf by:



Mr S. Pollins
Director

Aspenmill Limited

Cash Flow Statement

Year ended 31 December 2003

		2003	2002
	Note	£	£
Net Cash Inflow/(Outflow) From Operating Activities	13	1,080,201	(109,602)
Returns on Investments and Servicing of Finance	13	(56,964)	(78,923)
Cash Inflow/(Outflow) Before Financing		1,023,237	(188,525)
Financing	13	(991,250)	188,500
Increase/(Decrease) in Cash	13	31,987	(25)

The notes on pages 8 to 11 form part of these financial statements.

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2003

1. Accounting Policies

Basis of Accounting

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

Turnover

Turnover is the total amount of fees receivable by the company for the provision of finance.

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 have accrued at the date that will result in an obligation to pay more, or a right to pay less, or to receive more, tax.

No provision has been made in respect of deferred tax as there are unlikely to be any timing differences in the foreseeable future.

Going Concern

The Financial Statements have been prepared on a going concern basis as support will be forthcoming from the ultimate parent undertaking to enable the company to pay its debts as they fall due and continue trading.

2. Turnover

The turnover and loss before tax were derived from the company's principal activity which was carried out wholly in the United Kingdom.

3. Operating Loss

Operating loss is stated after charging:

	2003 £	2002 £
Auditors' remuneration		
- as auditors	<u>1,175</u>	<u>1,175</u>

4. Particulars of Employees

No salaries or wages have been paid to employees, including the directors, during the year.

5. Interest Payable

	2003 £	2002 £
Interest payable on bank borrowing	<u>38,843</u>	<u>52,865</u>

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2003

6. Taxation on Ordinary Activities

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003	2002
	£	£
Loss on ordinary activities before taxation	(7,955)	(9,044)
Profit/(loss) on ordinary activities by rate of tax	(2,858)	(2,713)
Losses carried forward	—	2,713
Group relief	2,858	—
Total current tax	—	—

7. Debtors

	2003	2002
	£	£
Trade debtors	26,250	40,000
Amounts owed by group undertakings	—	957,500
Prepayments and accrued income	100,640	70,409
	126,890	1,067,909

Trade debtors, amounts owed by group undertakings and prepayments and accrued income comprise amounts due from a fellow subsidiary, Tigerlink Limited.

8. Creditors: Amounts Falling due Within One Year

	2003	2002
	£	£
Amounts owed to group undertakings	160,936	68,540
Accruals and deferred income	27,350	29,573
	188,286	98,113

Amounts owed to group undertakings consist of amounts owed to the parent undertaking, SGI Limited

9. Creditors: Amounts Falling due after More than One Year

	2003	2002
	£	£
Bank loans and overdrafts	—	991,250

10. Related Party Transactions

The company is controlled by Mr. P. Shalson.

During the year the company received interest of £37,103 (2002: £51,069) from Tigerlink Limited, a fellow subsidiary undertaking.

Turnover comprises an amount of £20,000 (2002: £20,000) from Tigerlink Limited.

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2003

11. Share Capital

Authorised share capital:

	2003	2002
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

12. Reconciliation of Movements in Shareholders' Funds

	2003	2002
	£	£
Loss for the financial year	(7,955)	(9,044)
Opening shareholders' equity deficit	<u>(21,413)</u>	<u>(12,369)</u>
Closing shareholders' equity deficit	<u>(29,368)</u>	<u>(21,413)</u>

13. Notes to the Statement of Cash Flows

Reconciliation of Operating Loss to Net Cash Inflow/(Outflow) From Operating Activities

	2003	2002
	£	£
Operating loss	(6,222)	(7,248)
Interest payable	25,000	26,058
Decrease/(increase) in debtors	971,250	(207,500)
Increase in creditors	90,173	79,088
Net cash inflow/(outflow) from operating activities	<u>1,080,201</u>	<u>(109,602)</u>

Returns on Investments and Servicing of Finance

	2003	2002
	£	£
Interest received	6,879	-
Interest paid	<u>(63,843)</u>	<u>(78,923)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(56,964)</u>	<u>(78,923)</u>

Financing

	2003	2002
	£	£
Repayment of bank loans	<u>(991,250)</u>	<u>188,500</u>
Net cash (outflow)/inflow from financing	<u>(991,250)</u>	<u>188,500</u>

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2003

13. Notes to the Statement of Cash Flows *(continued)*

Reconciliation of Net Cash Flow to Movement in Net Funds

	2003		2002	
	£	£	£	£
Increase/(decrease) in cash in the period	31,987		(25)	
Net cash outflow from/(inflow) from bank loans	991,250		(188,500)	
		1,023,237		(188,525)
Change in net funds		1,023,237		(188,525)
Net debt at 1 January 2003		(991,209)		(802,684)
Net funds at 31 December 2003		32,028		(991,209)

Analysis of Changes in Net Funds

	At 1 Jan 2003	Cash flows	At 31 Dec 2003
	£	£	£
Net cash:			
Cash in hand and at bank	41	31,987	32,028
Debt:			
Debt due after 1 year	(991,250)	991,250	—
Net funds	(991,209)	1,023,237	32,028

14. Ultimate Parent Company

The ultimate parent undertaking, SGI Limited, owns 100% of the company, being 100 ordinary shares of £1 each. SGI Limited is registered in England, is an investment holding company and trades as management consultants.