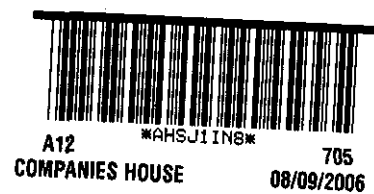


4287995

## **Hamsard 2386 Limited**

### **Report and Financial Statements**

31 March 2006



Hamsard 2386 Limited

Registered No. 04287995

**Directors**

R P Graham-Adriani  
N Bamford

**Secretary**

A Ventrella

**Auditors**

Ernst & Young LLP  
City Gate West  
Toll House Hill  
Nottingham NG1 5FY

**Registered Office**

Falcon Works  
PO Box 7713  
Meadow Lane  
Loughborough  
Leicestershire  
LE11 1ZF

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2006.

### Results and dividends

The audited financial statements for the year ended 31 March 2006 are set out on pages 7 to 11. The retained profit for the year after taxation amounted to US\$2,229,000 (2005: US\$414,000) and has been transferred to the profit and loss account reserve.

The directors do not recommend the payment of a dividend for the year.

### Principal activity and review of the business

The company's principal activity remained that of a finance company.

The company has not traded during the year but receives interest from loan arrangements with other group undertakings.

The directors do not expect the company to commence trading in the foreseeable future.

### Directors and their interests

The directors who served during the year ended 31 March 2006 and thereafter are as listed on page 1.

No director had any interests in the shares of the company at 31 March 2006.

N Bamford was also a director of the ultimate parent undertaking, and his interests in the shares of that company are disclosed in that company's financial statements.

The interests of the remaining directors that served during the year in the shares of the ultimate parent undertaking are set out below:

<i>Ordinary 10p shares</i>				<i>2006</i>	<i>2005</i>
				<i>No.</i>	<i>No.</i>
R P Graham-Adriani				-	-
				<hr/>	<hr/>
<i>Executive share option scheme</i>	<i>1 April</i>	<i>Granted</i>	<i>Exercised</i>	<i>Lapsed</i>	<i>31 March</i>
	<i>2005</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>2006</i>
	<i>No.</i>				<i>No.</i>
R P Graham-Adriani	90,000	30,000	-	-	120,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All options granted in the year were at an option price of 103.35 pence per share.

<i>SAYE share option scheme</i>	<i>1 April</i>	<i>Granted</i>	<i>Exercised</i>	<i>Lapsed</i>	<i>31 March</i>
	<i>2005</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>2006</i>
	<i>No.</i>				<i>No.</i>
R P Graham-Adriani	26,541	-	-	-	26,541
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Directors' report (continued)

### Directors and their interests (continued)

Options in existence at 31 March 2006 are exercisable between 2006 and 2015 at prices of 140 pence, 77 pence and 60 pence per share.

The market price of the ordinary shares of FKI plc at 31 March 2006 was 126 pence (2005: 106.25 pence) and the range during the year was 90.25 pence to 127.25 pence (2005: 105 pence to 137.5 pence).

All interests shown above are beneficial.

### Long term incentive plan (LTIP)

During the year, R P Graham-Adriani was not a participant in the Long Term Incentive Plan.

There are no other interests required to be disclosed under section 234 of the Companies Act 1985.

### Directors' Liabilities

FKI plc, the ultimate parent undertaking, has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year.

### Auditors

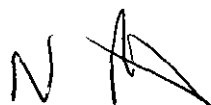
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board



N Bamford  
Director

Date: 11 August 2006

## **Statement of directors' responsibilities in relation to the financial statements**

The directors are responsible for preparing the Annual Report and 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; and
- 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. 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 Hamsard 2386 Limited**

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared on the basis of 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 directors and auditors**

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

## **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 judgments 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.

# Independent auditors' report

to the members of Hamsard 2386 Limited (continued)

## 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 March 2006 and of its profit for the year then ended; the financial statements have been properly prepared in accordance with the Companies Act 1985; and the information given in the directors' report is consistent with the financial statements.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Nottingham

Date: *6<sup>th</sup> September 2006.*

## Profit and loss account

for the year ended 31 March 2006

	Notes	2006 US\$000	2005 US\$000
Interest receivable	3	2,229	414
<b>Profit on ordinary activities before taxation</b>		<u>2,229</u>	<u>414</u>
Tax on profit on ordinary activities	4	—	—
<b>Retained profit for the financial year</b>	7	<u>2,229</u>	<u>414</u>

### Statement of total recognised gains and losses

There were no recognised gains and losses for the year other than the profit for the financial year and accordingly no statement of total recognised gains and losses has been prepared.

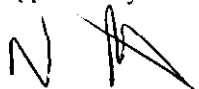


## Balance sheet

at 31 March 2006

	Notes	2006 US\$000	2005 US\$000
<b>Current assets</b>			
Debtors	5	352,358	59,013
<b>Net assets</b>		<u>352,358</u>	<u>59,013</u>
<b>Capital and reserves</b>			
Called up share capital	6	349,506	58,390
Profit and loss account	7	2,852	623
<b>Shareholders' funds – equity</b>	7	<u>352,358</u>	<u>59,013</u>

Approved by the Board and signed on its behalf by:



N Bamford  
Director

Date: 11 August 2006

## Notes to the financial statements

at 31 March 2006

### 1. Accounting policies

#### Basis of preparation

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

#### Statement of cash flows

Under the provisions of FRS 1 "Cash flow statements (Revised 1996)", the company has not prepared a statement of cash flows because its ultimate parent undertaking, FKI plc, has prepared consolidated financial statements which include the financial statements of the company and which contain a statement of cash flows.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted by the balance sheet date.

#### Foreign currencies

The company's functional currency is the US dollar. Transactions denominated in other currencies are translated into dollars at the rate of exchange ruling on the date of the transaction. Balances denominated in other currencies are translated into dollars at the exchange rate ruling on the balance sheet date. The resulting exchange differences are included in the profit and loss account for the year.

### 2. Directors emoluments, staff costs and auditors' remuneration

The directors received no remuneration for their services to the company during the year (2005: £nil).

The emoluments of N Bamford, R Graham-Adriani have been borne by FKI plc, the ultimate parent undertaking. The directors of the company are also directors of a number of the companies within the FKI group. The directors' services to the company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 March 2006 and 31 March 2005.

There were no staff employed other than directors (2005: none).

The audit fee in 2005 and 2006 was borne by the parent undertaking.

### 3. Interest receivable

	2006 US\$000	2005 US\$000
From fellow subsidiary undertakings	2,229	414

## Notes to the financial statements

at 31 March 2006

### 4. Tax on profit on ordinary activities

The tax assessed for the year is lower than the standard rate of corporation tax in the UK as explained below:

	2006 US\$000	2005 US\$000
Profit on ordinary activities before taxation	2,229	414
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	668	124
Effects of: Group relief from parent for nil consideration	(668)	(124)
Current tax charge for the year	-	-

### 5. Debtors

	2006 US\$000	2005 US\$000
Amounts owed by fellow subsidiary undertaking	352,358	59,013
	352,358	59,013

## Notes to the financial statements

at 31 March 2006

### 6. Share Capital

<i>Authorised</i>	<i>2006</i>		<i>2005</i>	
	<i>US\$000</i>		<i>US\$000</i>	
10 million ordinary shares of US\$100 each	1,000,000		1,000,000	
One deferred share of US\$1	—		—	
	<hr/>		<hr/>	
<i>Allotted</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>No.</i>	<i>No.</i>	<i>US\$000</i>	<i>US\$000</i>
Ordinary shares of US\$100 each	3,495,065	3,495,065	349,506	349,506
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Called up and fully paid</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>No.</i>	<i>No.</i>	<i>US\$000</i>	<i>US\$000</i>
Ordinary shares of US\$100 each	3,495,065	3,495,065	349,506	58,390
	<hr/>	<hr/>	<hr/>	<hr/>

### 7. Reconciliation of shareholders' funds and movement on reserves

	<i>Share Capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
At 1 April 2005			
Retained profit for the financial year	58,390	623	59,013
Adjustment to share capital	—	2,229	2,229
	291,116	—	291,116
At 31 March 2006	<hr/>	<hr/>	<hr/>
	349,506	2,852	352,358

The adjustment to share capital relates to payments made by original subscribers to the shares in accordance with the Companies Act 1985.

### 8. Contingent liabilities

As part of a group debt arrangement, the company has entered into a multilateral cross guarantee in respect of group borrowings.

### 9. Related party transactions

The company is a wholly owned subsidiary of FKI plc, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the FKI group.

### 10. Ultimate parent undertaking

The directors regard FKI plc, a company incorporated in Great Britain and registered in England and Wales, as the company's ultimate parent undertaking and controlling party.

FKI plc is the parent undertaking of the largest group of which Hamsard 2386 Limited is a member and for which group financial statements are drawn up. Copies of the financial statements of FKI plc are available from the Company Secretary, FKI plc, Falcon Works, PO Box 7713, Meadow Lane, Loughborough, Leicestershire, LE11 1ZF.