

TANKNOLOGY (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2003

ENSORS

Chartered Accountants & Registered Auditors
1 Gainsborough Road
Felixstowe
IP11 7HT



TANKNOLOGY (UK) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

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

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the testing of underground fuel storage tanks.

DIRECTORS

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

J F Ward
W D Hill
P A Butson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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.

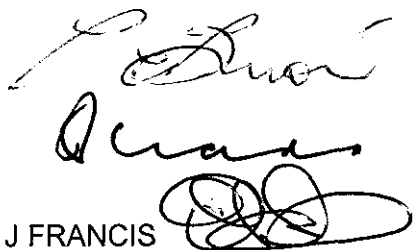
In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 6 to 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements 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.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



D J FRANCIS
Company Secretary

Approved by the directors on5.2.04

TANKNOLOGY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

YEAR ENDED 31 MARCH 2003

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 6 to 7.

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder 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.

TANKNOLOGY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER *(continued)*

YEAR ENDED 31 MARCH 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



ENSORS
Chartered Accountants
& Registered Auditors

1 Gainsborough Road
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IP11 7HT

9 February 2004

TANKNOLOGY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
TURNOVER		391,893	376,804
Cost of sales		<u>1,727</u>	<u>6,438</u>
GROSS PROFIT		390,166	370,366
Distribution Costs		<u>48,035</u>	51,385
Administrative expenses		<u>360,280</u>	<u>325,435</u>
OPERATING LOSS	2	(18,149)	(6,454)
Loss on sale of investments		<u>(55,128)</u>	<u>(46,691)</u>
		(73,277)	(53,145)
Income from fixed asset investments	3	5,743	4,053
Interest receivable		215	501
Interest payable and similar charges		<u>(1,088)</u>	<u>(1,990)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(68,407)	(50,581)
Tax on loss on ordinary activities		<u>-</u>	<u>50</u>
LOSS FOR THE FINANCIAL YEAR		(68,407)	<u>(50,631)</u>

The notes on pages 6 to 10 form part of these financial statements.

TANKNOLOGY (UK) LIMITED

BALANCE SHEET

31 MARCH 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	4	—	26,489
Tangible assets	5	20,672	41,245
Investments	6	234,823	282,054
		<u>255,495</u>	<u>349,788</u>
CURRENT ASSETS			
Debtors	7	79,284	110,761
Cash at bank		57,210	37,749
		<u>136,494</u>	<u>148,510</u>
CREDITORS: Amounts falling due within one year	8	681,312	719,214
NET CURRENT LIABILITIES		<u>(544,818)</u>	<u>(570,704)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(289,323)</u>	<u>(220,916)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	2	2
Profit and loss account	12	(289,325)	(220,918)
DEFICIENCY		<u>(289,323)</u>	<u>(220,916)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 5.2.04 and are signed on their behalf by:



J F WARD



The notes on pages 6 to 10 form part of these financial statements.

TANKNOLOGY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

Basis of accounting

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 company meets its day to day working capital requirements through funding by Hokonui Investments Limited, the parent company (note 10). The parent intends to continue the funding. Accordingly the financial statements have been prepared under the going concern basis which assumes the continuation of this support.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Intangible assets

Intangible assets comprise a licence to operate in the United Kingdom. It is shown at cost. The licence is amortised through the profit and loss account in equal instalments over its initial duration.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Licence - over 3 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 25% straight line
Fixtures & Fittings	- 20% reducing balance
Motor Vehicles	- 25% straight line
Equipment	- 25% straight line

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

TANKNOLOGY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates 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 profit.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

2. OPERATING LOSS

Operating loss is stated after charging:

	2003 £	2002 £
Directors' emoluments	—	—
Amortisation	26,489	48,012
Depreciation of owned fixed assets	15,660	15,111
Depreciation of assets held under hire purchase agreements	6,672	6,673
Auditors' fees	1,950	1,900

3. INCOME FROM FIXED ASSET INVESTMENTS

	2003 £	2002 £
Dividends receivable	5,743	4,053

TANKNOLOGY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

4. INTANGIBLE FIXED ASSETS

	Licence £
COST	
At 1 April 2002 and 31 March 2003	<u>144,025</u>
AMORTISATION	
At 1 April 2002	117,536
Charge for the year	<u>26,489</u>
At 31 March 2003	<u>144,025</u>
NET BOOK VALUE	
At 31 March 2003	<u>—</u>
At 31 March 2002	<u>26,489</u>

5. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 April 2002	69,154	1,609	7,642	10,387	88,792
Additions	<u>853</u>	<u>290</u>	<u>—</u>	<u>616</u>	<u>1,759</u>
At 31 March 2003	<u>70,007</u>	<u>1,899</u>	<u>7,642</u>	<u>11,003</u>	<u>90,551</u>
DEPRECIATION					
At 1 April 2002	40,319	676	2,707	3,845	47,547
Charge for the year	<u>16,022</u>	<u>238</u>	<u>3,371</u>	<u>2,701</u>	<u>22,332</u>
At 31 March 2003	<u>56,341</u>	<u>914</u>	<u>6,078</u>	<u>6,546</u>	<u>69,879</u>
NET BOOK VALUE					
At 31 March 2003	<u>13,666</u>	<u>985</u>	<u>1,564</u>	<u>4,457</u>	<u>20,672</u>
At 31 March 2002	<u>28,835</u>	<u>933</u>	<u>4,935</u>	<u>6,542</u>	<u>41,245</u>

Hire purchase agreements

Included within the net book value of £20,672 is £10,010 (2002 - £16,682) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £6,672 (2002 - £6,673).

TANKNOLOGY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

6. INVESTMENTS

	Listed £
COST	
At 1 April 2002	282,054
Additions	128,213
Disposals	(175,444)
At 31 March 2003	<u>234,823</u>
 NET BOOK VALUE	
At 31 March 2003	<u>234,823</u>
At 31 March 2002	<u>282,054</u>

At 31 March 2003 the market value of listed investments (all of which are listed on a recognised investment exchange in Great Britain) was £77,625.

7. DEBTORS

	2003 £	2002 £
Trade debtors	74,059	105,972
Other debtors	1,274	—
Prepayments and accrued income	3,951	4,789
	<u>79,284</u>	<u>110,761</u>

8. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	5,301	11,207
Amounts owed to group undertakings	642,968	649,968
Corporation tax	—	50
PAYE and social security	5,241	7,022
VAT	9,138	15,249
Hire purchase agreements	2,736	7,760
Loan	—	2,565
Other creditors	2,273	—
Accruals and deferred income	13,655	25,393
	<u>681,312</u>	<u>719,214</u>

TANKNOLOGY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

9. DEFERRED TAXATION

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	1,410	(1,039)
Tax losses available	28,532	23,246
	<u>29,942</u>	<u>22,207</u>

10. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Hokonui Investments Limited (a company incorporated in New Zealand).

The Company traded with Hokonui Investments Limited

The amount of transactions was as follows:-

	£
Services received from Hokonui Investments Limited	23,000

At 31 March 2003 £642,968 was owed by the company to Hokonui Investments Limited.

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>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12. PROFIT AND LOSS ACCOUNT

	2003 £	2002 £
Balance brought forward	(220,918)	(170,287)
Accumulated loss for the financial year	<u>(68,407)</u>	<u>(50,631)</u>
Balance carried forward	<u>(289,325)</u>	<u>(220,918)</u>

13. ULTIMATE PARENT COMPANY

The ultimate parent company is Amtex Corporation Limited (a company incorporated in New Zealand).