

Company No. 3997854 (England and Wales)

**VERDOSO HOLDINGS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2003**



# **VERDOSO HOLDINGS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2003**

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# **VERDOSO HOLDINGS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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**The board of directors**

F Ullmann - Hamon  
C Ullmann - Hamon

**Company secretary**

C Ullmann - Hamon

**Registered office**

Pinnacle House  
17-25 Hartfield Road  
Wimbledon  
London  
SW19 3SE

**Auditors**

Windsor Stebbing Marsh  
Chartered Accountants  
& Registered Auditors  
Pinnacle House  
17-25 Hartfield Road  
Wimbledon  
London  
SW19 3SE

# **VERDOSO HOLDINGS LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 30 SEPTEMBER 2003**

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The directors present their report and the financial statements of the company for the year ended 30 September 2003.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was investment and management of subsidiary companies.

### **DIRECTORS**

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

R M Cullinan  
F Ullmann - Hamon  
I McGillivray

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

The financial statements are available for inspection at:

Verdoso Investments SA  
287 - 289 Route d'Arlon  
L1150 Luxembourg

I McGillivray retired as a director on 31 October 2002.  
C Ullmann - Hamon was appointed as a director on 23 October 2003.  
R M Cullinan retired as a director on 21 October 2003.

### **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 9, 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.

### **AUDITORS**

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

# VERDOSO HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2003

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## 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

C ULLMANN - HAMON  
Company Secretary



22.2.2004

Approved by the directors on ..... 22.2.2004

# **VERDOSO HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**

**YEAR ENDED 30 SEPTEMBER 2003**

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We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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.

# VERDOSO HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 30 SEPTEMBER 2003

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### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



WINDSOR STEBBING MARSH  
Chartered Accountants  
& Registered Auditors

Pinnacle House  
17-25 Hartfield Road  
Wimbledon  
London  
SW19 3SE

6 Feb 2004

# VERDOSO HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2003

	Note	2003 €	2002 (restated) €
<b>TURNOVER</b>		—	—
Administrative expenses		(3,375,171)	(1,863,938)
Other operating income		—	8,009
<b>OPERATING LOSS</b>	<b>2</b>	<b>(3,375,171)</b>	<b>(1,855,929)</b>
Interest receivable	<b>5</b>	<b>1,530,344</b>	<b>1,300,017</b>
Loss on disposal of investments	<b>6</b>	—	(7,521)
Interest payable and similar charges		(143)	(3)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,844,970)</b>	<b>(563,436)</b>
Tax on loss on ordinary activities	<b>7</b>	<b>(20,337)</b>	—
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(1,865,307)</u></b>	<b><u>(563,436)</u></b>

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

The notes on pages 9 to 15 form part of these financial statements.



# VERDOSO HOLDINGS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 SEPTEMBER 2003

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	2003	2002 (restated)
	€	€
Loss for the financial year attributable to the shareholders	(1,865,307)	(563,436)
Total recognised gains and losses relating to the year	<u>(1,865,307)</u>	<u>(563,436)</u>
Prior year adjustment (see note 8)	<u>682,133</u>	
Total gains and losses recognised since the last annual report	<u>(1,183,174)</u>	

The notes on pages 9 to 15 form part of these financial statements.

# VERDOSO HOLDINGS LIMITED

## BALANCE SHEET

30 SEPTEMBER 2003

	Note	2003		2002 (restated)	
		€	€	€	€
<b>FIXED ASSETS</b>					
Investments	9		13,414,714		7,648,600
<b>CURRENT ASSETS</b>					
Debtors	10	342,526		1,853,988	
Cash at bank		33,065,992		40,223,773	
		33,408,518		42,077,761	
<b>CREDITORS: Amounts falling due within one year</b>	11	160,296		1,198,118	
<b>NET CURRENT ASSETS</b>			33,248,222		40,879,643
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			46,662,936		48,528,243
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	14		51,735,352		51,735,352
Profit and loss account			(5,072,416)		(3,207,109)
<b>SHAREHOLDERS' FUNDS</b>	16		46,662,936		48,528,243

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 13/10/03 and are signed on their behalf by:

  
F ULLMANN - HAMON

The notes on pages 9 to 15 form part of these financial statements.

# **VERDOSO HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2003**

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### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

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

The financial statements have also been prepared in accordance with applicable accounting standards.

#### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **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.

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### **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 occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

#### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non monetary balances are translated at the rate ruling when they are brought into the accounts and are then carried in local currency. Transactions in foreign currencies are translated into sterling at the average rate of exchange ruling throughout the year. Exchange differences are taken into account in arriving at the operating profit.

# VERDOSO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2003	2002 (restated)
	€	€
Directors' emoluments	226,531	1,261,113
Profit on disposal of fixed assets	—	(3,205,095)
Auditors' fees	2,526	3,204
Operating lease costs:		
Land and buildings	—	16,196
Plant and equipment	—	5,767
Vehicles	—	3,704
Net loss on foreign currency translation	<u>2,281,409</u>	<u>664,347</u>

### 3. PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were:

	2003	2002 (restated)
	€	€
Wages and salaries	617,435	2,987,432
Social security costs	39,468	227,675
Pensions paid to former employees	—	13,636
	<u>656,903</u>	<u>3,228,743</u>

### 4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002 (restated)
	€	€
Aggregate emoluments	226,531	1,261,112
Value of company pension contributions to money purchase schemes	—	13,637
	<u>226,531</u>	<u>1,274,749</u>

Emoluments of highest paid director:

	2003	2002 (restated)
	€	€
Total emoluments (excluding pension contributions):	226,531	1,012,374
Value of company pension contributions to money purchase schemes	—	4,806
	<u>226,531</u>	<u>1,017,180</u>

# VERDOSO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 4. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003	2002 <i>(restated)</i>
	No	No
Money purchase schemes	<u>2</u>	<u>—</u>

### 5. INTEREST RECEIVABLE

	2003	2002 <i>(restated)</i>
	€	€
Bank interest receivable	935,953	962,117
Other loan interest receivable	85,688	3,932
Interest from group undertakings	508,703	333,968
	<u>1,530,344</u>	<u>1,300,017</u>

### 6. LOSS ON DISPOSAL OF INVESTMENTS

	2003	2002 <i>(restated)</i>
	€	€
Amount written off investments	<u>—</u>	<u>7,521</u>

### 7. TAX ON LOSS ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2003	2002 <i>(restated)</i>
	€	€
Current tax:		
Corporation tax	—	—
Over/under provision in prior year	20,337	—
Total current tax	<u>20,337</u>	<u>—</u>

# VERDOSO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 7. TAX ON LOSS ON ORDINARY ACTIVITIES *(continued)*

#### (b) 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 <i>(restated)</i> €
Loss on ordinary activities before taxation	(1,844,970)	(563,436)
Profit on ordinary activities by rate of tax	(553,491)	(169,031)
Profit on disposal of fixed assets	—	(961,528)
Chargeable gain of disposal of investments in group companies	—	(802,449)
Loss relief	553,491	1,930,752
Amounts written off investments	—	2,256
Adjustments to tax charge in respect of prior periods	20,337	—
Total current tax (note 7(a))	20,337	—

### 8. PRIOR YEAR ADJUSTMENT

The financial statements have been prepared using a base currency of the Euro. This has resulted in the results for the prior year being restated. The change in the base currency of the company reflects the company's continual digression from investments in the UK to mainland Europe.

### 9. INVESTMENTS

	Group €	Other €	Total €
<b>COST</b>			
At 1 October 2002	—	655,604	655,604
Additions	200,000	477,752	677,752
At 30 September 2003	200,000	1,133,356	1,333,356
<b>AMOUNTS WRITTEN OFF</b>			
At 1 October 2002 and 30 September 2003	—	7,695	7,695
<b>LOANS</b>			
At 1 October 2002	7,000,691	—	7,000,691
Advanced in year	6,342,861	—	6,342,861
Repaid in year	(200,000)	—	(200,000)
Write-down in year	(1,054,499)	—	(1,054,499)
At 30 September 2003	12,089,053	—	12,089,053
<b>NET BOOK VALUE</b>			
At 30 September 2003	12,289,053	1,125,661	13,414,714
At 30 September 2002	7,000,691	647,909	7,648,600

# VERDOSO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 9. INVESTMENTS *(continued)*

The company owns 60% of the issued share capital of Verdoso BV. The results of this company as at 11 August 2003 are as follows:

	2003	2002
	€	(restated) €
<b>Aggregate capital and reserves</b>		
Verdoso BV	760,870	–
<b>Profit and (loss) for the year</b>		
Verdoso BV	343,500	–

The principal activity of Verdoso BV during the year was that of acting as a holding and consulting company. This company is registered in the Netherlands.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

### 10. DEBTORS

	2003	2002
	€	(restated) €
Corporation tax repayable	–	20,337
Other debtors	–	1,593,763
Prepayments and accrued income	342,526	239,888
	<u>342,526</u>	<u>1,853,988</u>

### 11. CREDITORS: Amounts falling due within one year

	2003	2002
	€	(restated) €
Trade creditors	–	504,382
Other creditors including taxation and social security:		
PAYE and social security	–	683,754
Accruals and deferred income	160,296	9,982
	<u>160,296</u>	<u>1,198,118</u>

### 12. PENSIONS

The company operates a defined contribution pension scheme. The pension cost for the year represents contributions payable by the company to the scheme and amounted to €nil (2002: €13,636).

# VERDOSO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 13. RELATED PARTY TRANSACTIONS

During the year, the company provided a loan to Verdoso Investments SA, the company's immediate parent company. As at 30 September 2003, the amounts due to the company were €12,089,053, (2002:€7,000,691). The maximum outstanding during the year was €12,089,053, (2002: €7,000,691).

During the year, the company acquired 60% of the ordinary share capital of Verdoso BV from Verdoso Investments SA for a consideration of €200,000.

### 14. SHARE CAPITAL

#### Authorised share capital:

	2003	2002 (restated)
	€	€
31,565,001 Ordinary shares of €1.63901 each	<u>51,735,352</u>	<u>51,735,352</u>

#### Allotted, called up and fully paid:

	2003		2002	
	No	€	No	€
Ordinary shares of €1.63901 each	<u>31,565,001</u>	<u>51,735,352</u>	<u>31,565,001</u>	<u>51,735,352</u>

Share capital consists of 31,565,001 Ordinary shares of £1 each. The aggregate nominal value has been translated to Euros at the rate of exchange ruling at incorporation.

### 15. PROFIT AND LOSS ACCOUNT

	2003	2002 (restated)
	€	€
Original balance brought forward	(3,889,242)	(2,643,673)
Prior year adjustment (note 8)	<u>682,133</u>	<u>—</u>
Restated balance brought forward	(3,207,109)	(2,643,673)
Accumulated loss for the financial year	<u>(1,865,307)</u>	<u>(563,436)</u>
Balance carried forward	<u>(5,072,416)</u>	<u>(3,207,109)</u>



# VERDOSO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003		2002 (restated)	
	€	€	€	€
Loss for the financial year		(1,865,307)		(563,436)
Opening shareholders' equity funds	47,846,110		49,091,679	
Prior year adjustment (see note 8)	<u>682,133</u>		<u>-</u>	
		48,528,243		49,091,679
Closing shareholders' equity funds		<u>46,662,936</u>		<u>48,528,243</u>

### 17. ULTIMATE PARENT COMPANY

The company's immediate parent company is Verdoso Investments SA, a company incorporated in Luxembourg. The company's ultimate controlling party is F Ullmann-Hamon.