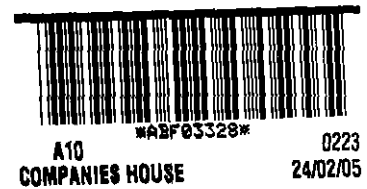


Page 10

AEGIS ADVANCED MATERIALS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 2004

Company No: 02604099



BOWKER, STEVENS & CO.,
Chartered Accountants
Halesowen, West Midlands

DIRECTORS' REPORT
for the year ended 30th April 2004

The directors present their report and accounts for the year ended 30th April 2004.

Principal Activity and Review of the Business

The company's principal activity during the year was that of Manufacturers Agents. The directors consider the state of the company's affairs at the date of the balance sheet to be satisfactory.

Results and Dividends

The profit for the year, after taxation, amounted to £82,853. The directors do not recommend the payment of a dividend.

Directors and their Interests

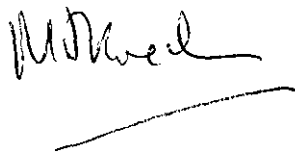
The directors of the company at 30th April 2004 and their interests in the issued share capital were:

	<u>Ordinary shares of £1 each</u>	
	<u>2004</u>	<u>2003</u>
M.J. Kingsley	700	700
Mrs R. Kingsley	300	300

The directors are permanent directors and do not retire by rotation.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors.



M.J. KINGSLEY

Director

Approved by the board 22nd February 2005

We report on the accounts for the year ended 30th April 2004 set out on pages 3 to 8.

Respective responsibilities of directors and reporting accountants

As described on page 5 the company's directors are responsible for the preparation of accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

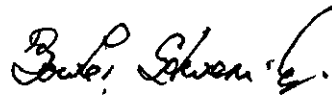
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).


BOWKER, STEVENS & CO.,
Chartered Accountants
Reporting Accountants

24th February 2005

Suite No.2
Centre Court
Vine Lane
Halesowen
West Midlands

PROFIT AND LOSS ACCOUNT
for the year ended 30th April 2004

	Notes	<u>2004</u> £	<u>2003</u> £
Turnover	2	390,411	257,997
Cost of sales		220,085	161,071
<u>Gross Profit</u>		170,326	96,926
Administration expenses		74,668	49,452
<u>Operating Profit</u>	3	95,658	47,474
Interest payable	(11)	-	-
Interest receivable	4	<u>6,641</u>	<u>5,901</u>
		6,630	5,901
<u>Profit on ordinary activities before taxation</u>		102,288	53,375
Taxation	5	19,435	10,141
<u>Profit on ordinary activities after taxation</u>		82,853	43,234
Dividends paid	6	-	11,000
		82,853	32,234
Retained profit brought forward		235,114	202,880
<u>Retained profit carried forward</u>		<u>317,967</u>	<u>235,114</u>

All of the company's operations are classed as continuing.
The company had no recognised gains or losses other than the profit for the period.

BALANCE SHEET
as at 30th April 2004

	<u>Notes</u>	<u>2004</u>		<u>2003</u>	
		£	£	£	£
<u>Investment</u>	7		10,000		10,000
<u>Current Assets</u>					
Stocks		28,477		9,035	
Debtors	8	80,027		52,595	
Cash at bank		280,674		228,315	
		389,178		289,945	
<u>Creditors</u> : amounts falling due within one year	9	80,211		63,831	
<u>Net Current Assets</u>			308,967		226,114
<u>Net Assets</u>			318,967		236,114
<u>Capital and Reserves</u>					
Called up share capital	10		1,000		1,000
Profit and loss account			317,967		235,114
<u>Shareholders Funds</u>	11		318,967		236,114

BALANCE SHEET

as at 30th April 2004 (Continued)

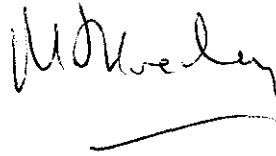
In the directors' opinion the company was entitled under section 249A(2) of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 30th April 2004. No member of the company has deposited a notice under section 249B(2) requiring an audit of these accounts.

The directors are responsible for ensuring that the company keeps accounting records which comply with section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss of each year in accordance with the requirements of section 226 of the Act and which otherwise comply with its requirements, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Signed on behalf of the board of directors.

M.J. KINGSLEY



Director

Approved by the board 22nd February 2005

NOTES TO THE ACCOUNTS
for the year ended 30th April 2004

1. Accounting Policies

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents amounts receivable for goods and services provided in the UK and overseas net of trade discounts, VAT and other related taxes.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Foreign Currency Translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. Turnover

Turnover, and pre-tax profit is attributable to the following activity:

	<u>Turnover</u>		<u>Pre-tax Profit</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
Manufacturers Agents	390,411	257,997	102,288	53,375
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3. Operating Profit is stated after charging:

	<u>2004</u>	<u>2003</u>
	£	£
Loss on foreign exchange	-	-
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
for the year ended 30th April 2004 (Continued)

	<u>2004</u>	<u>2003</u>
	£	£
4. <u>Interest</u>		
Interest receivable		
Bank	6,641	5,892
Other	<u>-</u>	<u>9</u>
	6,641	5,901
Interest payable		
Inland Revenue	<u>11</u>	<u>-</u>
5. <u>Taxation</u>		
<u>UK Current year taxation</u>		
UK Corporation tax	<u>19,435</u>	<u>10,141</u>
6. <u>Dividends</u>		
Ordinary:		
Interim paid of £NIL per share (2003 £20)	<u>-</u>	<u>11,000</u>
7. <u>Investment</u>		
HSBC Bond	<u>10,000</u>	<u>10,000</u>
8. <u>Debtors</u>		
Trade debtors	75,713	49,640
Prepayments	231	199
Other debtors	1,999	2,756
VAT recoverable	<u>2,084</u>	<u>-</u>
	80,027	52,595
9. <u>Creditors</u>: amounts falling due within one year		
Trade creditors	39,124	32,250
Corporation tax	19,435	10,141
Other taxes and social security	-	2,802
Accruals	1,150	1,150
Other creditors	20,398	17,384
Directors' current account	<u>104</u>	<u>104</u>
	80,211	63,831

NOTES TO THE ACCOUNTS

for the year ended 30th April 2004 (Continued)

	<u>2004</u>	<u>2003</u>
	£	£
<u>10. Called Up Share Capital</u>		
Authorised 20,000 Ordinary Shares of £1 each	20,000	20,000
	<hr/>	<hr/>
Allotted, called up and fully paid 1,000 Ordinary Shares of £1 each	1,000	1,000
	<hr/>	<hr/>
 <u>11. Reconciliation of Movement in Shareholders Funds</u>		
Shareholders funds at 1st May 2003	236,114	203,880
Profit for the financial year	82,853	43,234
Dividends paid	-	(11,000)
	<hr/>	<hr/>
Shareholders funds at 30th April 2004	318,967	236,114
	<hr/>	<hr/>

12. Related Party Transactions

Charges totalling £28,748 (2003 £24,577) were made to the company by a business controlled by M.J.Kingsley, a director and controlling shareholder of Aegis Advanced Materials Limited, in respect of expenses incurred and recharges made on behalf of the company.