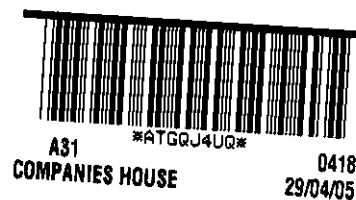


CHARLES CRAIG HOLDINGS LIMITED

FINANCIAL STATEMENTS

30 JUNE 2004

Registered Number: 1870653



Baker Tilly

Chartered Accountants

Liverpool

CHARLES CRAIG HOLDINGS LIMITED**COMPANY INFORMATION****30 JUNE 2004**

Number	1870653
Directors	A C Craig (Chairman) Mrs A St C Craig C D Craig Mrs J McBurney C K Hawkins
Secretary	C K Hawkins
Registered Office	3 rd Floor 5 Covent Garden Liverpool L2 8TD
Bankers	Lloyds TSB Bank plc Pall Mall House Mercury Court Tithebarn Street Liverpool L2 2LE
Auditors	Baker Tilly Chartered Accountants Number One Old Hall Street Liverpool L3 9SX

CHARLES CRAIG HOLDINGS LIMITED

DIRECTORS' REPORT

30 June 2004

The directors present their report and the audited financial statements of the group for the year ended 30 June 2004.

Principal activity

The principal activity of the company remained that of a holding company of a group of companies carrying on business as timber agents, and provision of management services.

Business review and future prospects

The group's balance sheet as detailed on page 7 shows a satisfactory position with shareholders' funds amounting to £3,284,821.

The directors are confident that the group is well placed to take advantage of the ever changing market place.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5. The directors do not recommend payment of a dividend.

Market value of land and buildings

The freehold land and buildings shown in the group financial statements at £1,913,075 have in the opinion of the directors, a market value of at least book value.

Directors

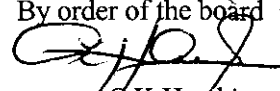
The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	30 June 2004	30 June 2003
	Ordinary	Ordinary
	Shares	Shares
A C Craig	513,000	513,000
Mrs A St C Craig	207,000	207,000
C D Craig	150,000	150,000
Mrs J McBurney	150,000	150,000
G Dodd (resigned 25 August 2003)	-	-
M A Bell (resigned 30 May 2003)	-	-
C K Hawkins	-	-

At the Annual General Meeting, C K Hawkins and Mrs A St C Craig retire as directors of the company and being eligible offer themselves for re-election.

Auditors

Baker Tilly have agreed to offer themselves for re-appointment as auditors of the company.

By order of the board

 C K Hawkins
 Secretary

3rd Floor
 5 Covent Garden
 Liverpool
 L2 8TD

31 March 2005

CHARLES CRAIG HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business

We are also responsible for:

- keeping proper accounting records
- safeguarding the group's assets
- taking reasonable steps for the prevention and detection of fraud

CHARLES CRAIG HOLDINGS LIMITED

AUDITORS' REPORT

Independent auditors' report to the shareholders of Charles Craig Holdings Limited

We have audited the financial statements on pages 5 to 25.

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 auditor's 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are 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 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 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 affairs of the company and the group as at 30 June 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baha Tilly
Registered Auditors
Chartered Accountants

Liverpool

31 March 2005

CHARLES CRAIG HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2004

	Note	2004 £	2003 £
Turnover	2	20,490,939	19,861,625
Cost of sales		(17,989,951)	(17,373,108)
Gross profit		<u>2,500,988</u>	<u>2,488,517</u>
Net operating expenses			
Administrative expenses		(2,060,754)	(2,073,288)
Profit on sale of investments		-	(2,822)
Other operating income		8,068	21,525
Operating profit	3	<u>448,302</u>	<u>433,932</u>
Interest payable	5	(249,171)	(276,324)
Profit on ordinary activities before taxation		<u>199,131</u>	<u>157,608</u>
Tax on profit on ordinary activities	6	(156,881)	(152,457)
Profit on ordinary activities after taxation		<u>42,250</u>	<u>5,151</u>
Minority interests		(889)	(308)
Retained profit for the year	19	<u><u>41,361</u></u>	<u><u>4,843</u></u>

All of the Group's activities are classed as continuing.

CHARLES CRAIG HOLDINGS LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 June 2004

	2004 £	2003 £
Profit attributable to members of the group	41,361	4,843
Unrealised surplus on revaluation of fixed assets	(40,004)	178,032
Exchange difference on re-translation of net assets of subsidiary undertaking	(174,496)	(125,832)
Total recognised gains and losses relating to the year	<u>(173,139)</u>	<u>57,043</u>

COMPANY STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 June 2004

	2004 £	2003 £ (Restated)
Loss for the financial year	(737,788)	(221,095)
Unrealised surplus on revaluation of fixed asset investments	27,542	-
Total recognised gains and losses relating to the year	<u>(710,246)</u>	<u>(221,095)</u>
Prior year adjustments	1,792,106	
Total gains and losses recognised since lost annual report	<u>1,081,860</u>	

CHARLES CRAIG HOLDINGS LIMITED

GROUP BALANCE SHEET

at 30 June 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	9		2,764,544		3,072,877
Investments	10		121		121
			<u>2,764,665</u>		<u>3,072,998</u>
Current assets					
Stocks	11	4,240,161		3,688,211	
Debtors	12	3,117,069		2,997,191	
Cash at bank and in hand		499,173		146,804	
		<u>7,856,403</u>		<u>6,832,206</u>	
Creditors: Amounts falling due					
Within one year	13	(5,966,239)		(4,786,247)	
Net current assets			<u>1,890,164</u>		<u>2,045,959</u>
Total assets less current liabilities			<u>4,654,829</u>		<u>5,118,957</u>
Creditors: Amounts falling due					
After more than one year	14		(1,328,177)		(1,620,055)
Minority interests			<u>(41,831)</u>		<u>(40,942)</u>
			<u>3,284,821</u>		<u>3,457,960</u>
Capital and reserves					
Called up share capital	18		1,020,000		1,020,000
Revaluation reserve	19		1,429,468		1,469,472
Profit and loss account	19		835,353		968,488
Total equity shareholders' funds	20		<u>3,284,821</u>		<u>3,457,960</u>

The financial statements on pages 5 to 25 were approved by the board of directors on 31st March 2005.

C D Craig
Director

CHARLES CRAIG HOLDINGS LIMITED

BALANCE SHEET

at 30 June 2004

	Note	2004 £	2003 £ (Restated)
Fixed assets			
Intangible assets	8	-	578,000
Tangible assets	9	4,760	7,191
Investments	10	2,627,287	2,599,745
		<u>2,632,047</u>	<u>3,184,936</u>
Current assets			
Stocks	11	2,500	2,500
Debtors	12	821,613	677,676
Cash at bank and in hand		10	11
		<u>824,123</u>	<u>680,187</u>
Creditors: Amounts falling due within one year	13	<u>(1,558,986)</u>	<u>(1,257,693)</u>
Net current liabilities		<u>(734,863)</u>	<u>(577,506)</u>
Total assets less current liabilities		<u>1,897,284</u>	<u>2,607,430</u>
Creditors: Amounts falling due after more than one year	14	<u>-</u>	<u>-</u>
		<u>1,897,184</u>	<u>2,607,430</u>
Capital and reserves			
Called up share capital	18	1,020,000	1,020,000
Revaluation reserve		1,819,648	1,792,106
Profit and loss account	19	(942,464)	(204,676)
Total equity shareholders' funds		<u>1,897,184</u>	<u>2,607,430</u>

The financial statements on pages 5 to 25 were approved by the board of directors on 31st March 2005.

C D Craig
Director

CHARLES CRAIG HOLDINGS LIMITED

GROUP CASH FLOW STATEMENT

for the year ended 30 June 2004

	Note	2004		2003	
		£	£	£	£
Net cash inflow from operating activities	16(i)		(98,115)		97,155
Returns on investments and servicing of finance					
Interest paid		(247,513)		(275,141)	
Interest element of hire purchase		(1,658)		(1,183)	
			(249,171)		(276,324)
Taxation					
UK corporation tax		18,369		6,439	
Overseas tax		(234,163)		55,745	
			(215,794)		(62,184)
Capital expenditure					
Purchase of tangible fixed assets		(96,256)		(108,596)	
Receipts from sales of tangible fixed assets		28,030		12,985	
			(68,226)		(95,611)
			(631,306)		(336,964)
Financing					
Repayment of long term loans		(136,600)		(1,031,643)	
New fixed rate loans		-		1,809,628	
Capital element of hire purchase		(6,183)		(2,570)	
			(142,783)		775,415
Increase in cash	16(ii)		(774,089)		438,451

CHARLES CRAIG HOLDINGS LIMITED**NOTES ON FINANCIAL STATEMENTS****30 June 2004****1 Accounting policies****Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The true and fair override provisions of the Companies Act 1985 have been invoked (see "Investment properties" below).

Basis of consolidation

The final statements consolidate the results of Charles Craig Holdings Limited and all of its subsidiary undertakings during the year ended 30 June 2004.

No profit and loss account is presented for Charles Craig Holdings Limited as permitted by Section 230 of the Companies Act 1985.

Investments

The accounting policy for investments has changed during the year.

Previously valued at cost, fixed asset investments are now valued in accordance with the provisions of para 31(3) Schedule 4 of the Companies Act 1985, at the net assets of the subsidiary undertakings as disclosed in their financial statements at the year end. The method of valuation has been changed as the directors believe this more accurately reflects the value of investments held.

As a consequence the comparative figures in the financial statements and notes have been restated.

Goodwill arising on consolidation

Goodwill arising on consolidation has previously been eliminated on acquisition against consolidated reserves. Goodwill on future acquisitions will be accounted for in accordance with FRS10 and capitalised. It will be amortised over its expected useful life which will not exceed 20 years.

True and fair override on group re-organisation

As part of a re-organisation of the group, the trade and net assets of one subsidiary undertaking, Charles Craig Limited, were transferred to another subsidiary undertaking, Alan Thomas Craig Limited, at their book value.

As a result of the transfer, the value of the company's investment in Charles Craig Limited fell below the amount at which it was stated in the company's accounting records. Schedule 4 to the Company Act 1985 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account.

At the time, the directors considered that, as there had been no overall change in the investment the company had in its subsidiary undertakings, it would fail to give a true and fair view to charge the diminution to the company's profit and loss account and it therefore re-allocated the difference to goodwill with an expected useful life not exceeding 20 years.

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

1 Accounting policies (continued)

Investment properties

Certain properties are held for long term investment purposes and are classified as investment properties. Investment properties are revalued annually and the surplus or deficit on revaluation is transferred to the investment property revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

The Companies Act requires the systematic annual depreciation of fixed assets but the policy of not providing depreciation on investment properties is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over the expected useful lives as follows:

Land	nil
Buildings	3% to 20% straight line
Plant and machinery	15% reducing balance or 20% straight line
Fixtures and fittings	25% straight line
Computers	20% straight line
Motor vehicles	25% reducing balance

Surpluses arising from professional valuations of properties are taken direct to the revaluation reserve. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account reserve. Any deficit arising from the professional valuation of properties is taken direct to the revaluation reserve to the extent that such deficit is regarded as temporary. Where a permanent diminution in value of an individual property is identified the deficit is eliminated against any revaluation reserve in respect of that property with any excess being charged to the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

1 Accounting policies (continued)

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

The assets and liabilities of the overseas subsidiary undertaking are translated at the rate of exchange ruling at the balance sheet date.

Income statements are translated at average rates of exchange. The exchange differences resulting from the re-translation of opening net assets, together with differences between income statements translated at average rates and closing rates, are taken directly to reserves.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Pensions

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Capital instruments

Capital instruments, being instruments issued as a means of raising finance, are classified as debt, non-equity shares or equity shares. Costs incurred on the issue of capital instruments are dealt with in a manner consistent with the classification of the instrument.

2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

Analysis by geographical markets:

	2004 £	2003 £
United Kingdom	9,259,283	9,964,071
Other EU countries	1,964,823	1,789,721
Rest of world	9,266,833	8,107,833
	<u>20,490,939</u>	<u>19,861,625</u>

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

3 Operating profit

	2004 £	2003 £
Operating profit is stated after charging/(crediting):		
Exchange gains and losses	17,706	(20,329)
Profit/(loss) on disposal of fixed assets	6,722	(2,822)
Auditors' remuneration - audit fee	17,300	16,300
- other services	12,000	9,979
Depreciation - owned assets	206,470	193,152
- leased assets	7,528	5,120
Operating lease costs - land and buildings	23,100	23,100

4 Directors and employees

Group	2004 £	2003 £
Staff costs including directors' emoluments		
Wages and salaries	1,482,324	1,534,456
Social security costs	47,450	42,945
Pension costs	37,606	45,968
Life cover	22,934	51,833
	<u>1,590,314</u>	<u>1,675,202</u>

Average number employed including executive directors	Number	Number
Administration	20	22
Selling	11	11
Manufacturing	34	31
	<u>65</u>	<u>64</u>

Directors' emoluments	£	£
Other emoluments	349,480	364,006
Pension contributions (in respect of four directors)	27,554	25,404
	<u>377,034</u>	<u>389,410</u>

Highest paid director

Other emoluments	105,245	92,059
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The highest paid director received pension contributions of £Nil (2003 - £1,670).

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004
(continued)

Pension costs

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in a self administered fund. The pension cost charge represents contributions payable by the group amounting to £37,606 (2003 £45,968).

5 Interest payable

	2004 £	2003 £
Bank loans and overdrafts - wholly repayable within five years	247,513	275,141
Hire purchase interest	1,658	1,183
	<u>249,171</u>	<u>276,324</u>

6 Taxation

	2004 £	2003 £
Current tax:		
UK corporation tax on profits of period	-	-
Overseas taxation	156,881	152,457
Total current tax	<u>156,881</u>	<u>152,457</u>
Deferred tax:		
Total deferred tax	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>156,881</u>	<u>152,457</u>

Factors affecting tax charge for the period

Profit on ordinary activities before tax	199,131	157,608
Profit on ordinary activities multiplied by standard rate of statutory federal tax in the US of 34% (2003 34%)	67,705	53,586
Effects of :		
Expenses not deductible for tax purposes	17,645	47,224
US State taxes payable	40,414	36,469
US State tax relief at 34%	(13,741)	(12,399)
Difference between capital allowances and depreciation	(1,646)	(942)
UK losses utilised	(3,564)	-
Unutilised UK current year losses carried forward	50,068	28,519
Current tax charge for the period	<u>156,881</u>	<u>152,457</u>

The standard rate of statutory federal tax in the US of 34% (2003 34%) has been used because there is no UK tax payable as a result of availability of tax losses.

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004
(continued)

7 Loss attributable to members of the parent undertaking

The loss dealt with in the accounts of the parent undertaking was £737,788 (2003 - £221,095).

8 Intangible fixed assets (arising on re-organisation of group)

Company	Goodwill £
Cost	
1 July 2003 and 30 June 2004	680,000
Amortisation	
At 1 July 2003	102,000
Provision for impairment	578,000
At 30 June 2004	680,000
Net book value	
30 June 2004	-
30 June 2003	578,000

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

9 Tangible fixed assets

Group

	Freehold land and buildings £	Plant and machinery £	Computer, fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 July 2003	2,124,236	856,557	137,207	88,459	3,206,459
Additions	3,288	73,339	19,629	15,783	112,039
Exchange adjustment	(207,085)	(108,676)	(16,770)	-	(332,531)
Revaluation	(7,364)	(47,278)	10,801	-	(43,841)
Disposals	-	-	(1,072)	(53,354)	(54,426)
At 30 June 2004	<u>1,913,075</u>	<u>773,942</u>	<u>149,795</u>	<u>50,888</u>	<u>2,887,700</u>
Depreciation					
At 1 July 2003	-	25,086	60,789	47,707	133,582
Exchange adjustment	(80,633)	(94,244)	(12,592)	-	(187,469)
Charge for the year	51,559	125,621	24,334	12,484	213,998
Revaluation	29,074	(31,173)	(1,738)	-	(3,837)
Disposals	-	-	(1,072)	(32,046)	(33,118)
At 30 June 2004	<u>-</u>	<u>25,290</u>	<u>69,721</u>	<u>28,145</u>	<u>123,156</u>
Net book value					
At 30 June 2004	<u>1,913,075</u>	<u>748,652</u>	<u>80,074</u>	<u>22,743</u>	<u>2,764,544</u>
At 1 July 2003	<u>2,124,236</u>	<u>831,471</u>	<u>76,418</u>	<u>40,752</u>	<u>3,072,877</u>

The fixed assets in the United States were valued on a fair market value for existing use on 30 June 2004 by the directors. The historical cost and accumulated depreciation of the fixed assets included at valuation is as follows:

	Freehold land and buildings £	Plant and machinery £	Computer equipment £	Total Group £
Historical cost at 30 June 2004	1,879,438	1,057,926	151,842	3,089,206
Accumulated historical depreciation	<u>(758,617)</u>	<u>(922,189)</u>	<u>(121,407)</u>	<u>(1,802,213)</u>
Historical cost net book value at 30 June 2004	<u>1,120,821</u>	<u>135,737</u>	<u>30,435</u>	<u>1,286,993</u>

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

9 Tangible fixed assets (continued)

Company

	Plant and machinery	Computer, fixtures and fittings £	Total £
Cost			
At 1 July 2003	25,462	14,453	39,915
Additions	-	860	860
Disposals	-	-	-
At 30 June 2004	<u>25,462</u>	<u>15,313</u>	<u>40,775</u>
Depreciation			
At 1 July 2003	25,086	7,638	32,724
Charge for the year	204	3,087	3,291
Written off on disposal	-	-	-
At 30 June 2004	<u>25,290</u>	<u>10,725</u>	<u>36,015</u>
Net book value			
At 30 June 2004	<u>172</u>	<u>4,588</u>	<u>4,760</u>
At 1 July 2003	<u>376</u>	<u>6,815</u>	<u>7,191</u>

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

10 Investments

Group

	Listed investments £	Total £
Cost at 1 July 2003 and 30 June 2004	121	121

The market value of the listed investments at 30 June 2004 was £146 (2003 £128).

Company

	Subsidiary undertakings £ (Restated)
Cost or valuation	
At 1 July 2003	807,639
Prior year adjustment	1,792,106
Restated at 1 July 2003	2,599,745
Revaluation	27,542
At 30 June 2004	2,627,287

Subsidiary undertakings

Name of Company	Country of registration (or incorporation) and operation	Holding	Proportion of shares held and voting rights	Nature of business
Charles Craig Limited	England & Wales	Ordinary shares	100%	Timber Agent and Broker
Craig Lumber Corporation	USA	Capital	100%	Timber importers and exporters
Alan Thomas Craig Limited	England & Wales	Ordinary shares	90%	Timber Agent and Broker

11 Stocks

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Raw materials	1,624,429	1,063,265	-	-
Work in progress	200,947	167,560	-	-
Finished goods and goods for resale	2,414,785	2,457,386	2,500	2,500
	4,240,161	3,688,211	2,500	2,500

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

12 Debtors

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Amounts falling due within one year				
Trade debtors	2,510,409	2,423,924	-	-
Amounts owed by subsidiary undertakings	-	-	397,062	280,089
Other debtors	88,851	90,606	46,690	58,278
Prepayments and accrued income	151,281	143,516	11,333	4,739
	<u>2,750,541</u>	<u>2,658,046</u>	<u>455,085</u>	<u>343,106</u>
Amounts falling due after more than one year				
Directors' loans	265,783	220,031	265,783	220,031
ACT recoverable	100,745	119,114	100,745	114,539
	<u>3,117,069</u>	<u>2,997,191</u>	<u>821,613</u>	<u>677,676</u>

13 Creditors: amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank overdrafts	4,462,053	3,504,965	1,098,670	787,352
Bank loans	138,070	151,679	-	-
Other loans	-	-	-	-
Trade creditors	1,007,922	690,393	-	-
Amounts owed to fellow subsidiary undertakings	-	-	447,900	447,900
Other taxation and social security costs	88,184	56,969	1,144	7,739
Other creditors	66,442	230,967	5,272	9,302
Foreign taxes	34,171	111,453	-	-
Accruals and deferred income	163,559	37,251	6,000	5,400
Obligations under hire purchase contracts	5,838	2,570	-	-
	<u>5,966,239</u>	<u>4,786,247</u>	<u>1,558,986</u>	<u>1,257,693</u>

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans	1,312,780	1,610,990	-	-
Other loans	-	-	-	-
Obligations under hire purchase contracts (between two and five years)	15,397	9,065	-	-
	<u>1,328,177</u>	<u>1,620,055</u>	<u>-</u>	<u>-</u>

Bank loans and overdrafts shown above and in note 13, totalling £5,928,300 (2003 £5,267,634) are secured by debentures over certain assets of the company and the group.

Other loans, totalling £Nil (2003 £nil) are secured by a deed of trust over the company's land.

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

15 Loans

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Wholly repayable within five years:				
Bank loans	1,803	2,804	-	-
Not wholly repayable within five years:				
Bank loans				
LIBOR plus 2.75% secured \$US loan repayable in monthly instalments of \$15,474 including interest	1,409,918	1,678,030	-	-
7.71% secured \$US loan repayable in monthly instalments of \$6,615 including interest	-	-	-	-
7.93% secured \$US loan repayable in monthly instalments of \$6,788 including interest	-	-	-	-
Capital lease	39,129	93,470	-	-
	<u>1,450,850</u>	<u>1,774,304</u>	<u>-</u>	<u>-</u>
	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Amounts falling due:				
after five years	-	-	-	-
between two and five years	1,207,301	1,464,176	-	-
between one and two years	105,479	155,879	-	-
within one year	138,070	154,249	-	-
	<u>1,450,850</u>	<u>1,774,304</u>	<u>-</u>	<u>-</u>
Included in creditors:				
amounts falling due within one year	(138,070)	(154,249)	-	-
	<u>1,312,780</u>	<u>1,620,055</u>	<u>-</u>	<u>-</u>

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

16(i) Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	448,302	433,932
Foreign exchange differences	(20,685)	(22,514)
Depreciation of tangible fixed assets	213,998	198,272
(Profit)/loss on disposal of fixed assets	(6,722)	2,822
(Increase)/decrease in stocks	(884,071)	(206,921)
(Increase)/decrease in debtors	(226,494)	(273,242)
Increase/(decrease) in creditors	377,557	(35,194)
Net cash (outflow)/inflow from operating activities	(98,115)	97,155

16(ii) Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
(Decrease)/increase in cash in the period	(774,089)	438,451
Cash outflow from decrease in debt in respect of hire purchase	6,183	2,570
Change in net debt arising from cash flows	136,600	(777,985)
	(631,306)	(336,964)
New finance leases	(15,783)	-
Translation difference	344,589	273,020
Movement in net debt in the period	(302,500)	(63,944)
Net debt at 1 July 2003	(5,132,465)	(5,068,521)
Net debt at 30 June 2004	(5,434,965)	(5,132,465)

(iii) Analysis of changes in net debt

	At 1 July 2003 £	Cash flows £	Other changes £	Exchange movement £	At 30 June 2004 £
Cash at bank and in hand	146,804	352,669	-	(300)	499,173
Overdrafts	(3,504,965)	(1,126,758)	-	169,670	(4,462,053)
		(774,089)			
Debt due within one year	(151,679)	(1,470)	-	15,079	(138,070)
Debt due after one year	(1,610,990)	138,070	-	160,140	(1,312,780)
Finance lease obligations	(11,635)	6,183	(15,783)	-	(21,235)
	(5,132,465)	(631,306)	(15,783)	344,589	(5,434,965)

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004
(continued)

17 Provisions for liabilities and charges

Group

Deferred taxation £

Balance at 1 July 2003	-
Transfer from profit and loss account	-
Balance at 30 June 2004	-

	2004 Potential asset £	2003 Potential Asset £
Potential deferred tax assets:		
Excess of depreciation over capital allowances	2,852	3,774
Tax losses carried forward	330,000	260,000
Corporation tax deferred by:		
Taxation on surplus on revaluation of non-monetary assets	-	-
	<u>332,852</u>	<u>263,774</u>

Circumstances effecting current and future tax charges

No provision has been made for deferred taxation in respect of earnings which are retained overseas because the availability of double tax relief will ensure that no tax will be payable on any earnings remitted to the United Kingdom.

The potential deferred tax assets have not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable in the short term.

Deferred tax has not been recognised on the revaluation of non-monetary assets in compliance with FRS 19. Tax would be payable in the event of the asset being sold.

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

17 Provisions for liabilities and charges (continued)

Company

Deferred
taxation
£

Balance at 1 July 2003

-

Transfer from profit and loss account

-

Balance at 30 June 2004

-

2004
Potential
asset
£

2003
Potential
asset
£

Potential deferred tax assets:

Excess of depreciation over
capital allowances

1,371

878

Tax losses carried forward

300,000

230,000

Corporation tax deferred by:

Taxation on surplus on revaluation

-

-

301,371

230,878

18 Called up share capital

2004
Number of
Shares

£

2003
Number of
shares

£

Authorised

Equity shares

Ordinary shares of £1 each

1,020,000

1,020,000

1,020,000

1,020,000

Allotted, called up and fully paid

Equity shares

Ordinary shares of £1 each

1,020,000

1,020,000

1,020,000

1,020,000

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004

(continued)

19 Reserves

Group

	Revaluation reserve £	Profit and loss account £
At 30 June 2003	1,469,472	968,488
Exchange differences on re-translation of net assets of subsidiary undertaking	-	(174,496)
Revaluation in the year	(40,004)	-
Profit/(loss) sustained for the year	-	41,361
At 30 June 2004	<u>1,429,468</u>	<u>835,353</u>

Company

	Revaluation reserve £ (Restated)	Profit and loss account £
At 30 June 2003	1,792,106	(204,676)
Loss for the year	-	(737,788)
Revaluation in the year	27,542	
At 30 June 2004	<u>1,819,648</u>	<u>(942,464)</u>

20 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Total recognised gains and losses relating to the year	(173,139)	57,043
Shareholders' funds at 30 June 2003	<u>3,457,960</u>	<u>3,400,917</u>
Shareholders' funds at 30 June 2004	<u>3,284,821</u>	<u>3,457,960</u>

CHARLES CRAIG HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 June 2004
(continued)

21 Contingent liabilities

Group	2004 £	2003 £
Discounted bills of exchange	811,077	171,045

Of this, approximately £729,969 (2003 £153,940) was covered by Trade Indemnity Insurance.

Lloyds TSB Bank plc holds unlimited cross-guarantees by Charles Craig Holdings Limited, Brytatt Limited, Alan Thomas Craig Limited and Charles Craig Limited in respect of the banking facilities made available to these companies.

22 Directors' interests in transactions

Mr C D Craig has a loan from the company. The movements on his account during the year were as follows:

	£
Balance at 30 June 2003	88,793
Highest amount outstanding during the year	101,620
Balance at 30 June 2004	94,528

Mr A C Craig has a loan from the company. The movements on his account during the year were as follows:

	£
Balance at 30 June 2003	131,238
Highest amount outstanding during the year	171,255
Balance at 30 June 2004	171,255

23 Commitments under operating leases

At 30 June 2004 the company had annual commitments under non-cancellable operating leases as set out below:-

	Land and buildings	
	2004 £	2003 £
Operating leases which expire: 2 – 5 years	23,100	23,100