

E L E C T R O N I C P R O O F

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**Lapp Plats Plc**  
**Annual Report and**  
**Consolidated Financial Statements**  
**for the year ended 31 December 2005**

# **Lapp Plats Plc**

## **Annual Report and Consolidated Financial Statements**

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# Lapp Plats Plc

## Officers and Professional Advisers

<b>Directors</b>	Michael Nolan Alec Banyard Brian Barrett
<b>Registered Office</b>	17 Hampstead Gardens Hockley Essex SS5 5HN United Kingdom
<b>Secretary</b>	Brian Barrett
<b>Auditors</b>	LHM Casey McGrath 6 Northbrook Road Dublin 6 Ireland
<b>Business Address</b>	22 Grafton Street, London W1S 4EX
<b>Corporate Advisers</b>	Davy Corporate Finance Limited Dawson Street Dublin 2 Ireland
<b>Bankers</b>	Bank of Ireland Bank House 7 St Johns Road Harrow Middlesex HA1 2EE United Kingdom
<b>Solicitors</b>	Matheson Ormsby & Prentice 30 Herbert St. Dublin 2 Ireland
<b>Registered Number</b>	4994974
<b>Date of Incorporation</b>	15 December 2003

# Lapp Plats Plc

## Chairman's Report

I am pleased to present the Annual Report of Lapp Plats plc ("Lapp Plats" or the "Company") for the year to 31 December 2005.

The Company was admitted to trading on both the Alternative Investment Market ("AIM") of the London Stock Exchange and the Irish Enterprise Exchange ("IEX") of the Irish Stock Exchange during the year.

### **Business and Strategy**

Operationally, in respect of our exploration concessions in Northern Sweden we have compiled a comprehensive technical report ("Report") on the early stage exploration reconnaissance completed in the field during the second half of 2004. This Report has been supplied to a number of industry companies with a view to seeking a joint venture partner to work with Lapp Plats on the Company's concessions.

Discussions with a view to a potential joint venture are on going and subject to continuing negotiations.

As highlighted in our AIM Admission document we have also worked to add to our portfolio of interests and we have had detailed negotiations with a number of parties with a view to a corporate transaction that would create value for shareholders. Again these discussions are on going and we believe that based on the current short list of opportunities under investigation and negotiation we should be in a position to bring a positive conclusion to one of these targets in the near future.

### **Financial Results**

The net loss for the year before tax amounted to £145,068 (2004 13 months loss £14,175). This loss included the costs of the admissions to AIM and IEX which took place during the year and also the administrative costs of keeping the company in good standing on both markets. In addition some costs were incurred in investigating new opportunities and also in maintaining the Company's exploration concessions in Sweden.

Net interest received decreased to £5,619 compared to £6,978 in the previous period.

### **Accounts**

The Annual Report and Financial Statements for the year to 31 December 2005 will be posted to shareholders on 30th June 2006, and copies can be obtained, free of charge from the Company's offices at 22 Grafton Street, London W1S 4EX. The Annual General Meeting will be held at the Company's offices at 22 Grafton Street, London W1S 4EX at 12 noon on Thursday 10th August 2006.

### **Michael Nolan**

Chairman

27 June 2006

# Lapp Plats Plc

## Directors' Report

The directors submit their report, together with the audited consolidated financial statements for the year to 31 December 2005.

### Principal Activities

Lapp Plats plc (the "Company") is a holding company which owns 100% of the share capital of Lapp Plats AB a Swedish registered company (together the "Group"). The primary activity of the Group has been mineral exploration, with a focus on exploring for nickel and platinum group metals in Sweden, Norway and Finland.

### Business Review

The Company was admitted to trading on both the Alternative Investment Market ("AIM") of the London Stock Exchange and the Irish Enterprise Exchange ("IEX") of the Irish Stock Exchange during the year and having concluded reconnaissance field work on its exploration properties in Sweden has issued a copies of the preliminary reports to a number of third party mining and exploration companies with the aim of securing an earn in or joint venture to progress the appraisal of these properties.

In addition the Board have worked to build the Company's portfolio of projects and have investigated a substantial number of new opportunities in both the mineral and oil and gas sectors.

### Results and Dividends

The loss for the year after providing for depreciation and taxation amounted to £145,068. This loss represents corporate expenses charged to the profit and loss account in the year including goodwill amortisation, foreign exchange losses and net of interest receivable. Included are the costs of the admissions to AIM and IEX which took place during the year and also the administrative costs of keeping the company in good standing on both markets. In addition some costs were incurred in investigating new opportunities and also in maintaining the Company's exploration concessions in Sweden.

Net interest received decreased to £5,619 compared to £6,978 in the previous period. The Directors do not recommend payment of a dividend.

### Directors

In accordance with the Articles of Association, the directors are not required to retire by rotation.

### Post Balance Sheet Events

There have been no material post balance sheet events.

### Payments to Suppliers

The group does not follow any code or standard with regard to the payment of its suppliers. The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions.

### Future Developments

The Company will advance the projects in its portfolio through direct exploration or through joint venture. In addition the Company will pursue other projects in the resource sector.

# Lapp Plats Plc

## Directors' Report (continued)

### Directors' and their Interests

The interests (all of which were beneficially held) of the directors, their spouses and minor children in the share capital of the Company and its subsidiary, are as follows:

	Ordinary Shares of £0.01 each at 27/06/2006	Ordinary Shares of £0.01 each at 31/12/2005	Ordinary Shares of £0.01 each at 31/12/2004	2004 SHARE OPTION SCHEME			
				Ordinary Shares of £0.01 each at 27/06/2006	Ordinary Shares of £0.01 each at 31/12/2005	Ordinary Shares of £0.01 each at 31/12/2004	Option Exercise Price
<b>Directors</b>							
Michael Nolan	Nil	Nil	Nil	160,000	160,000	75,000	£0.05
Alec Banyard	Nil	Nil	Nil	35,000	35,000	35,000	£0.05
Brian Barrett	Nil	Nil	Nil	80,000	80,000	35,000	£0.05

The expiry date of options awarded under the 2004 Share Option Scheme is 23 January 2014.

There were no changes in Directors' share interests between 31 December 2005 and the date of signing the financial statements and all such interests were beneficially held.

### Directors and Secretary

The present directors and secretary are listed on page 3. During the year and up to the date of this report the following changes occurred:

On 16 March 2005, David Hall and Alan Mooney resigned from the Board. On 26 April 2005 Brian Barrett was appointed to the Board. On 16 March 2005, Alan Mooney resigned as Secretary and was replaced by Brian Barrett.

### Statement of Directors' responsibilities

United Kingdom Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 books of account which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The auditors of the Group LHM Casey McGrath, Chartered Certified Accountants have indicated their willingness to remain in office..

### Signed on behalf of the Board:

**Michael Nolan**  
Director

**Brian Barrett**  
Director

27 June 2006

# Lapp Plats Plc

## Independent Auditors' Report to the Members of Lapp Plats Plc

We have audited the financial statements of Lapp Plats plc for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies.

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 preparing the Annual Report including, as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, auditing standards as promulgated by the Auditing Practices Board in the United Kingdom and by our profession's ethical guidance.

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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board and generally accepted in the United Kingdom. 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.

# Lapp Plats Plc

## **Fundamental Uncertainties**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of intangible assets.

The realisation of intangible assets is dependent on the successful development of the exploration for mineral resources to include extension of exploration licences, receipt of mining licences, acquisition of property and raising of finance. The financial statements do not include any adjustments to reduce the value of intangible assets to their recoverable amounts or to provide for future liabilities that may arise which would result from a failure to meet these conditions. Details of the basis of preparation are described in the statement of accounting policies.

Our opinion is not qualified in this respect.

## **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

## **LHM Casey McGrath**

Chartered Certified Accountants  
and Registered Auditors  
6 Northbrook Road  
Dublin 6  
Ireland

27 June 2006

# Lapp Plats Plc

## Consolidated Profit and Loss Account for the year ended 31 December 2005

	<i>Notes</i>	2005 £	2004 £
Administrative Expenses		<u>(150,687)</u>	<u>(21,153)</u>
<b>Operating loss:</b>		<b>(150,687)</b>	<b>(21,153)</b>
Interest receivable and similar income	3	<u>5,619</u>	<u>6,978</u>
<b>Loss for the year</b>		<b><u>(145,068)</u></b>	<b><u>(14,175)</u></b>
<b>Loss per share:</b>	6		
Basic		<b>(1.1)p</b>	<b>(0.1)p</b>
Diluted		<b>(1.1)p</b>	<b>(0.1)p</b>

There are no recognised gains or losses other than those included above. All gains and losses arise from continuing activities.

The financial statements were approved by the Board of Directors on 27 June 2006 and signed on its behalf by:

**Michael Nolan**  
Director

**Brian Barrett**  
Director

Date: 27 June 2006

# Lapp Plats Plc

## Consolidated Balance Sheet as at 31 December 2005

	<i>Notes</i>	2005 £	2004 £
<b>Fixed Assets</b>			
Intangible fixed assets	7	275,859	268,893
Tangible fixed assets	8	1,440	14,797
		<u>277,299</u>	<u>283,690</u>
<b>Current Assets</b>			
Debtors	9	7,511	25,572
Cash at bank and in hand		57,111	176,177
		<u>64,622</u>	<u>201,749</u>
Creditors: amounts falling due within one year	10	(9,189)	(31,389)
		<u>55,433</u>	<u>170,360</u>
<b>Net Current Assets</b>		<u>55,433</u>	<u>170,360</u>
<b>Total Assets less Current Liabilities</b>		<u>332,732</u>	<u>454,050</u>
<b>Represented by:</b>			
<b>Capital and Reserves</b>			
Called-up share capital	11	133,083	128,333
Share premium	12	358,892	339,892
Profit and loss account	12	(159,243)	(14,175)
		<u>332,732</u>	<u>454,050</u>
<b>Shareholders' Funds – Equity</b>	13	<u>332,732</u>	<u>454,050</u>

The financial statements were approved by the Board of Directors on 27 June 2006 and signed on its behalf by:

**Michael Nolan**  
Director

**Brian Barrett**  
Director

Date: 27 June 2006

# Lapp Plats Plc

## Company Balance Sheet as at 31 December 2005

	<i>Notes</i>	2005 £	2004 £
<b>Fixed Assets</b>			
Investments	7	85,948	75,000
		<u>85,948</u>	<u>75,000</u>
<b>Current Assets</b>			
Debtors	9	222,359	218,071
Cash at bank and in hand		50,835	168,482
		<u>273,194</u>	<u>386,553</u>
<b>Creditors: amounts falling due within one year</b>	10	<b>(8,405)</b>	<b>(4,160)</b>
		<u>264,789</u>	<u>382,393</u>
<b>Net Current Assets</b>		<b>264,789</b>	<b>382,393</b>
<b>Total Assets less Current Liabilities</b>		<b>350,737</b>	<b>457,393</b>
		<u><u>350,737</u></u>	<u><u>457,393</u></u>
<b>Capital and Reserves</b>			
Called-up share capital	11	133,083	128,333
Share premium	12	358,892	339,892
Profit and loss account	12	(141,238)	(10,832)
		<u>350,737</u>	<u>457,393</u>
<b>Equity Shareholders' Funds</b>	13	<b>350,737</b>	<b>457,393</b>
		<u><u>350,737</u></u>	<u><u>457,393</u></u>

The financial statements were approved by the Board of Directors on 27 June 2006 and signed on its behalf by:

**Michael Nolan**  
Director

**Brian Barrett**  
Director

Date: 27 June 2006

# Lapp Plats Plc

## Consolidated Cash Flow Statement for the year ended 31 December 2005

	<i>Notes</i>	2005 £	2004 £
<b>Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities</b>			
Operating loss before interest		(150,687)	(21,153)
Add back good will amortisation		3,359	3,359
Loss on disposal of fixed assets		2,835	
Decrease/(Increase) in debtors		18,061	(22,180)
(Decrease)/Increase in creditors		(22,200)	27,997
		<hr/>	<hr/>
Net cash outflow from operating activities		(148,632)	(11,977)
		<hr/> <hr/>	<hr/> <hr/>
<b>Cashflow Statement</b>			
Net cash outflow from operating activities		(148,632)	(11,977)
<b>Returns on investments and servicing of finance</b>	16	5,619	6,978
Net Capital Expenditure	16	197	(287,049)
		<hr/>	<hr/>
		(142,816)	(292,048)
<b>Financing</b>			
Issue of ordinary share capital		23,750	468,225
		<hr/>	<hr/>
<b>(Decrease)/Increase in cash in the period</b>		(119,066)	176,177
		<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Net Funds at 1 January		176,177	–
(Decrease)/Increase in cash in the period		(119,066)	176,177
		<hr/>	<hr/>
<b>Net funds at 31 December</b>		57,111	176,177
		<hr/> <hr/>	<hr/> <hr/>

# Lapp Plats Plc

## Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

### Accounting convention

The financial statements are prepared in accordance with generally accepted accounting principles, under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board and are denominated in Pounds Sterling (£).

### Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

### Development Costs and Exploration

Development costs are capitalised until the results of the development is known. Related overheads such as general and administrative expenses are also capitalised to the extent it is considered that they can be recovered against future revenue. Amortisation will be provided over a period from commencement of commercial revenue generation. If a project is judged to be unsuccessful, the costs associated with the project are written off immediately.

### Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Office Equipment – 20 % Straight line

Motor Vehicles – 20 % Straight line

### Taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profit for the year.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when the timing differences reverse. Tax rates used to calculate deferred tax are based on tax rates and law enacted or substantively enacted by the balance sheet date. The Company does not recognise deferred tax assets.

### Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at contract rates where the amounts payable or receivable are covered by forward contracts. Other monetary assets and liabilities are translated into pounds sterling at rates of exchange ruling at the balance sheet date. Exchange gains and losses are dealt with in the profit and loss account.

### Going Concern

The directors have considered the Company's financial position and believe that it is appropriate for the going concern basis to be adopted in preparing these financial statements.

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements for the year ended 31 December 2005

### 1. Going Concern

The financial statements are prepared under the assumption that the Group is a going concern on the basis that the Directors are satisfied that further funding, primarily through share placings, will be available to bring its projects to production.

### 2. Operating (Loss)

	2005	2004
	£	£
<b>Operating (loss)</b> is stated after crediting/(charging):		
Amortisation of goodwill	(3,359)	(3,359)
Auditors Remuneration	(5,000)	(3,000)
Loss on disposal of fixed assets	(2,835)	–
(Loss)/Profit on foreign currencies	(15,470)	11,694
	<u><u>          </u></u>	<u><u>          </u></u>

### 3. Interest Receivable and Similar Income

	2005	2004
	£	£
Bank Interest	5,619	6,978
	<u><u>          </u></u>	<u><u>          </u></u>

### 4. Taxation

There is no charge to current corporation tax for the year.

### 5. Directors' Emoluments

	2005	2004
	£	£
Remuneration and other emoluments	12,515	3,012
	<u><u>          </u></u>	<u><u>          </u></u>

### 6. (Loss) per Share

	2005	2004
	£	£
(Loss) per share	(1.1p)	(0.1p)
(Loss) per share-diluted	(1.1p)	(0.1p)

The loss per share and the basic loss per share have been calculated on a loss after taxation of £145,068 (2004: £14,175) and a weighted average number of Ordinary Shares in issue for the period of 13,162,581 (2004:10,694,442).

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 7. Intangible Fixed Assets

	Development Costs £	Goodwill £	Total £
<b>Cost</b>			
At 31 December 2004	205,071	67,181	272,252
Additions	10,325		10,325
	<hr/>	<hr/>	<hr/>
At 31 December 2005	215,396	67,181	282,577
	<hr/>	<hr/>	<hr/>
<b>Provision for Diminution in Value</b>			
At 31 December 2004	–	(3,359)	(3,359)
Charge for period	–	(3,359)	(3,359)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	–	(6,718)	(6,718)
	<hr/>	<hr/>	<hr/>
<b>Net book values</b>			
31 December 2005	215,396	60,463	275,859
	<hr/>	<hr/>	<hr/>
31 December 2004	205,071	63,822	268,893
	<hr/>	<hr/>	<hr/>

The goodwill arises on the acquisition of a subsidiary. The only subsidiary of the company is as follows:

Subsidiary	Activity	Registered Office and Country of Incorporation	Percentage Ownership
Lapp Plats AB	Nickel & Platinum Exploration	SE-934 94 Kage Sweden	100%

### Company Investments

	Subsidiary Undertakings Shares £	Total £
<b>Cost</b>		
At 31 December 2004	75,000	75,000
Additions	10,948	10,948
	<hr/>	<hr/>
At 31 December 2005	85,948	85,948
	<hr/>	<hr/>
<b>Net Book Values</b>		
At 31 December 2005	85,948	85,948
	<hr/>	<hr/>
At 31 December 2004	75,000	75,000
	<hr/>	<hr/>

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 8. Tangible Fixed Assets

<b>Group</b>	<b>Office Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 31 December 2004	2,201	14,782	16,983
Disposals	–	(14,782)	(14,782)
At 31 December 2004	<u>2,201</u>	<u>–</u>	<u>2,201</u>
<b>Depreciation</b>			
At 31 December 2004	(216)	(1,970)	(2,186)
Charged in period	(545)	–	(545)
Disposals	1,970	–	1,970
At 31 December 2005	<u>(761)</u>	<u>–</u>	<u>(761)</u>
<b>Net book values</b>			
At 31 December 2005	<u>1,440</u>	<u>–</u>	<u>1,440</u>
At 31 December 2004	<u>1,985</u>	<u>12,812</u>	<u>14,797</u>

### 9. Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2005 £</b>	<b>2004 £</b>	<b>2005 £</b>	<b>2004 £</b>
Amounts falling due within one year:				
Amounts owned by group undertakings	–	–	216,910	200,683
Other debtors	7,511	25,572	5,449	17,388
	<u>7,511</u>	<u>25,572</u>	<u>222,359</u>	<u>218,071</u>

### 10. Creditors: Amounts falling due within one year:

	<b>Group</b>		<b>Company</b>	
	<b>2005 £</b>	<b>2004 £</b>	<b>2005 £</b>	<b>2004 £</b>
Trade Creditors and accruals	9,189	15,529	8,405	4,160
Amounts due to Minmet Group Companies	–	15,860	–	–
	<u>9,189</u>	<u>31,389</u>	<u>8,405</u>	<u>4,160</u>

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 11. Share Capital

	2005 £	2004 £		
<b>Group &amp; Company</b>				
<b>Authorised:</b>				
100,000,000 Ordinary shares of £0.01 each	<u>1,000,000</u>	<u>1,000,000</u>		
<b>Allotted, called-up and fully paid equity:</b>				
	2005 No.	2005 £	2004 No.	2004 £
Ordinary shares of £0.01 each				
At 1 January	12,833,334	128,333	–	–
Shares issued for cash	475,000	4,750	12,833,334	128,333
At 31 December	<u>13,308,334</u>	<u>133,083</u>	<u>12,833,334</u>	<u>128,333</u>

On 22 April 2005, the company issued 475,000 ordinary shares of 1p at a price of 5p under the 2004 Share Option scheme. At 27 June 2006 there were 275,000 shares under option.

### 12. Equity Reserves

#### Group

	Share premium account £	Profit and loss account £
At 31 December 2004	339,892	(14,175)
Equity share issue	19,000	–
Loss for the financial period	–	(145,068)
At 31 December 2005	<u>358,892</u>	<u>(159,243)</u>

#### Company

	Share premium account £	Profit and loss account £
At 31 December 2004	339,892	(10,832)
Equity share issue	19,000	–
Loss for the financial period	–	(130,406)
At 31 December 2005	<u>358,892</u>	<u>(141,238)</u>

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 13. Reconciliation of Movements in Shareholders' Funds

#### Group

	2005 £	2004 £
Loss on ordinary activities before taxation for the year	(145,068)	(14,175)
Net proceeds of equity share issue	23,750	468,225
	<hr/>	<hr/>
Net increase (decrease) in shareholders' funds	(121,318)	454,050
Opening shareholders' funds	454,050	–
	<hr/>	<hr/>
Closing shareholders' funds	332,732	454,050
	<hr/> <hr/>	<hr/> <hr/>

#### Company

	2005 £	2004 £
<b>Shareholders' Funds</b>		
Loss on ordinary activities before taxation for the year	(130,406)	(10,832)
Net proceeds of equity share issue	23,750	468,225
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	(106,656)	457,393
Opening shareholders' funds	457,393	–
	<hr/>	<hr/>
Closing shareholders' funds	350,737	457,393
	<hr/> <hr/>	<hr/> <hr/>

### 14. Capital Commitments

There were no capital commitments at 31 December 2005.

### 15. Related Party Transactions

The Company has availed of the exemption available under Financial Reporting Standard 8 from the requirement to disclose intra-group related party transactions.

### 16. Gross Cash Flows

	2005 £	2004 £
<b>Returns on investments and servicing of finance</b>		
Interest received	5,619	6,978
	<hr/>	<hr/>
<b>Capital expenditure</b>		
Payments to acquire intangible assets	(10,325)	(270,066)
Disposal (acquisition) of tangible assets	10,522	(16,983)
	<hr/>	<hr/>
	197	(287,049)
	<hr/> <hr/>	<hr/> <hr/>
<b>Financing</b>		
Issue of ordinary share capital	23,750	468,225
	<hr/>	<hr/>
	23,750	468,225
	<hr/> <hr/>	<hr/> <hr/>

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 17. Analysis of Changes in Net Funds

	1 January 2004 £	Cash flow £	31 December 2005 £
Cash at bank and in hand	176,177	(119,066)	57,111

### 18. Approval of Financial Statements

The financial statements were approved by the Board on 27 June 2006.

# Lapp Plats Plc

## Notice of Annual General Meeting (The “Company”)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of LAPP PLATS PLC will be held on Thursday 10 August 2006 at 12.00 noon at 22 Grafton Street, London W1S 4EX when the following business will be transacted:

### ORDINARY BUSINESS

1. To read the Notice convening the Meeting.
2. To receive and if thought fit, to adopt the Report of the Directors and the Statement of Accounts for the year ended 31 December 2005 with the Auditors' Report thereon.
3. To re-appoint LHM Casey McGrath as Auditors of the Company to hold office until the conclusion of the next General Meeting of the Company at which accounts are laid before the Company and to authorise the Directors to fix the remuneration of the Auditors.
4. To re-elect Brian Barrett, Michael Nolan and Alec Banyard as Directors.
5. To transact any other ordinary business of the Company.

### SPECIAL BUSINESS

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That pursuant to Article 5 of the Company’s Articles of Association, the Directors be and are hereby authorised, generally and unconditionally for the purposes of section 80 of the Companies Act 1985 (‘the Act’), to allot relevant securities (as defined in section 80(2) of the Act) for cash or money’s worth in accordance with the provisions of the Act, up to the amount of authorised but yet unissued share capital, to the exclusion of and in substitution for any other such authority previously granted to them, provided that this authority shall expire on the earlier of the date of the next Annual General Meeting after the passing of this resolution and the close of business on 10 November 2007 save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.”

7. To consider and, if thought fit, pass the following resolution as a special resolution:

“That the Directors be and are hereby empowered, pursuant to section 95 of the Companies Act 1985 (‘the Act’), for the period commencing on the date of passing of this resolution and expiring on the earlier of the date of the next Annual General Meeting after the passing of this resolution and the close of business on 10 November 2007, and at any time thereafter pursuant to any offer, agreement or other arrangement made by the Company before the expiry of this power, to the exclusion of and in substitution for any other such power previously granted to them, to allot out of any relevant securities (as defined in section 80(2) of the Act) equity securities (as defined in section 94(2) of the Act) which they are from time to time authorised to allot, as if section 89(1) of the Act did not apply to such allotment:

- (a) up to a limit of such a number of equity securities as is the equivalent of 70% of the entire issued share capital of the Company immediately before such allotment; and
- (b) in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities (as so defined) in proportion as nearly as may be to their respective holdings of such securities or in accordance with the rights attaching thereto (but with such exclusions or other arrangements as the Directors may deem

# Lapp Plats Plc

necessary or expedient to deal with fractional entitlements, record dates or other legal or practical problems under the laws of, or other requirements of, any recognised regulatory body or any stock exchange in any territory or as regards shares held by an approved depository or in issue in uncertificated form).”

Dated 27 June 2006

By Order of the Board  
Brian Barrett  
Company Secretary

Registered Office  
17 Hampstead Gardens  
Hockley, Essex SS5 5HN,  
United Kingdom  
Registered Number: 499974

**Note:** A member entitled to attend this vote at the above mentioned meeting is entitled to appoint a proxy to attend and on a poll, vote in their stead. To be effective the form of proxy must be received at the office of the Company’s Registrars, Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland, not later than 12 p.m. on Tuesday 8 August 2006. A proxy need not be a member of Company.

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# Lapp Plats Plc

## Form of Proxy

Shareholders may vote by proxy by returning this form duly completed to Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland, to arrive no later than 12 p.m. on the 8 August 2006. Before completing this form, please see the explanatory notes below.

I/We want the following person (called a 'proxy') to vote on my/our behalf. (The proxy need not be a member of the Company).

(Please place a mark in one box only to indicate your choice).

The chairman of the meeting: *(Please leave this box blank if you are selecting someone other than the chairman).*

The Chairman of the meeting

OR

The following person:

*Please leave this box blank if you have selected the chairman. Do not insert your own name(s).*

To attend and vote on my/our behalf at the annual general meeting of Lapp Plats Plc to be held on 10 August 2006 and at any adjournment of the meeting. I/We would like My/Our proxy to vote on the resolutions proposed at the meeting as indicated on this form. Unless otherwise instructed, the proxy may vote as he or she sees fit or abstain in relation to any business of the meeting.

Signature ..... Date .....

*In the case of joint shareholders any one joint holder may sign*

Name: .....

Address: .....

.....

Resolutions	For	Against	Vote withheld
1. To read notice convening meeting			
2. To adopt the 2005 Directors' Report and Consolidated Financial Statements.			
3. To re-appoint LHM Casey McGrath as Auditors of the Company and to authorise the Directors to fix the remuneration of the Auditors.			
4. To re-elect (a) Michael Nolan, (b) Brian Barrett and (c) Alec Banyard as Directors.	(a) (b) (c)	(a) (b) (c)	(a) (b) (c)
5. To transact any other ordinary business of the Company.			
6. To authorise the Directors to allot securities for cash or money's worth			
7. To empower the Directors pursuant to S.95 C.A 1985 ("the Act") to allot equity securities which they are authorised to allot as if S.89(1) of the Act did not apply to such allotment: (a) up to a limit equivalent to 70% issued share capital before allotment; and (b) in connection with a rights issue to holders of equity securities.			

### Notes:

- 1 A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote instead of him.
- 2 The form of the proxy must be executed under the hand of the appointer or his attorney duly authorised in writing or if the appointer is the body corporate either under the seal or under the hand of an officer or a attorney duly authorised. A proxy need not be a member of the company.
- 3 To be effective, the form of proxy and the power of the attorney or other authority, if any, under which it is signed or a notarially certified copy of such a power of authority, should be deposited with Computershare Services (Ireland) Limited, PO Box 954, Dublin 18, Republic of Ireland not later than 12 p.m. on Tuesday 8 August 2006.
- 4 In the case of joint holders the vote of the senior of them who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register.
- 5 Completion and return of a form of proxy shall not preclude a member from attending and voting at the Meeting should he/she so wish.

Note: A member entitled to attend this vote at the above mentioned meeting is entitled to appoint a proxy to attend and on a poll, vote in their stead. To be effective the form of proxy must be received at the office of the Company's Registrars, Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland, not later than 12 p.m. on Tuesday 8 August 2006. A proxy need not be a member of Company.



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Please  
Affix  
Stamp

First fold

**COMPUTERSHARE  
INVESTOR SERVICES (IRELAND) LIMITED  
PO Box 934  
Dublin 18  
Ireland**

Second fold