

Directors and Advisers

Directors

B S E Freshwater
(Chairman and Managing Director)
D Davis
S I Freshwater

Secretary

C C Morse, F.C.I.S.

Registered and Head Office

Freshwater House,
158-162 Shaftesbury Avenue,
London WC2H 8HR
Registered in England
No. 305105

Registrars

Lloyds Bank Registrars,
The Causeway,
Worthing,
West Sussex BN99 6DA

Auditors

KPMG Peat Marwick,
1 Puddle Dock,
Blackfriars,
London EC4V 3PD

Consulting Accountants

Cohen, Arnold & Co.,
13-17 New Burlington Place,
London W1X 2JP

Principal Bankers

Lloyds Bank Plc
National Westminster Bank PLC
Barclays Bank PLC

Stockbrokers

Kleinwort Benson Securities Limited,
20 Fenchurch Street,
London EC3P 3DB



Chairman's Statement

Despite a further difficult period for the economy in general and the property sector in particular, I am pleased to present to you this Report and Accounts, which reflect a satisfactory level of profit and a return to increased net asset values.

We have elected to prepare these Accounts in accordance with the new accounting standard FRS3 although this only becomes mandatory with effect from next year. Some of the figures for 1992 have been restated on the new accounting basis so as to enable a proper comparison to be made.

It would be remiss of me not to add some further comment about the effect of FRS3, which has considerably changed the way in which the trading position of the group has been presented. The Group's trading includes sales of residential units owned by subsidiaries with investment status, and the surpluses realised from these sales usually form a significant component of the Group's reported annual profit. In the past, any surplus over historical cost arising from such sales has been recognised in full in the profit and loss account in the year of sale. Under FRS3, however, that portion of the surplus which has already been reflected in the annual revaluations of our investment property portfolio is no longer recognised in the profit and loss account, but is instead shown as a reserve movement. The amount recognised through the profit and loss account is restricted to the difference between net sale proceeds and the book value. The book value is the previous year's revaluation figure. The effect of preparing the Group's financial statements under FRS3 will be to restrict the amount of realised profits shown in future years' profit and loss accounts to the surplus over this book value, and because the Group's investment property portfolio is valued at an amount considerably in excess of historical cost, the amount of the restriction on reported profit is likely to be substantial. Profits on sales of residential units by trading subsidiaries will however, as in the past, continue to be calculated by reference to historical cost.

Rather exceptionally, the application of FRS3 has this year produced an item of extra profit, as during the year we have recognised the sale of a subsidiary owning a single investment property. Last year we provided against this holding and reduced the book value to below cost. On the subsequent sale, the profit as calculated by reference to FRS3 is \$2.5 million, whereas on a historical cost basis there would not have been any credit to profit and loss account as a result of this transaction.

Turning to the Balance Sheet, it is noteworthy that, upon this year's revaluation of the Group's investment portfolio, there has been a net decrease of only \$1 million. This represents a fall of less than a half of 1% and is an indication of the comparative stability and strength of our investment portfolio.

You will note that the net asset value of the Group is shown as \$193.7 million (\$11.89 per share). This is calculated by including the trading properties at original cost. However, if these were included at estimated current market value, the net worth of the Group would be shown to be in excess of \$250 million and the net value attributable to each share in excess of \$15.

The Group's financial position is very sound. We have adequate loan and liquid resources which enable us to respond with speed to worthwhile investment propositions. During the year and also since the year end, we have taken advantage of the current climate of lower interest rates to refinance some of our short term bank borrowings on a longer term fixed rate basis.

As to the Group's trading prospects for the current year, I am pleased to report a firmer market for residential property sales which, if maintained, should augur well for this year's level of profit. Whilst vacancy rates on our large commercial portfolio are still running at about 8%, most of our rent reviews and relettings are at improved rent levels to those previously appertaining. In the circumstances, I feel reasonably confident that the results for the current year should not disappoint and whilst on an FRS3 basis it is difficult to accurately forecast future levels of profit, the results for the current year on a historical cost basis should not be materially different from those now reported.

I am also confident about the Group's future prospects and, in the circumstances, the Board have felt able to recommend an increase of 8% in the dividend payable to shareholders, to a record total of 27p per share.

As mentioned in my opening paragraph this has been another difficult year for all involved in the property sector and I would like to express sincere appreciation to my fellow Directors and staff and to thank them for their continued unstinting support and loyalty.

Deejon Freshwater
BSE Freshwater

Directors' Report

The Directors have pleasure in presenting their Report together with Balance Sheets of the Company and of the Group as at 31st March 1993 and the Consolidated Profit and Loss Account of the Group for the year ended on that date.

Principal Activities of the Group

Daejan Holdings PLC is a holding company whose principal activities, carried on through its subsidiary undertakings, are property investment and trading, with some development also being undertaken. The major part of the Group's property portfolio comprises commercial, industrial and residential premises throughout the United Kingdom. Some subsidiary undertakings are incorporated in the United States of America and carry out property investment and trading in that country.

Properties

A professional revaluation of all the Group's United Kingdom investment property was carried out at 31st March 1993 by the Group's external valuers, Keith Cardale Groves, and a copy of their report appears on page 25. The resultant figures have been included in the Financial Statements now presented and the decrease of £1.1 million over previous book values has been transferred to Revaluation Reserve. The Group's trading portfolio in both the U.K. and U.S.A. was professionally valued in 1992 and, at that time, had a surplus over book value of £58.9 million which was not incorporated into the Financial Statements. The Board are satisfied that, at 31st March 1993, properties held for trading and development still had a value substantially in excess of their book value.

Results and Dividend

The net earnings for the year, after all charges, amounted to £13,198,000. An Interim Dividend of 12p per share was paid on 15th March 1993 and the Directors now recommend the payment of a Final Dividend of 15p per share, making a total for the year of 27p per share, an increase of 2p over the previous year. The dividends will absorb £4,400,000 and will leave £8,798,000 to be added to retained profits. A review of the activities of the Group is contained in the Chairman's Statement on page 3.

An analysis of the Group's turnover and profit before taxation for the year is as follows:-

	Turnover		Profit	
	U.K. \$000	U.S.A. \$000	U.K. \$000	U.S.A. \$000
Rents and Charges	34,532	2,576	15,968	424
Sales of Properties	9,202	222	7,358	(209)
Other Activities (including share of U.S.A. partnership profits)	—	—	120	2,577
	<u>£43,734</u>	<u>\$2,798</u>	23,446	2,792
Financing Charges (net)			(4,871)	(187)
Administrative and Other Expenses			(4,175)	(286)
			14,400	<u>\$2,319</u>
			2,319	
Profit before taxation			<u>£16,719</u>	

Directors' Report (continued)

Directors

The Directors who served throughout the year, and who are still in office, are:-

Mr B S E Freshwater

Mr D Davis

Mr S I Freshwater

The Director retiring by rotation is Mr D Davis who, being eligible, offers himself for re-election.

Neither Mr D Davis or Mr S I Freshwater has a service contract.

A brief biography of the Directors is as follows:-

Mr B S E Freshwater - Joined the Board in December 1971 with primary responsibility for the Group's finances. In July 1976 he was appointed Managing Director and, additionally, became Chairman in July 1980.

Mr D Davis - A Chartered Accountant and member of the Institute of Taxation, was previously a partner in Cohen, Arnold & Co., the Group's consulting accountants. He relinquished his partnership in 1971 in order to devote more time to his numerous business and other interests. He has been a non-executive Director of the Company since December 1971.

Mr S I Freshwater - Directs the Group's operations in the U.S.A. and also has responsibility for the Group's U.K. sales division. He has been a Director of the Company since January 1986.

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 the affairs of the Company and of the Group and of the profit and loss of the Company and of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis where appropriate.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Interests in Contracts

Day-to-day management of the Group's properties in the United Kingdom is partly carried out by Highdorn Co. Limited and by Freshwater Property Management Limited. Mr B S E Freshwater and Mr S I Freshwater are Directors of both companies and are also interested in the share capital of Highdorn Co. Limited.

Mr B S E Freshwater and Mr D Davis are also Directors of the parent company of Freshwater Property Management Limited but have no beneficial interest in either company.

Mr B S E Freshwater and companies controlled by the Freshwater family and trusts have on occasions guaranteed borrowings of the Company and its subsidiaries.

The only other contracts in which Directors were interested were those entered into in the normal course of business.

Directors' Report (continued)

Interests of Directors and their families and trusts in shares of the Company

<i>Daejan Holdings PLC</i>	<i>31st March</i>	<i>31st March</i>
<i>Ordinary Shares</i>	<i>1993</i>	<i>1992</i>
Mr Davis	763 (notes 2 & 3)	763
B S E Freshwater	590,033 (notes 2, 3 & 4)	590,033
S I Freshwater	89,270 (notes 2, 3 & 4)	89,270

Notes:

1. All the above holdings were beneficially owned.
2. A further 4,183,116 shares (31st March 1992 – 4,183,116) were held by Freshwater family trusts and by charitable companies in which Mr B S E Freshwater, Mr S I Freshwater and Mr D Davis have a non-beneficial interest.
3. In addition to the holding shown in the table and in note 2 above, companies owned and controlled by Mr B S E Freshwater, Mr S I Freshwater and by their families, and family trusts, held at 31st March 1993 a total of 8,156,431 shares (31st March 1992 – 8,156,431). Mr D Davis has a non-beneficial interest in some of these shares as a Director of the companies concerned, or as a trustee.
4. Of these shares 89,270 are held by a company owned jointly by Mr B S E Freshwater and Mr S I Freshwater.
5. There have been no changes in any of the above interests since 31st March 1993.

Substantial Interests

At the date of this Report the Company had been notified that, other than Directors, the following shareholders held Ordinary Shares, as trustees or nominees only and with no beneficial interest, amounting to 3% or more of the Company's Issued Share Capital:

	<i>Shares</i>	<i>%</i>
Trustees of the B S E Freshwater Settlement (a)	1,645,000	10.1
Trustees of the S I Freshwater Settlement (a)	1,500,000	9.2
Nutraco Nominees Limited	508,000	3.1

(a) These are part of the shares referred to in Note 2 above.

Income and Corporation Taxes Act 1988

The Directors are advised that the Company is a Close Company within the meaning of the Act.

Capital Gains Tax

For the purpose of computing Capital Gains Tax the market value of the Company's Shares was 185p on 31st March 1982.

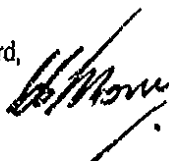
Charitable Donations

During the year the Group made charitable donations totalling £60,000 net under Deed of Covenant.

Auditors

A resolution will be proposed at the Annual General Meeting to re-appoint KPMG Peat Marwick as Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board,
C C Morse,
Secretary
6th August 1993



*Report of the Auditors,
KPMG Peat Marwick
to the Members of
Daejan Holdings PLC*

We have audited the financial statements on pages 8 to 24.

Respective responsibilities of Directors and Auditors

As described on page 5 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with 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 Group'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 affairs of the Company and the Group as at 31st March 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Peat Marwick
Chartered Accountants
Registered Auditors
London

6th August 1993

*Consolidated Profit and Loss Account
for the year ended 31st March 1993*

	Notes	1993 £000	Restated 1992 £000
Net Rental Income	2	16,392	15,276
Surplus on Sale of Trading Properties	2	6,422	6,444
Other Income	3	169	326
Gross Profit		<u>22,983</u>	<u>22,046</u>
Administrative and Other Expenses		<u>(4,461)</u>	<u>(3,847)</u>
Operating Profit from Continuing Operations		18,522	18,199
Surplus on Disposal of Subsidiary	23	2,528	—
Surplus on Sale of Investment Properties		727	93
Net Interest Payable	4	<u>(5,058)</u>	<u>(4,352)</u>
Profit on Ordinary Activities before Taxation	5	16,719	13,940
Taxation	6	<u>(3,498)</u>	<u>(5,317)</u>
Profit after Taxation	7	13,221	8,623
Minority Interests		(23)	(12)
Transfer to Other Reserves		—	(247)
Dividends: Interim		(1,955)	(1,955)
Final		<u>(2,445)</u>	<u>(2,118)</u>
Retained Profit for the Year	18	<u><u>£8,798</u></u>	<u><u>£4,291</u></u>
Earnings per Share	8	<u><u>81.0p</u></u>	<u><u>52.8p</u></u>

Movements in reserves are set out in note 18.

The notes on pages 13 to 24 form part of these financial statements.

The Profit and Loss Account for 1992 has been restated to comply with FRS3.

*Consolidated Statement of
Total Recognised Gains and Losses
for the year ended 31st March 1993*

	1993	1992
	£000	£000
Profit for the year after taxation and minority interests	13,198	8,611
Unrealised deficit on revaluation of investment properties	(1,064)	(24,625)
Tax on realisation of revalued properties	(266)	(436)
Translation differences on foreign currency net investments	262	(295)
Total gains/(losses) recognised relating to the year	<u>£12,130</u>	<u>(£16,745)</u>

*Note of Consolidated Historical Cost
Profits or Losses
for the year ended 31st March 1993*

	1993	1992
	£000	£000
Reported profit on ordinary activities before taxation	16,719	13,940
Realisation of investment property revaluation gains of previous years	1,204	2,278
Temporary diminution in value now realised	(4,120)	—
Historical cost profit on ordinary activities before taxation	<u>£13,803</u>	<u>£16,218</u>
Historical cost profit for the year retained in the profit and loss account after tax, minority interests and dividends	<u>£5,616</u>	<u>£6,053</u>

*Reconciliation of Movements
in Consolidated Shareholders' Funds
for the year ended 31st March 1993*

	1993	1992
	£000	£000
Profit for the year after taxation and minority interests	13,198	8,611
Dividends paid	(1,955)	(1,955)
Dividends proposed	(2,445)	(2,118)
Other recognised gains and losses relating to the year	(1,068)	(25,356)
Net increase/(reduction) in shareholders' funds	7,730	(20,818)
Shareholders' funds brought forward	186,000	206,818
Shareholders' funds carried forward	<u>£193,730</u>	<u>£186,000</u>

The notes on pages 13 to 24 form part of these financial statements.

*Consolidated Balance Sheet
as at 31st March 1993*

	Notes	1993 £000	1992 £000
FIXED ASSETS			
Tangible Assets	9	215,128	220,185
Investments	10	657	834
		<u>215,785</u>	<u>221,019</u>
CURRENT ASSETS			
Properties held for Trading	11	45,762	45,723
Debtors: Due within one year	12	14,904	17,611
Due after one year	12	6,173	1,883
Investments	13	1,340	1,230
Cash at Bank		22,310	2,442
		<u>90,489</u>	<u>68,889</u>
Creditors: Amounts falling due within one year	14	<u>(58,356)</u>	<u>(65,706)</u>
Net Current Assets		<u>32,133</u>	<u>3,183</u>
Total Assets less Current Liabilities		<u>247,918</u>	<u>224,202</u>
Creditors: Amounts falling due after more than one year	15	(52,609)	(36,916)
Provision for liabilities and charges	16	(919)	(857)
Net Assets		<u><u>£194,190</u></u>	<u><u>£186,429</u></u>
CAPITAL AND RESERVES			
Called up Share Capital	17	4,074	4,074
Share Premium Account	18	555	555
Revaluation Reserve	18	96,049	93,997
Other Reserves	18	4,199	4,437
Profit and Loss Account	18	88,553	82,937
Shareholders' funds		<u>193,730</u>	<u>186,000</u>
Minority Interests		<u>460</u>	<u>429</u>
		<u><u>£194,190</u></u>	<u><u>£186,429</u></u>

The Financial Statements on pages 8 to 24 were approved by the Board of Directors on 6th August 1993 and were signed on its behalf by:

BSE Freshwater

Director

D Davis

The notes on pages 13 to 24 form part of these financial statements.

B a l a n c e S h e e t
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	Notes	1993 £000	1992 £000
FIXED ASSETS			
Investment in subsidiaries	19	230,656	210,863
CURRENT ASSETS			
Debtors: Due within one year	12	74	83
Due after one year	12	4,816	3,702
Cash at Bank		996	603
		<u>5,886</u>	<u>4,388</u>
Creditors: Amounts falling due within one year			
	14	<u>(37,650)</u>	<u>(20,869)</u>
Net Current Liabilities		<u>(31,764)</u>	<u>(16,481)</u>
Total Assets less Current Liabilities		<u>198,892</u>	<u>194,382</u>
Creditors: Amounts falling due after more than one year			
	15	<u>(5,162)</u>	<u>(7,953)</u>
Net Assets		<u><u>£193,730</u></u>	<u><u>£186,429</u></u>
CAPITAL AND RESERVES			
Called up Share Capital	17	4,074	4,074
Share Premium Account	18	555	555
Revaluation Reserve	18	174,140	172,071
Profit and Loss Account	18	14,961	9,729
		<u><u>£193,730</u></u>	<u><u>£186,429</u></u>

The Financial Statements on pages 8 to 24 were approved by the Board of Directors on 6th August 1993 and were signed on its behalf by:

BSE Freshwater

Directors

D Davis

The notes on pages 13 to 24 form part of these financial statements.

*Cash Flow Statement
for the year ended
31st March 1993*

	1993	1992
	£000	£000
Net cash inflow from operating activities (note 20(i))	21,968	22,453
Returns on investments and servicing of finance		
Interest received	1,313	856
Interest paid	(6,149)	(5,100)
Dividends paid	(4,073)	(4,562)
Net cash outflow from returns on investments and servicing of finance	(8,909)	(8,806)
Taxation		
U.K. Corporation tax paid	(10,480)	(5,688)
Overseas tax (paid)/received	(21)	67
	(10,501)	(5,621)
Investing activities		
Purchase of investment properties	—	(34,794)
Sale of investment properties	1,706	2,656
Mortgages granted – amounts repaid in year	—	117
Collateral endowment policy – matured	274	165
Net cash inflow/(outflow) from investing activities	1,980	(31,856)
Net cash inflow/(outflow) before financing	<u>£4,538</u>	<u>(£23,830)</u>
Financing		
New mortgage loans	(15,855)	(7,875)
Repayment of mortgage loans	1,395	5,411
Repayment of Unsecured loan stock	20	18
Net cash inflow from financing	(14,440)	(2,446)
Increase/(Decrease) in cash and cash equivalents (note 20(ii))	<u>18,978</u>	<u>(21,384)</u>
	<u>£4,538</u>	<u>(£23,830)</u>

Notes to the Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's Financial Statements.

(a) Basis of Accounting

The Financial Statements are prepared in accordance with applicable accounting standards and under the historical cost convention as adjusted by the policy of accounting for investment properties referred to in note 1(g) and the policy of accounting for investments in subsidiary undertakings referred to in note 1(k).

(b) Consolidation

The Financial Statements of certain subsidiary undertakings have not been consolidated (see note 19). A separate profit and loss account dealing with the results of the Company only has not been presented, in accordance with Section 230(4), Companies Act 1985.

(c) Income Available for Distribution

Under the Articles of Association of certain Group investment undertakings, realised capital surpluses are not available for distribution as dividends and these surpluses are transferred from Consolidated Profit and Loss Account to Other Non-Distributable Reserves.

(d) Depreciation

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Leases having an unexpired term of less than 20 years are amortised evenly over the remaining period of the lease.

(e) Acquisitions and Disposals of Properties

Acquisitions and disposals are considered to have taken place at the date of legal completion.

(f) Deferred Taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the accounts, and is calculated on the liability method. Provision is made for deferred taxation in respect of those timing differences which are expected to crystallize in the foreseeable future.

Notes to the Financial Statements

(continued)

(g) Properties

(i) Investment Properties

Investment properties are included in the Balance Sheet either at professional valuation, carried out at regular intervals, or at Directors' valuation carried out in the intervening years. The aggregate surplus is transferred to a revaluation reserve and on realisation is transferred to Cumulative Consolidated Profit and Loss Account. This constitutes a change of accounting policy to comply with FRS3.

(ii) Trading Properties

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

(h) Foreign Currencies

Foreign currency borrowings and the assets, liabilities and results of the overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Differences on exchange arising from the translation of opening balance sheets of overseas companies at year end rates and on foreign currency borrowings used to finance long term foreign equity investments are taken directly to Non-Distributable Reserves. Other differences on exchange are dealt with in the Profit and Loss Account.

(i) Sales of Investment Properties

It is Group policy to sell, as individual units, flats in residential blocks which have been held as investments but which are now considered uneconomic to retain. Occasionally there are sales of residential and commercial investment blocks. Since such sales of all types of investment property are expected to continue, the resulting surplus based on the excess of sales proceeds over valuation is included within the Group profit on ordinary activities, and taxation applicable thereto is shown as part of the taxation charge.

(j) Repairs

The cost of repairs is written off to Profit and Loss Account in the year in which the expenditure is incurred.

(k) Investments in Subsidiary Undertakings

Investments in subsidiary undertakings are included in the Company Balance Sheet at Directors valuation carried out at regular intervals and based on net asset value.

Notes to the Financial Statements

(continued)

2. GROUP TURNOVER

An analysis of the main sources of property income and their respective contribution towards the profit for the year is as follows:

	1993			1992		
	Turnover	Cost of	Gross	Turnover	Cost of	Gross
	£000	turnover	profit	£000	turnover	profit
		£000	£000		£000	£000
Rents and service charges receivable (see (i) below)	37,108	(20,716)	16,392	34,273	(18,997)	15,276
Trading property sales	8,544	(2,122)	6,422	8,251	(1,807)	6,444
Investment property sales	880	(153)	727	378	(285)	93
	<u>£46,532</u>	<u>(£22,991)</u>	<u>£23,541</u>	<u>£42,902</u>	<u>(£21,089)</u>	<u>£21,813</u>

The geographical analysis of turnover, profit and net assets is as follows:

	1993			1992		
	U.K.	U.S.A.	Total	U.K.	U.S.A.	Total
	£000	£000	£000	£000	£000	£000
Turnover	<u>£43,734</u>	<u>£2,798</u>	<u>£46,532</u>	<u>£39,937</u>	<u>£2,965</u>	<u>£42,902</u>
Profit before financing charges	19,271	2,506	21,777	17,595	697	18,292
Financing charges	<u>(4,871)</u>	<u>(187)</u>	<u>(5,058)</u>	<u>(2,909)</u>	<u>(1,443)</u>	<u>(4,352)</u>
Profit/(loss) on ordinary activities before taxation	<u>14,400</u>	<u>2,319</u>	<u>16,719</u>	<u>£14,686</u>	<u>(£746)</u>	<u>£13,940</u>
Net assets	<u>£183,986</u>	<u>£10,204</u>	<u>£194,190</u>	<u>£183,102</u>	<u>£3,327</u>	<u>£186,429</u>

(i) Cost of rents and service charges receivable includes:

	1993	1992
	£000	£000
Wages and salaries	1,149	1,061
Social security costs	98	96
	<u>£1,247</u>	<u>£1,157</u>

These figures relate only to portage staff of whom an average number of 136 (1992 - 133) were employed during the year.

Notes to the Financial Statements

(continued)

3. OTHER INCOME

	1993	1992
	£000	£000
Share of U.S.A. partnerships' results	26	18
Sundry income	46	229
Surplus on redemption of collateral endowment policy	97	79
	<u>£169</u>	<u>£326</u>

4. FINANCING CHARGES

	1993	1992
	£000	£000
Interest payable on bank loans and overdrafts:		
Repayable within 5 years	2,735	2,521
Repayable in more than 5 years	3,632	2,687
	<u>6,367</u>	<u>5,208</u>
Less: Interest receivable	(1,309)	(856)
	<u>£5,058</u>	<u>£4,352</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1993	1992
	£000	£000
Profit on ordinary activities before taxation is stated after charging the following:		
Auditors' remuneration: Audit services	247	230
Non-audit services	4	—
Pension paid to widow of former managing director	58	55
Directors' emoluments (see (i) and (ii) below)		
Fees	11	11
Other remuneration (including pension contributions)	588	574
(i) Chairman and highest paid Director	<u>£223,500</u>	<u>£223,500</u>
(ii) Directors' remuneration (excluding pension contributions)		
	Number	Number
£5,001 to £10,000	1	1
£210,001 to £215,000	—	1
£220,001 to £225,000	<u>2</u>	<u>1</u>

	1993	1992
	£000	£000
Staff costs:		
Salaries	2,084	1,787
Pensions contributions	86	50
Social Security costs	186	161
	<u>£2,356</u>	<u>£1,998</u>

These figures are the Group's proportion of Administrative Staff costs and are equivalent to an average of 140 employees (1992 – 123 employees).

Notes to the Financial Statements

(continued)

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation based on the profit for the year of the Company and its subsidiaries:

	1993	1992
U.K. corporation tax at 33% (1992 - 33%)	£000	£000
Overseas taxation	4,786	5,152
Deferred taxation	(1)	—
	(45)	132
	<u>4,740</u>	<u>5,284</u>
Prior year (over)/under provisions	(1,242)	33
	<u>£3,498</u>	<u>£5,317</u>

(b) Deferred Taxation Asset

	The Group		The Company	
	1993	1992	1993	1992
	£000	£000	£000	£000
Advance corporation tax recoverable	1,362	706	1,362	706
Short term timing differences	121	98	74	22
	<u>£1,483</u>	<u>£804</u>	<u>£1,436</u>	<u>£728</u>

Apart from the above items there was at 31st March 1993 a potential liability for deferred taxation in respect of Industrial Building Allowances of £1,201,000 (1992 - £1,181,000). No provision has been made in these Financial Statements in respect of this liability as it is not expected to arise in the foreseeable future.

In the event of a realisation of the Group's investment properties and of the Company's investment in subsidiaries at an amount equal to the valuation recorded in the Financial Statements, a liability to corporation tax on chargeable gains would arise estimated at not more than £6.1m and £7.9m respectively (1992 - £6.1m and £8.3m) and for which no provision has been made in these Financial Statements.

The movement on the Deferred Taxation Asset is as follows:

	The Group	The Company
At 1st April 1992	£000	£000
Released in the year	804	728
Advance corporation tax recoverable	(683)	(654)
	<u>1,362</u>	<u>1,362</u>
At 31st March 1993	<u>£1,483</u>	<u>£1,436</u>

7. PROFIT FOR THE YEAR

Of the Group profit for the year after taxation a surplus of £9,632,000 (1992 - £8,916,000) is dealt with in the accounts of the holding company.

8. EARNINGS PER SHARE

Earnings per share is calculated on earnings, after taxation and minority interests, of £13,198,000 (1992 - £8,611,000) and 16,295,357 shares in issue at 31st March 1993 (1992 - 16,295,357).

Notes to the Financial Statements

(continued)

9. TANGIBLE ASSETS—INVESTMENT PROPERTIES

	Freehold	Long Leasehold	Short Leasehold	Total 1993	Total 1992
	£000	£000	£000	£000	£000
At Valuation 1st April 1992	183,892	23,598	12,695	220,185	213,031
Exchange movement	—	—	—	—	13
Transfer to trading stock	(161)	—	—	(161)	(320)
Reclassification	1,210	(1,229)	19	—	—
Additions	259	27	—	286	34,794
Disposals	(3,825)	(287)	(15)	(4,127)	(2,649)
Revaluation	(970)	(92)	7	(1,055)	(24,684)
At Valuation 31st March 1993	<u>£180,405</u>	<u>£22,017</u>	<u>£12,706</u>	<u>£215,128</u>	<u>£220,185</u>

The geographical analysis is as follows:

	1993	1992
	£000	£000
United Kingdom	215,128	217,194
United States of America	—	2,991
	<u>£215,128</u>	<u>£220,185</u>

The historical cost of investment properties is £114,186,000 (1992 – £121,606,000).

A professional revaluation of all the Group's United Kingdom investment properties was carried out at 31st March 1993 by Keith Cardale Groves, Consultant Surveyors. The revalued figures are based on open market values in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes. (See report on page 25.)

10. INVESTMENTS HELD AS FIXED ASSETS

	1993	1992
	£000	£000
Interest in syndicates holding industrial buildings	617	617
Collateral endowment policies at cost (see note below)	40	217
	<u>£657</u>	<u>£834</u>

Note:

Surrender values – £46,000 (1992 – £278,000).

11. PROPERTIES HELD FOR TRADING

	U.K.	U.S.A.	1993 Total	U.K.	U.S.A.	1992 Total
	£000	£000	£000	£000	£000	£000
At the lower of cost and net realisable value	<u>£26,597</u>	<u>£19,165</u>	<u>£45,762</u>	<u>£27,717</u>	<u>£18,006</u>	<u>£45,723</u>

£6,462,000 (1992 – £5,162,000) of the properties held for trading in the U.S.A. are held through shares in Co-operative Corporations.

Notes to the Financial Statements

(continued)

12. DEBTORS

	The Group		The Company	
	1993	1992	1993	1992
	£000	£000	£000	£000
Rents and service charges	10,319	11,193	—	—
Other debtors and prepayments	4,464	6,316	—	61
Interest receivable	—	4	—	—
Short term timing differences (note 6(b))	121	98	74	22
Mortgages granted repayable after one year	4,811	1,177	3,454	2,996
ACT recoverable after one year (note 6(b))	1,362	706	1,362	706
	<u>£21,077</u>	<u>£19,494</u>	<u>£4,890</u>	<u>£3,785</u>

13. INVESTMENTS HELD AS CURRENT ASSETS

	1993	1992
	£000	£000
Investments in U.S.A. partnerships (see note below)	1,212	1,093
Mortgages granted	12	21
Listed securities at the lower of cost and net realisable value (Market value £134,000 (1992 – £129,000))	116	116
	<u>£1,340</u>	<u>£1,230</u>
	1993	1992
	£000	£000
Note: Net Assets of U.S.A. partnerships comprise:		
Shares in Co-operative Corporations	2,777	2,368
Mortgages granted	2,333	1,992
Cash and other assets	247	298
	<u>5,357</u>	<u>4,658</u>
Less: Creditors repayable within one year	(137)	(102)
Creditors repayable after one year and provisions	(3,389)	(2,949)
	<u>£1,831</u>	<u>£1,607</u>
Group share of net assets including premium on acquisition	<u>£1,212</u>	<u>£1,093</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	1993	1992	1993	1992
	£000	£000	£000	£000
Debenture stock 1988-93 (8¼%)	500	—	—	—
Mortgage advances (7%–12¼%)	622	949	510	486
Bank loans and overdrafts (see note below)	32,444	31,528	31,273	15,554
Rents and service charges charged in advance	6,904	6,825	—	—
Other creditors and accruals	7,215	10,095	1,429	1,255
Taxation	8,226	14,191	1,993	1,456
Proposed dividend	2,445	2,118	2,445	2,118
	<u>£58,356</u>	<u>£65,706</u>	<u>£37,650</u>	<u>£20,869</u>

Note: Bank loans and overdrafts of the Group of \$31,046,000 (1992 – £30,252,000) and of the Company of \$29,944,000 (1992 – £14,402,000) are secured on certain of the Group's properties.

Notes to the Financial Statements

(continued)

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	1993	1992	1993	1992
	£000	£000	£000	£000
Debentures	2,200	2,700	—	—
Unsecured Loan Stocks	3,032	3,052	—	—
Mortgage advances	47,577	31,164	3,250	3,467
Amounts due to subsidiary undertakings	—	—	1,912	4,486
	<u>£52,809</u>	<u>£36,916</u>	<u>£5,162</u>	<u>£7,953</u>

Analysis of creditors falling due after more than one year

	Interest Rate	The Group		The Company	
		1993	1992	1993	1992
		£000	£000	£000	£000
Amounts repayable after 1st April 1998					
Unsecured Loan Stock 2002-07	8¼%	1,913	1,933	—	—
Instalment Mortgages 1990-2001	7%-10¼%	34,776	26,597	—	2,603
Debenture Stock 1992-97	7¼%	—	550	—	—
Amounts due to subsidiary undertakings		—	—	1,912	4,486
		<u>36,689</u>	<u>29,080</u>	<u>1,912</u>	<u>7,089</u>

Amounts repayable between 1st April 1995 and 31st March 1998

Unsecured Loan Stock 1991-96	7¼%	1,119	1,119	—	—
Instalment Mortgages	7%-11%	11,497	4,263	3,250	648
Debenture Stock 1992-97	7¼%	550	—	—	—
Debenture Stocks 1990-95	6¼%-6¾%	1,650	1,650	—	—
		<u>14,816</u>	<u>7,032</u>	<u>3,250</u>	<u>648</u>

Amounts repayable between 1st April 1994 and 31st March 1995

Instalment Mortgages	7%-11%	1,304	304	—	216
Debenture Stock 1988-93	8¼%	—	500	—	—
		<u>1,304</u>	<u>804</u>	<u>—</u>	<u>216</u>

Total amount of Long Term Loans

	<u>£52,809</u>	<u>£36,916</u>	<u>£5,162</u>	<u>£7,953</u>
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Amount of Long Term Loans secured on certain of the Group's properties

	<u>£49,777</u>	<u>£33,864</u>	<u>£3,250</u>	<u>£3,467</u>
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Notes to the Financial Statements

(continued)

16. PROVISION FOR LIABILITIES AND CHARGES

	The Group £000
U.S.A. deferred taxation:	
Balance at 1st April 1992	351
Foreign exchange movement	84
Released during the year	(22)
Balance at 31st March 1993	<u>£919</u>

17. SHARE CAPITAL

	Number	1993 £000	1992 £000
Authorised:			
Ordinary shares of 25 pence per share	<u>18,722,596</u>	<u>£4,681</u>	<u>£4,681</u>
Allotted, called up and fully paid:			
Ordinary shares of 25 pence per share	<u>16,295,357</u>	<u>£4,074</u>	<u>£4,074</u>

18. RESERVES

	The Group £000 £000		The Company £000 £000	
Share Premium Account:				
At 1st April 1992 and 31st March 1993		<u>£555</u>		<u>£555</u>
Revaluation Reserve:				
At 1st April 1992	93,997		172,071	
Transfer from other Non-Distributable Reserves	200		—	
Transfer to profit and loss account of revaluation surplus on investment properties now realised	(1,204)		—	
Temporary diminution in value now realised	4,120		—	
Fixed asset revaluation	<u>(1,064)</u>		<u>2,069</u>	
		<u>£96,049</u>		<u>£174,140</u>
Other Non-Distributable Reserves:				
At 1st April 1992	4,437			
Transfer to revaluation reserve	(200)			
Translation differences on foreign currency net investments	<u>262</u>			
		<u>£4,499</u>		<u>£nil</u>
Profit and Loss Account:				
At 1st April 1992	82,937		9,729	
Revaluation reserve realised on disposal	1,204		—	
Tax on revaluation reserve released	(266)		—	
Temporary diminution in value now realised	<u>(4,120)</u>		<u>—</u>	
Retained for the year	<u>8,798</u>		<u>5,232</u>	
		<u>£88,553</u>		<u>£14,961</u>

Notes to the Financial Statements

(continued)

19. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	Shares at valuation £000	Loans £000	Total £000
At 1st April 1992	179,856	31,007	210,863
Additions	1,782	15,942	17,724
Revaluation	2,069	—	2,069
At 31st March 1993	<u>£183,707</u>	<u>£46,949</u>	<u>£230,656</u>

The historical cost of shares in subsidiary undertakings is \$9,567,000 (1992 – \$7,785,000).

Shares in subsidiary undertakings have been valued by the Directors at 31st March 1993 based on the underlying net asset values of the subsidiary undertakings.

There have been excluded from the Consolidated Financial Statements the results of certain subsidiary undertakings acquired at a cost of £146,000 and valued by the Directors at £nil (1992 – £nil). The combined profits since acquisition attributable to the Company as indicated by their financial statements amounted to £40,000 (1992 – £8,000) and their aggregate liabilities at 31st March 1993 were £54,000 (1992 – £86,000). The inclusion of these undertakings would not materially affect the consolidated financial statements.

20. CASH FLOW STATEMENT

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

	1993 £000	1992 £000
Operating profit	18,522	18,199
Share of US partnership (profit)/loss	(26)	(18)
Surplus on redemption of loan stock	(97)	(79)
Decrease in properties held for trading	2,873	1,014
(Increase)/decrease in debtors	3,380	(2,585)
Increase/(decrease) in creditors	(3,045)	5,639
Decrease/(increase) in investments held as current assets	50	24
Effect of other deferrals and accruals of operating activity cash flow	311	259
Net cash inflow from operating activities	<u>£21,968</u>	<u>£22,453</u>

Notes to the Financial Statements

(continued)

(ii) Analysis of changes in cash and cash equivalents during the year.

	£000
Balance at 1st April 1992	(29,086)
Net cash inflow before adjustment for foreign exchange rate changes	18,978
Effect of foreign exchange differences	(26)
Balance at 31st March 1993	<u>(£10,134)</u>

(iii) Analysis of the balances of cash and cash equivalents as shown on the balance sheet.

	1993 £000	1992 £000	Change in year £000
Cash at bank and in hand	22,310	2,442	19,868
Bank loans and overdrafts	<u>(32,444)</u>	<u>(31,528)</u>	<u>(916)</u>
	<u>(£10,134)</u>	<u>(£29,086)</u>	<u>£18,952</u>

(iv) Analysis of changes in financing during the year.

	Share capital (including premium) £000	Loans and mortgages £000
Balance at 1st April 1992	4,629	37,865
Effect of foreign exchange differences	—	1,626
Cash inflows from financing (net)	—	14,440
Balance at 31st March 1993	<u>£4,629</u>	<u>£53,931</u>

21. DIRECTORS' INTERESTS IN CONTRACTS

Day-to-day management of the Group's properties in the United Kingdom is partly carried out by Highdorn Co. Limited and by Freshwater Property Management Limited. Mr B S E Freshwater and Mr S I Freshwater are Directors of both companies and are also interested in the share capital of Highdorn Co. Limited.

Mr B S E Freshwater and Mr D Davis are also Directors of the parent company of Freshwater Property Management Limited but have no beneficial interest in either company.

The amounts paid for the provision of management services charged for at normal commercial rates were:

Highdorn Co. Ltd		Freshwater Property Management Ltd	
1993 £000	1992 £000	1993 £000	1992 £000
<u>£1,876</u>	<u>£1,757</u>	<u>£956</u>	<u>£965</u>

Notes to the Financial Statements

(continued)

22. CONTINGENT LIABILITIES

The Company has guaranteed bank and mortgage indebtedness and unsecured loan stock of certain subsidiaries which at 31st March 1993 amounted to £31.7m (1992 - £39.4m).

The Group is from time to time party to legal actions arising in the ordinary course of business. The Directors are advised that there are no actions current which could have a material adverse effect on the financial position of the Group.

23. PRINCIPAL SUBSIDIARY UNDERTAKINGS

Except where otherwise indicated the following are wholly owned property companies included in the consolidated financial statements.

The Group has disposed of its shareholdings in Daejan (Massachusetts) Inc.

All subsidiaries operate in their country of incorporation.

Incorporated in Great Britain and registered in England and Wales

Astral Estates (London) Limited
Bampton Holdings Limited
Bampton (Redbridge) Limited (75%)
Brickfield Properties Limited
City and Country Properties Limited
City & Country Properties
(Birmingham) Limited
City and Country Properties
(Camberley) Limited
City and Country Properties
(Midlands) Limited
Chilon Investments Co. Limited
Daejan (Brighton) Limited
Daejan Developments Limited
Daejan (Dartford) Limited
Daejan (Durham) Limited
Daejan Estates Limited
Daejan (High Wycombe) Limited
Daejan Investments Limited
Daejan Investments (Grove Hall) Limited
Daejan Investments (Harrow) Limited
Daejan Investments (Park) Limited

Daejan (Kingston) Limited
Daejan Properties Limited
Daejan (Reading) Limited
Daejan Securities Limited - *Share Dealer*
Daejan (Taunton) Limited
Daejan (Warwick) Limited
Daejan (Worcester) Limited
Hampstead Way Investments Limited
Limebridge Co. Limited
Pegasus Investment Company Limited
Rapid 7533 Limited
Rosebel Holdings Limited
Seaglen Investments Limited
St. Leonards Properties Limited
The Bampton Property Group Limited
The Cromlech Property Co. Limited
The Halliard Property Co. Limited

Incorporated in the U.S.A.

Daejan Holdings (U.S.) Inc.
Daejan (N.Y.) Limited
Daejan Enterprises Inc.

*Report of the Valuers
to the Directors of Daejan Holdings PLC*

As instructed we have valued for the purpose of your Company's balance sheet the investment properties owned by your Company and its subsidiaries in the United Kingdom. The properties are listed in our separate detailed schedules.

We have not had access to Title Deeds and our valuation is on the basis of the information supplied to us as to tenure and occupancy and other relevant information.

The properties have been valued individually on the basis of open market value in accordance with the Statements of Asset Valuation Practice and Guidance Notes prepared by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors.

No allowance has been made for expenses of realisation or for any taxation which may arise, and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.

Our valuations assume that the properties are free from any un-disclosed onerous burdens, outgoing or restrictions. We have not seen planning consents and have assumed that the properties have been erected and are being occupied and used in accordance with all requisite consents.

We have not carried out Structural Surveys of the properties nor have we tested the services. Our valuations assume that the buildings contain no deleterious materials.

We confirm that the valuations have been carried out by us as External Valuers qualified for the purpose of the valuation.

The valuation is made with the benefit of the Schedule of Standard Assumptions, Caveats, Limitations and Basis of Valuation provided to you and in accordance with instructions, the properties are inspected on a 3 yearly cycle, one-third by value being inspected each year.

Having regard to the foregoing we are of the opinion that the aggregate of the values of your Company's interests as at 31st March 1993 is £215,128,000 (Two Hundred and Fifteen Million One Hundred and Twenty Eight Thousand Pounds).

In accordance with our standard practice, we must state that this valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Keith Cardale Groves

1 Lumley Street
London W1Y 1TW

1st July 1993

Five Year Record

	1989	1990	1991	1992	1993
	£000	£000	£000	£000	£000
Net Rental Income	12,173	14,340	14,158	15,276	16,392
Surplus on Sale of Trading Properties	17,355	6,514	7,137	6,444	6,422
Other Income	1,052	272	68	326	169
	<u>30,580</u>	<u>21,126</u>	<u>21,363</u>	<u>22,046</u>	<u>22,983</u>
Group Profit before Taxation	25,430	16,325	15,000	13,940	16,719
Taxation	9,479	2,192	5,843	5,317	3,498
Minority Interests	13	31	35	12	23
Available Surplus	<u>15,938</u>	<u>14,102</u>	<u>9,122</u>	<u>8,611</u>	<u>13,198</u>
Earnings: p. per share	97.8	86.5	56.0	52.8	81.0
Dividends: p. per share	<u>22.0</u>	<u>23.0</u>	<u>24.0</u>	<u>25.0</u>	<u>27.0</u>
Gross Assets	258,918	282,813	281,495	289,908	306,274
Net Assets	190,408	217,017	206,818	186,000	193,730
Net Asset: £ per share	<u>11.68</u>	<u>13.32</u>	<u>12.69</u>	<u>11.41</u>	<u>11.89</u>
Represented by:					
Share Capital	4,074	4,074	4,074	4,074	4,074
Reserves and Retained Profit	<u>186,334</u>	<u>212,943</u>	<u>202,744</u>	<u>181,926</u>	<u>189,656</u>
Shareholders' Funds	<u>£190,408</u>	<u>£217,017</u>	<u>£206,818</u>	<u>£186,000</u>	<u>£193,730</u>

The results for 1993 have been prepared under FRS3 and the corresponding amounts for the years 1989 to 1992 have been restated on this basis.

DAEJAN HOLDINGS PLC
FORM OF PROXY
FOR ANNUAL GENERAL MEETING OF THE COMPANY

I/We
(BLOCK LETTERS PLEASE)

of

being a Member(s) of DAEJAN HOLDINGS PLC HEREBY APPOINT THE CHAIRMAN OF THE MEETING as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at **12 noon on Wednesday, 8th September 1993** and at any adjournment thereof.

*My/Our proxy is to vote as follows:—

RESOLUTION	No. 1	No. 2	No. 3	No. 4
FOR				
AGAINST				

Dated this..... day of 1993

Signed

*If you do not indicate how you wish your proxy to vote, the proxy will vote, or abstain from voting, as he thinks fit.

NOTES:—

1. This proxy to be valid must be lodged at the Company's Registrars at least 48 hours prior to the Meeting.
2. In the case of a Corporation this proxy should be under seal or under the hand of a duly authorised officer.
3. In the case of joint holdings only one holder need sign.

Third fold

BUSINESS REPLY SERVICE
Licence No. BR3076

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DAEJAN HOLDINGS PLC
c/o Lloyds Bank Registrars
The Causeway
Worthing
West Sussex
BN99 6DB

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Second fold