

First Charles Investments Limited

Directors' report and financial statements

31 March 1999

Registered number 1293651



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Auditors' report to the members of First Charles Investments Limited	3
Balance sheet	4
Notes	5

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1999.

Business review

The company did not trade during the year.

Dividends

The directors do not recommend the payment of a dividend (1998:£nil).

Directors and directors' interests

The directors who held office during the year were as follows:

BSE Freshwater - Chairman
D Davis

The Articles of Association of the company do not require the directors to retire by rotation.

The directors do not have service contracts nor do they receive any emoluments from the company.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. Their interests, and those of their families and family trusts, in the share capital of the ultimate holding company, Daejan Holdings PLC, are set out in the directors' report of that company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



CC Morse
Secretary

Registered office
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8HR

23 July 1999

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company 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;
- make judgements and estimates that are reasonable and prudent;
- 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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London
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Auditors' report to the members of First Charles Investments Limited

We have audited the financial statements on pages 4 to 6.

Respective responsibilities of directors and auditors

As described on page 2 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 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 company's affairs as at 31 March 1999 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 July 1999

Balance sheet

at 31 March 1999

	<i>Note</i>	1999 £	1998 £
Current assets			
Debtors	3	5,050	5,050
Creditors: amounts falling due within one year	4	(24,192)	(24,192)
Net liabilities		<u>(19,142)</u>	<u>(19,142)</u>
Capital and reserves			
Equity share capital		7	7
Non-equity share capital		90	90
Called up share capital	5	97	97
Other reserve	6	3,730	3,730
Profit and loss account	7	(22,969)	(22,969)
Shareholders' funds		<u>(19,142)</u>	<u>(19,142)</u>

Other than the non-equity share capital of £90, shareholders' funds relate exclusively to equity shareholders' interests.

These financial statements were approved by the board of directors on 23 July 1999 and were signed on its behalf by:


BSE Freshwater
Director


D Davis
Director

Notes

(forming part of the financial statements)

1 Basis of preparation

The financial statements show a deficiency of net assets at the balance sheet date and in the absence of any trading activity it is likely that this position will remain unchanged. Whilst the financial statements have been prepared on the going concern basis, the directors consider that no material adjustments would be required if this basis were inappropriate.

2 Accounting policies

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Income available for distribution

~~Under the Articles of Association, realised capital profits are not available for distribution as dividends and these profits are taken to a non-distributable reserve.~~

3 Debtors

	1999 £	1998 £
Amounts owed by fellow subsidiary undertakings	5,050	5,050
	<hr/>	<hr/>

4 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	5	5
Amounts owed to parent undertaking	24,187	24,187
	<hr/>	<hr/>
	24,192	24,192
	<hr/>	<hr/>

Notes (continued)

5 Called up share capital

	1999 £	1998 £
<i>Authorised:</i>		
10 ordinary shares of £1 each	10	10
90 10% non-cumulative preference shares of £1 each	90	90
	<hr/> 100	<hr/> 100
<i>Allotted, called up and fully paid:</i>		
7 Ordinary shares of £1 each	7	7
90 10% non-cumulative preference shares of £1 each	90	90
	<hr/> 97	<hr/> 97

The preference shares confer the right on the holders to receive a non-cumulative dividend each year at the rate of 10% net on the amounts paid up. These shares would rank above the ordinary shares and be redeemable at par, in the event of the winding up of the company. There are insufficient reserves to pay a dividend.

6 Other reserve

	1999 £	1998 £
Non distributable reserve	3,730	3,730
	<hr/>	<hr/>

7 Profit and loss account

During the financial year and the preceding financial year the company did not trade, it received no income and incurred no expenditure.

8 Ultimate holding company and parent undertaking of larger group of which the company is a member

The company's ultimate holding company is Daejan Holdings PLC, which is incorporated in Great Britain and registered in England and Wales.

The consolidated financial statements of Daejan Holdings PLC are available to the public and may be obtained from: Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

No group financial statements include the results of the company.