

DRONCO (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

Registered Office
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Ruislip
Middlesex
HA4 7LA



DRONCO (UK) LIMITED

**DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002**

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities and review of the business

The principal activity of the company continued to be that of general trader and commission agent.

The directors consider the state of affairs of the company to be satisfactory.

Results and dividends

The results for the year are set out on page 3.

During the year no dividends were paid (2001 : nil).

Directors

The following directors have held office since 1 January 2002:

M.W. Denton

B.A. Safa

The directors have no interest in the issued share capital of the company.

Auditors

KPMG Audit LLC were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

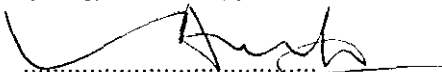
Directors responsibilities

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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



M.W. Denton (Director)

Date: 23/12/03

Report of the Independent Auditors, KPMG Audit LLC, to the members of Dronco (UK) Limited

We have audited the financial statements on pages to 3 to 9.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board 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 United Kingdom Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, 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' transactions with the Company is not disclosed.

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 affairs of the Company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit LLC

KPMG Audit LLC
Chartered Accountants
Registered Auditors

9 January 2004

DRONCO (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 £	2001 £
Turnover	2	152,425	264,346
Administrative expenses		(65,899)	(255,496)
Operating profit	3	86,526	8,850
Other interest receivable and similar income	4	197	717
Interest payable and similar charges	5	(92)	(10,242)
Profit/(loss) on ordinary activities before taxation		86,631	(675)
Tax on profit/(loss) on ordinary activities	6	-	(72,524)
Profit/(loss) on ordinary activities after taxation	11	86,631	(73,199)
(Loss)/profit brought forward at 1 January 2002		(50,230)	22,969
Profit/(loss) carried forward at 31 December 2002		36,401	(50,230)

All of the company's activities are derived from continuing operations.

In both the current and preceding years there were no recognised gains and losses other than those passing through the profit and loss account.


The notes on pages 5 to 9 form part of these financial statements.

DRONCO (UK) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2002**

	Notes	2002 £	£	2001 £	£
Fixed assets					
Investments	7		170		170
Current assets					
Debtors	8	110,847		126,998	
Cash at bank and in hand		64,728		713,591	
		<u>175,575</u>		<u>840,589</u>	
Creditors: amounts falling due within one year	9	<u>(138,344)</u>		<u>(889,989)</u>	
Net current assets/(liabilities)			37,231		(49,400)
Total assets less current liabilities			<u>37,401</u>		<u>(49,230)</u>
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account	11		36,401		(50,230)
Shareholders' funds - equity interests	12		<u>37,401</u>		<u>(49,230)</u>

The financial statements were approved by the Board on 23/12/03



M.W. Denton
Director

The notes on pages 5 to 9 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards generally accepted in the United Kingdom.

The financial statements have been prepared on the going concern basis. This is considered appropriate as the ultimate beneficial shareholders will continue to provide financial support to the company for the foreseeable future.

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.3 Taxation

The charge for taxation is based on the profit for the year, amended for permanent differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is fully provided (in accordance with FRS 19) on timing differences using tax rates which are expected to apply on crystallisation of the timing differences. Deferred tax assets are recognised to the extent they are more likely than not to be recovered. The Company does not discount deferred tax balances.

1.4 Foreign currency translation

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

1.5 Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised) from the requirement to produce a cashflow statement on the grounds that it is a small company, under section 248 of the Companies Acts 1985.

1.6 Income

Income is accounted for on an accruals basis.

2 Turnover

Turnover represents amounts receivable by the company during the year, exclusive of VAT and is attributable to the one principal activity of the company.

3 Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	2,750	2,750
Exchange (gains) / losses	(6,997)	663
	<hr/>	<hr/>
4 Other interest receivable and similar income	2002	2001
	£	£
Bank interest received	197	717
	<hr/>	<hr/>
	197	717
	<hr/>	<hr/>

DRONCO (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

5	Interest payable and similar charges	2002	2001
		£	£
	On bank loans and overdrafts	10	242
	On overdue tax	82	10,000
		<u>92</u>	<u>10,242</u>
6	Taxation	2002	2001
		£	£
(a)	Analysis of charge in period		
	Domestic current year tax		
	Corporation tax at 30.00 % (2001 - 30.00 %)	-	-
	Adjustment for prior years	-	72,524
	Current tax charge	<u>-</u>	<u>72,524</u>
(b)	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>86,631</u>	<u>(675)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of U.K. corporation tax of 30.00 % (2001 : 30.00 %)	<u>25,989</u>	<u>(203)</u>
	Effects of:		
	Tax losses utilised	-	203
	Adjustments to previous periods	-	72,524
	Other tax adjustments	(25,989)	-
		<u>(25,989)</u>	<u>72,727</u>
	Current tax charge	<u>-</u>	<u>72,524</u>
7	Fixed asset investments		
			Unlisted investments
			£
	Cost		
	At 1 January 2002 & at 31 December 2002		<u>170</u>

The investment represents holdings in various joint venture partnerships and are stated at acquisition cost.

DRONCO (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

8 Debtors	2002	2001
	£	£
Trade debtors	62,899	124,980
Amounts owed by parent and fellow subsidiary undertakings	39,149	-
ACT recoverable	1,980	1,980
Other debtors	6,819	38
	<u>110,847</u>	<u>126,998</u>

The amounts due from parent and fellow subsidiary undertakings are unsecured, interest free and repayable on demand. The intercompany balances are shown on a net basis with the Edsaco Participation Group.

9 Creditors: amounts falling due within one year	2002	2001
	£	£
Amounts owed to parent and fellow subsidiary undertakings	-	127,110
Corporation tax	72,531	72,532
Other creditors	53,063	677,597
Accruals and deferred income	12,750	12,750
	<u>138,344</u>	<u>889,989</u>

The amounts owed to parent and fellow subsidiary undertakings are unsecured, interest free and repayable on demand. The intercompany balances are shown on a net basis with the Edsaco Participation Group.

10 Share capital	2002	2001
	No.	No.
Authorised		
1,000 ordinary £1 shares	<u>1,000</u>	<u>1,000</u>
	2002	2001
	£	£
Allotted, called up and fully paid		
1,000 ordinary £1 shares	<u>1,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

11 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 January 2002	(50,230)
Retained profit for the year	86,631
Balance at 31 December 2002	36,401

12 Reconciliation of movements in shareholders' funds

2002
£

2001
£

Profit/(Loss) for the financial year	86,631	(73,199)
Opening shareholders' funds	(49,230)	23,969
Closing shareholders' funds	37,401	(49,230)

13 Contingent liabilities

There were no known contingent liabilities at the balance sheet date.

14 Capital commitments

There were no major capital commitments as at the balance sheet date

15 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

2002
Number

2001
Number

Management & Administration	4	4
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Employment costs

£

£

Wages and salaries	28,857	28,578
Social security costs	11,139	11,012
	39,996	39,590

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

16 Immediate parent company

Edsaco Participation Limited, a company incorporated in Jersey, is the immediate parent company. The ultimate controlling party is Fortis Group.

17 Immediate Parent Company

The company has taken advantage of the exemption under FRS8 from the requirement to make disclosures concerning related party transactions with other group companies as the Company is at least 90% owned by other group entities.