

DANKO (UK) LIMITED

Company No. 2215830

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1996



Danko (UK) Limited

Company Information

Directors

J. H. Metzger
E. Vernet
I. Dalziel

Secretary

J. H. Metzger

Registered Office

105 St Peters Street
St Albans
Herts
AL1 3EJ

Auditors

Kingston Smith
105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ

Danko (UK) Limited

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31st December 1996.

Principal activity and business review

The principal activity of the company throughout the year was that of property investment.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividend

The results of the company for the year are set out on page 4.

The directors do not recommend the payment of a dividend as the funds of the company are fully employed.

It is recommended that the whole of the retained loss be withdrawn from reserves.

Directors and their interests

The directors who served the company throughout the year together with their interests (including family interests) in the shares of the company, at the beginning and end of the year, were as follows:

	Ordinary shares of £1 each	
	31st December 1996	1st January 1996
J. H. Metzger	-	-
E. Vernet	-	-
I. Dalziel	-	-

K. Bise, who did not have any interest in the share capital of the company, resigned as a director on 8 October 1996.

Cashflow Statement

In the opinion of the directors the company qualifies as a small company and as such no cashflow statement has been prepared.

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board

J. H. Metzger
Director

105 St Peters Street
St Albans
Herts
AL1 3EJ

Date: January 28 1998

Danko (UK) Limited

Directors' Responsibilities and Report of the Auditors

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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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.

Auditors' Report to the Members of Danko (UK) Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention, and the accounting policies set out on page 6 & 7.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the 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, except that the scope of our work was limited as explained below.

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 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.

We have not been authorised to examine the company's accounting records, with the exception of the computerised nominal ledger, which are held outside the United Kingdom. We have however, within this limitation, evaluated the overall adequacy of the presentation of information in the financial statements.

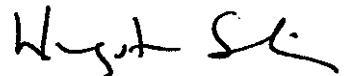
Auditors Report to the Members of Danko (UK) Limited

Opinion : disclaimer on view given by financial statements

Because of the potential significance of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 or of its loss for the year then ended. In all other respects, in our opinion the financial statements have been prepared in accordance with the Companies Act 1985.

In respect of the limitation on our work referred to above:

- we have not obtained all the information and explanations that we consider necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained; and
- we are unable to determine whether the financial statements are in agreement with the accounting records.



Kingston Smith
Chartered Accountants
and Registered Auditor

105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ

29 May 1998

Danko (UK) Limited
Profit and Loss Account
For the year ended 31st December 1996

	Note	1996 FF	1995 FF
Turnover	2	1,060,210	817,001
Cost of sales		(1,907,098)	(1,399,780)
Gross (loss)		(846,888)	(582,779)
Administrative expenses		(854,075)	(756,397)
Other operating income		361,182	234,824
Operating loss	3	(1,339,781)	(1,104,352)
Interest receivable and similar income		921	-
Interest payable and similar charges		-	(1,774)
Loss on ordinary activities before taxation		(1,338,860)	(1,106,126)
Taxation		-	-
Retained loss transferred from reserves	9	(1,338,860)	(1,106,126)

There are no recognised gains or losses other than those disclosed above and there have been no discontinued activities or acquisitions in the current or preceding period.

Danko (UK) Limited

Balance Sheet at 31st December 1996

		1996		1995	
	Note	FF	FF	FF	FF
Fixed Assets					
Tangible assets	4		32,461,705		29,156,186
Current Assets					
Stock	5	3,870,638		4,026,636	
Debtors	6	607,990		435,903	
Cash at bank and in hand		98,638		379,567	
		<u>4,577,266</u>		<u>4,842,106</u>	
Creditors: Amounts falling due within one year	7	<u>(768,209)</u>		<u>(1,796,346)</u>	
Net Current Assets			<u>3,809,057</u>		<u>3,045,760</u>
Total Assets Less Current Liabilities			<u>36,270,762</u>		<u>32,201,946</u>
Creditors: Amounts falling due after more than one year	8		<u>(41,660,586)</u>		<u>(36,252,910)</u>
Net Assets			<u>(5,389,824)</u>		<u>(4,050,964)</u>
Capital and Reserves					
Called up share capital - equity interests	9		86,950		86,950
Profit and loss account	9		<u>(5,476,774)</u>		<u>(4,137,914)</u>
Shareholders' Funds			<u>(5,389,824)</u>		<u>(4,050,964)</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on January 28 1998

J. H. Metzger Director

Danko (UK) Limited
Notes to the Financial Statements
For the year ended 31st December 1996

1 Principal Accounting Policies

Accounting basis and standards

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

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Investment Properties

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold or leasehold investment properties. This may be a departure from the requirements of the Companies Act 1985, which require all properties to be depreciated. In the opinion of the directors this departure is necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards, as properties are included in the financial statements at their open market value.

The effect of depreciation and amortisation on values is already reflected annually in the valuation of properties, and the amount attributed to this factor by valuers cannot reasonably be separately identified or quantified. Had the provisions of the Act been followed, net assets would not have been affected but revenue profits would have been reduced for this and earlier years.

Going Concern

The shareholders have confirmed, in writing, their continued financial support to the company for the foreseeable future and the directors have every reason to believe that this will be forthcoming.

On the basis of this assurance the directors believe it is appropriate to prepare the financial statements on a going concern basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

Deferred taxation

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Foreign Exchange

The financial statements are stated in French Francs.

Transactions denominated in foreign currencies are translated into French francs and recorded at a rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into French francs at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Danko (UK) Limited
Notes to the Financial Statements
For the year ended 31st December 1996

Development Grant

Development grants in respect of capital expenditure are credited to a deferred income account and are then released to profit over the expected useful lives of the assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

Comparative Figures

The following amendment has been made to the 1995 figures so that they are comparable with current year balances. An amount of FF 234,824 has been transferred from interest receivable and similar charges to other operating income with respect to Development grants received.

The amendments have no effect on the loss for the year after taxation.

2 Turnover

The company's total turnover represents the value of goods and services supplied to customers during the year. The analysis of turnover by geographical area is as follows:

	1996 FF	1995 FF
Europe	1,060,210	817,001

3 Operating Loss

	1996 FF	1995 FF
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The operating loss is stated after charging:

Auditors' remuneration	19,452	14,199
Directors remuneration	21,284	17,004
Loss on sale of fixed assets	232,277	-
Exchange difference	(921)	1,774
Hire of materials	5,251	8,788

and after crediting:

Development grant received	361,182	234,824
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4 Tangible Assets

	Freehold Land and Buildings FF	Fixtures and Fittings FF	Total FF
Cost or valuation	£	£	£
At 1st January 1996	25,267,773	3,888,413	29,156,186
Additions	2,192,584	1,345,212	3,537,796
Disposals	-	(232,277)	(232,277)
At 31st December 1996	27,460,357	5,001,348	32,461,705

The directors are of the opinion that the open market value of the investment properties do not materially differ from the cost as at the balance sheet date.

Danko (UK) Limited
Notes to the Financial Statements
For the year ended 31st December 1996

5	Stocks	1996 FF	1995 FF
	Raw materials and livestock	<u>3,870,638</u>	<u>4,026,636</u>
6	Debtors	1996 FF	1995 FF
	Trade debtors	469,169	106,098
	Other debtors	34,871	52,137
	Prepayments and accrued income	<u>103,950</u>	<u>277,668</u>
		<u>607,990</u>	<u>435,903</u>
7	Creditors: Amounts Falling Due Within One Year	1996 FF	1995 FF
	Trade creditors	212,317	1,215,823
	Other creditors	290,578	250,433
	Accruals and deferred income	<u>265,314</u>	<u>330,090</u>
		<u>768,209</u>	<u>1,796,346</u>
8	Creditors: Amounts Falling Due After More Than One Year	1996 FF	1995 FF
	Amounts owed to group undertakings	<u>41,660,586</u>	<u>36,252,910</u>

There is no fixed date for repayment of the above other than not falling due within one year.

9 Shareholders' Funds

1996	Profit and Loss Account FF	Share Capital FF	Total FF
At 1st January 1996	(4,137,914)	86,950	(4,050,964)
Loss for the year	<u>(1,338,860)</u>	-	<u>(1,338,860)</u>
At 31st December 1996	<u>(5,476,774)</u>	<u>86,950</u>	<u>(5,389,824)</u>
1995	Profit and Loss Account FF	Share Capital FF	Total FF
At 1st January 1995	(3,031,788)	86,950	(2,944,838)
Loss for the period	<u>(1,106,126)</u>	-	<u>(1,106,126)</u>
At 31st December 1995	<u>(4,137,914)</u>	<u>86,950</u>	<u>(4,050,964)</u>

Danko (UK) Limited
Notes to the Financial Statements
For the year ended 31st December 1996

	1996	1995
The share capital comprises:		
	£	£
Authorised:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid:	FF	FF
10,000 Ordinary shares of £1 each	<u>86,950</u>	<u>86,950</u>

10 Controlling Party and Related Party Transactions

In the opinion of the directors the controlling party is Primwest Holding NV, a company incorporated in the Netherlands Antilles, by virtue of its shareholding in the company.

As at 31 December 1996 an amount of FF 41,660,586 was owed to Primwest Holding NV, included in creditors falling due after one year.