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Company Registration No. 1173014 (England and Wales)

ALNO (UNITED KINGDOM) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



ALNO (UNITED KINGDOM) LIMITED

COMPANY INFORMATION

Directors	D A Klee Dr F Gebert J R Kinder
Secretary	I McKeown
Company number	1173014
Registered office	Hampton Farm Industrial Estate Hampton Road West Hanworth Middlesex TW13 6DB
Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Business address	Hampton Farm Industrial Estate Hampton Road West Hanworth Middlesex TW13 6DB
Solicitors	Gregory Rowcliffe Milners 1 Bedford Row London WC1R 4BZ

ALNO (UNITED KINGDOM) LIMITED

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ALNO (UNITED KINGDOM) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

The principal activity of the company continued to be that of the marketing of built-in kitchens to the retail and contract markets.

The company continued to increase market presence which resulted in increased turnover. However, there was continued pressure on margins and the adverse effect of the change in the exchange rate against the Euro led to a pretax loss.

In July 2003 ALNO AG, the company's parent undertaking took over another German kitchen manufacturer, Gustav Wellmann GmbH & Co KG. In December 2003 Alno (UK) Ltd purchased Wellmann (UK) Ltd which became a wholly owned subsidiary. It is expected that the synergies to be achieved in marketing and other costs will result in a return to profit.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 January 2003:

R Meier	(Resigned 1 August 2003)
D A Klee	(Appointed 1 November 2003)
U E Rembor	(Appointed 1 January 2003 and resigned 16 March 2004)
Dr F Gebert	
J R Kinder	(Appointed 1 December 2003)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2003	1 January 2003
D A Klee	-	-
U E Rembor	-	-
Dr F Gebert	-	-
J R Kinder	-	-

The directors beneficial interests in the shares of the parent undertaking are disclosed in the financial statements of that company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting.

ALNO (UNITED KINGDOM) LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2003

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;
- 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



.....
J R Kinder

Director

5 August 2004

ALNO (UNITED KINGDOM) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALNO (UNITED KINGDOM) LIMITED

We have audited the financial statements on pages 5 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

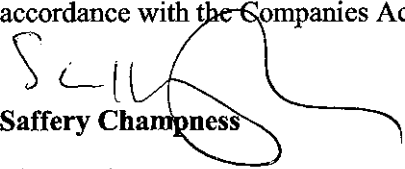
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ALNO (UNITED KINGDOM) LIMITED

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF ALNO (UNITED KINGDOM) LIMITED**

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Saffery Champness

Chartered Accountants
Registered Auditors

10 August 2004

Lion House
Red Lion Street
London
WC1R 4GB

ALNO (UNITED KINGDOM) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £	2002 £
Turnover	2	15,817,800	14,018,967
Cost of sales		(13,877,317)	(11,903,536)
Gross profit		1,940,483	2,115,431
Distribution costs		(86,648)	(92,290)
Administrative expenses		(2,136,823)	(1,924,569)
Other operating income		160,939	-
Operating (loss)/profit	3	(122,049)	98,572
Other interest receivable and similar income		6,087	2,420
Interest payable and similar charges	4	(66,342)	(72,803)
(Loss)/profit on ordinary activities before taxation		(182,304)	28,189
Tax on (loss)/profit on ordinary activities	5	15,321	(17,044)
(Loss)/profit on ordinary activities after taxation	13	(166,983)	11,145

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 7 to 15 form part of these financial statements.


ALNO (UNITED KINGDOM) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2003**

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	6		60,102		66,803
Investments	7		1		-
			<u>60,103</u>		<u>66,803</u>
Current assets					
Stocks	8	558,203		575,810	
Debtors	9	4,096,690		3,749,727	
Cash at bank and in hand		103,646		97,860	
		<u>4,758,539</u>		<u>4,423,397</u>	
Creditors: amounts falling due within one year	10	<u>(4,858,684)</u>		<u>(4,363,259)</u>	
Net current (liabilities)/assets			<u>(100,145)</u>		<u>60,138</u>
Total assets less current liabilities			<u>(40,042)</u>		<u>126,941</u>
Capital and reserves					
Called up share capital	12		30,000		30,000
Profit and loss account	13		(70,042)		96,941
Shareholders' funds - equity interests	14		<u>(40,042)</u>		<u>126,941</u>

The notes on pages 7 to 15 form part of these financial statements.

The financial statements were approved by the Board on 5 August 2004


.....
J R Kinder
Director

ALNO (UNITED KINGDOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis which assumes that the company will continue to receive financial support from its parent undertaking. The parent undertaking has agreed to provide sufficient funds to allow the company to continue trading and the company has no obligation to repay the amount due to the parent undertaking at any time except to the extent that it has funds available to do so in excess of those it requires to repay all of its other creditors.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the period of the lease
Fixtures, fittings & equipment	20% on cost per annum

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

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

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

ALNO (UNITED KINGDOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

(continued)

1.8 Pensions

Defined contribution schemes

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

Defined benefit schemes

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of ALNO A.G., a company incorporated in Germany, and is included in the consolidated accounts of that company.

2 Turnover

Geographical market

	Turnover	
	2003	2002
	£	£
United Kingdom	14,098,481	12,914,244
Eire	1,719,319	1,104,723
	<u>15,817,800</u>	<u>14,018,967</u>

3 Operating (loss)/profit

	2003	2002
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	29,203	37,122
Loss on disposal of tangible assets	-	1,500
Operating lease rentals	169,994	175,943
Auditors' remuneration	<u>10,000</u>	<u>10,000</u>

ALNO (UNITED KINGDOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2003

4 Interest payable	2003	2002
	£	£
On bank loans and overdrafts	66,342	72,598
Lease finance charges	-	205
	<u>66,342</u>	<u>72,803</u>
5 Taxation	2003	2002
	£	£
Domestic current year tax		
U.K. corporation tax	(17,044)	17,044
Adjustment for prior years	1,723	-
Current tax charge	<u>(15,321)</u>	<u>17,044</u>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	<u>(182,304)</u>	<u>28,189</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 28.48 %)	<u>(54,691)</u>	<u>8,028</u>
Effects of:		
Non deductible expenses	7,844	4,554
Depreciation add back	8,761	10,999
Capital allowances	(7,209)	(6,990)
Tax losses available for carry forward against future profits	28,251	-
Adjustments to previous periods	1,723	-
Other tax adjustments	-	453
	<u>39,370</u>	<u>9,016</u>
Current tax charge	<u>(15,321)</u>	<u>17,044</u>

The company has estimated losses of £ 81,135 (2002 : £ nil) available for carry forward against future trading profits.

ALNO (UNITED KINGDOM) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2003****6 Tangible fixed assets**

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2003	92,679	357,626	450,305
Additions	-	22,502	22,502
	<hr/>	<hr/>	<hr/>
At 31 December 2003	92,679	380,128	472,807
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2003	79,468	304,034	383,502
Charge for the year	3,738	25,465	29,203
	<hr/>	<hr/>	<hr/>
At 31 December 2003	83,206	329,499	412,705
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2003	9,473	50,629	60,102
	<hr/>	<hr/>	<hr/>
At 31 December 2002	13,211	53,592	66,803
	<hr/>	<hr/>	<hr/>

ALNO (UNITED KINGDOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2003

7 Fixed asset investments

	Shares in group undertakings
	£
Cost	
At 1 January 2003	-
Additions	1
	<hr/>
At 31 December 2003	1
	<hr/>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Wellmann (UK) Limited	England	Ordinary	100
In-toto Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
Wellmann (UK) Limited	121,242	19,445
In-toto Limited	(263,994)	(27,292)
	<hr/>	<hr/>

8 Stocks

	2003 £	2002 £
Finished goods and goods for resale	558,203	575,810
	<hr/>	<hr/>

ALNO (UNITED KINGDOM) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2003**

9 Debtors	2003 £	2002 £
Trade debtors	3,948,233	3,655,033
Corporation tax	17,044	-
Other debtors	9,322	7,198
Prepayments and accrued income	122,091	87,496
	<u>4,096,690</u>	<u>3,749,727</u>

Amounts falling due after more than one year and included in the debtors above are:

	2003 £	2002 £
Trade debtors	<u>496,359</u>	<u>542,320</u>

10 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	1,470,112	1,383,033
Trade creditors	377,975	599,501
Amounts owed to parent and fellow subsidiary undertakings	2,331,079	1,652,865
Corporation tax	-	7,461
Other taxes and social security costs	47,295	27,268
Other creditors	55,758	71,532
Accruals and deferred income	576,465	621,599
	<u>4,858,684</u>	<u>4,363,259</u>

The bank overdraft is secured by a guarantee given by the ultimate parent undertaking.

Trade creditors includes an amount of approximately £220,455 (2002 - £508,394) in respect of goods for which ownership is not passed until payment is made.

ALNO (UNITED KINGDOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2003

11 Pension costs

Defined benefit scheme

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. A pension cost of £11,126 (2002: £9,728) was charged to the profit and loss account during the year. This represents contributions at a rate of 15% of salary in respect of the defined benefit scheme. At the last actuarial review on 1 January 2001 a minimum contribution rate of 20.7% was recommended. The company, however, subsequently agreed that a lower contribution rate of 15% should be used.

FRS 17 - Retirement Benefits will require the financial statements for the year ending 31 December 2005 to reflect at fair value the assets and liabilities arising from the company's retirement benefit obligations and related funding. Until that time, additional disclosures are made by way of note, as follows:

Estimated financial position of defined benefit scheme as at 31 December 2003

	2003	2002
	£	£
Assets	429,516	409,408
Liabilities	(593,062)	(547,940)
Deficit	<u>(163,546)</u>	<u>(138,596)</u>

Asset values

The assets of the scheme consist of a deposit administration contract with Scottish Life. The value of the assets of the capital account are estimated to be £429,516 (2002: £409,408).

Main financial assumptions

Investment return	5.5%	5.5%
Salary increases	4.0%	4.0%
Increases to pension in payment	5.0%	5.0%

Defined contribution scheme

The company also operates a defined contribution scheme in respect of certain of its employees who are not members of the defined benefit scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension charge for the year was £17,048 (2002: £19,305).

ALNO (UNITED KINGDOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2003

12 Share capital	2003	2002
	£	£
Authorised		
30,000 Ordinary shares of £ 1 each	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid		
30,000 Ordinary shares of £ 1 each	<u>30,000</u>	<u>30,000</u>
13 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 January 2003		96,941
Retained loss for the year		<u>(166,983)</u>
Balance at 31 December 2003		<u>(70,042)</u>
14 Reconciliation of movements in shareholders' funds	2003	2002
	£	£
(Loss)/profit for the financial year	(166,983)	11,145
Opening shareholders' funds	<u>126,941</u>	<u>115,796</u>
Closing shareholders' funds	<u>(40,042)</u>	<u>126,941</u>

15 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	11,250	-	3,670	-
Between two and five years	<u>112,200</u>	<u>134,700</u>	<u>17,446</u>	<u>22,287</u>
	<u>123,450</u>	<u>134,700</u>	<u>21,116</u>	<u>22,287</u>

ALNO (UNITED KINGDOM) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2003**

16 Directors' emoluments	2003	2002
	£	£
Emoluments for qualifying services	79,000	77,203
Company pension contributions to money purchase schemes	4,007	4,959
	<u>83,007</u>	<u>82,162</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2002 - 1).

17 Employees**Number of employees**

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

	2003	2002
	Number	Number
Marketing and administration	<u>26</u>	<u>23</u>

Employment costs

	£	£
Wages and salaries	667,445	615,378
Social security costs	69,466	66,849
Other pension costs	28,174	29,033
	<u>765,085</u>	<u>711,260</u>

18 Control

The ultimate parent company is ALNO A.G., a company registered in Germany.

Exemption has been taken of related party disclosures in respect of transactions with the parent undertaking on the basis that details are included in publicly available group financial statements.