

**HENRY DAVIES (HOLBORN) LIMITED**

Company No: 501607

**FINANCIAL STATEMENTS**

**for the year ended**

**31 MARCH 2001**



**COHEN, ARNOLD & CO  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR  
LONDON W1S 2HL**

**HENRY DAVIES (HOLBORN) LIMITED**

**DIRECTORS**

B S E Freshwater  
L Stempel

**SECRETARY**

M R M Jenner F.C.I.S.

**REGISTERED OFFICE**

13-17 New Burlington Place  
Regent Street  
LONDON W1S 2HL

**AUDITORS**

Cohen, Arnold & Co  
13-17 New Burlington Place  
Regent Street  
LONDON W1S 2HL

**HENRY DAVIES (HOLBORN) LIMITED**  
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**FOR THE YEAR ENDED 31 MARCH 2001**

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# **HENRY DAVIES (HOLBORN) LIMITED**

## **DIRECTORS' REPORT**

The Directors have pleasure in presenting their Annual Report together with the audited Financial Statements of the Company for the year ended 31 March 2001.

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the Company is investment in listed securities.

Throughout the year the Company has pursued its traditional activities and there has been no significant change in the business, nor is any envisaged in the immediate future.

### **RESULTS AND DIVIDEND**

The financial results of the Company's activities for the year ended 31 March 2001, are fully reflected in the attached Financial Statements together with the Notes thereon.

The Directors recommend the payment of a dividend of £740,000 (2000 : £1,062,000) for the year under review.

### **INVESTMENTS**

In the light of the overall increase in the quoted price of the shares in Daejan Holdings PLC since acquisition, which comprise the Company's investments, the Directors have decided that they should continue to be included in the Financial Statements at a figure which more accurately reflects their current value. Accordingly, at 31 March 2001, the holding is included at the then middle market price and the increase in value since acquisition, after accounting for the relevant deferred taxation liability, has been transferred to Revaluation Reserve.

### **DIRECTORS AND DIRECTORS' INTERESTS**

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

Mr B S E Freshwater

Mr L Stempel

The Articles of Association do not require Directors to retire by rotation.

The Directors do not have Service Contracts, nor do they receive any emoluments from the Company.

The whole of the Issued Share Capital of the Company is owned by Norman Sinclair (Properties) Limited, a wholly-owned subsidiary undertaking of Highdorn Co. Limited, a Company of which Mr B S E Freshwater is also a director and in which he has a non-beneficial interest in fifty shares out of the total issued ordinary share capital of one hundred shares. Another member of the Freshwater Family is beneficially interested in the remaining fifty shares. Mr L Stempel is also a director of Highdorn Co. Limited but has no interest in its Share Capital.

The Directors do not have any beneficial interest in the Company, the Company's Parent Undertaking or any Subsidiary of the Company's Parent Undertaking.

### **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 its profit or loss for that period. In preparing the Financial Statements, the Directors are required to:

# **HENRY DAVIES (HOLBORN) LIMITED**

## **DIRECTORS' REPORT**

### **DIRECTORS' RESPONSIBILITIES (Cont.)**

- i) select suitable accounting policies and apply them consistently
- ii) make judgements and estimates that are reasonable and prudent
- iii) follow applicable Accounting Standards, subject to any material departures disclosed and explained in the Financial Statements
- iv) 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 maintaining 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.

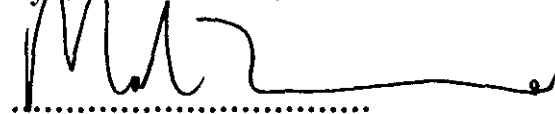
### **TAXATION STATUS**

So far as the Directors are aware, the Company is a "close company" within the meaning of the provisions of Section 414 Taxes Act, 1988.

### **AUDITORS**

A resolution will be proposed at the Annual General Meeting that Messrs Cohen, Arnold & Co, Chartered Accountants, are to be reappointed Auditors of the Company and that their remuneration is to be determined by agreement with the Directors.

By Order of the Board



.....  
M R M Jenner - Secretary

HEAD OFFICE  
Freshwater House  
158-162 Shaftesbury Avenue  
LONDON WC2H 8HR

..12..DEC...2001

# **INDEPENDENT AUDITORS' REPORT**

## **TO THE SHAREHOLDERS**

**- OF -**

### **HENRY DAVIES (HOLBORN) LIMITED**

We have audited the Financial Statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS**

As described on pages 1 to 2, the Directors of the company are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 the 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 within it.

#### **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.

INDEPENDENT AUDITORS' REPORT(Continued)

TO THE SHAREHOLDERS

- OF -

HENRY DAVIES (HOLBORN) LIMITED

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies' Act 1985.



Date: 12 DEC 2001

London

COHEN ARNOLD & CO  
Chartered Accountants and  
Registered Auditor

**HENRY DAVIES (HOLBORN) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2001**

|                                                               | Note | <u>2001</u><br>£ | <u>2000</u><br>£ |
|---------------------------------------------------------------|------|------------------|------------------|
| Income from Fixed Asset Investments -<br>Dividends Receivable |      | 889,681          | 1,218,476        |
| Administrative Expenses                                       | 2    | (935)            | (935)            |
| <b>OPERATING PROFIT</b>                                       |      | 888,746          | 1,217,541        |
| Interest Payable                                              | 3    | (222,061)        | (222,222)        |
| Interest Receivable                                           | 4    | 9,371            | -                |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>      |      | 676,056          | 995,319          |
| Taxation                                                      | 5    | 64,000           | 67,000           |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES AFTER TAXATION</b>       |      | 740,056          | 1,062,319        |
| Proposed Dividend                                             |      | (740,000)        | (1,062,000)      |
| <b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>                 |      | 56               | 319              |
| Retained Profit Brought Forward                               |      | 7,421            | 7,102            |
| <b>RETAINED PROFIT CARRIED FORWARD 11</b>                     |      | £7,477           | £7,421           |

None of the Company's activities was acquired or discontinued during the financial year nor in the previous year.

The notes on pages 8 to 12 form part of these Financial Statements.

**HENRY DAVIES (HOLBORN) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31 MARCH 2001**

|                                                                                                                         | <b><u>2001</u></b><br><b><u>£</u></b> | <b><u>2000</u></b><br><b><u>£</u></b> |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| Retained Profit for the Financial Year                                                                                  | 56                                    | 319                                   |
| Unrealised Surplus/(Deficit) on Revaluation<br>of Listed Investments after Provision for<br>Deferred Taxation Liability | 4,350,000                             | (4,952,000)                           |
|                                                                                                                         | <hr/>                                 | <hr/>                                 |
| <b>Total Recognised Gains/(Losses) for the Year</b>                                                                     | <b>£4,350,056</b>                     | <b>£(4,951,681)</b>                   |
|                                                                                                                         | <hr/>                                 | <hr/>                                 |

**BALANCE SHEET AS AT 31 MARCH 2001**

The Financial Statements were approved by the Board on 12 DEC 2001  
and signed on its behalf by

The notes on pages 8 to 12 form part of these Financial Statements.

**HENRY DAVIES (HOLBORN) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in the preparation of the Company's Financial Statements.

**1.1 BASIS OF ACCOUNTING**

The financial statements have been prepared under the Historical Cost Convention, with the exception of listed investments which are included at middle market value at 31 March 2001.

**1.2 CURRENT TAX**

In accordance with Financial Reporting Standard No. 16 - Current Tax, the Company's Financial Statements include dividends payable or receivable at an amount that excludes attributable tax credits. Interest payable and receivable are shown at an amount that includes withholding tax.

**1.3 DEFERRED TAXATION**

Deferred taxation is provided in respect of all timing differences using the liability method, other than those where, in the opinion of the Directors, there is no reasonable probability that a taxation liability will arise in the foreseeable future.

**1.4 CASH FLOW STATEMENT**

The company is exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No 1) on the basis of its being a "small company" as defined by Section 247 Companies Act 1985.

**2. ADMINISTRATIVE EXPENSES**

|                        | <u>2001</u><br>£ | <u>2000</u><br>£ |
|------------------------|------------------|------------------|
| Auditors' Remuneration | 920              | 920              |
| General Expenses       | 15               | 15               |
|                        | <u>£935</u>      | <u>£935</u>      |

The Directors of the Company received no emoluments from the Company in the year or in the previous year.

Apart from the Directors, there were no other employees of the Company during the year or in the previous year.

**HENRY DAVIES (HOLBORN) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**3. INTEREST PAYABLE**

|                                         | <b><u>2001</u></b><br>£ | <b><u>2000</u></b><br>£ |
|-----------------------------------------|-------------------------|-------------------------|
| Interest on Loan from Connected Company | 221,760                 | 221,760                 |
| Bank Charges                            | 301                     | 462                     |
|                                         | <hr/>                   | <hr/>                   |
|                                         | 222,061                 | 222,222                 |
|                                         | <hr/>                   | <hr/>                   |

**4. INTEREST RECEIVABLE**

|                              | <b><u>2001</u></b><br>£ | <b><u>2000</u></b><br>£ |
|------------------------------|-------------------------|-------------------------|
| External Interest Receivable | 9,371                   | -                       |
|                              | <hr/>                   | <hr/>                   |

**5. TAXATION**

|                                                    | <b><u>2001</u></b><br>£ | <b><u>2000</u></b><br>£ |
|----------------------------------------------------|-------------------------|-------------------------|
| Consideration Receivable for Group Relief (Note 7) | 64,000                  | 67,000                  |
|                                                    | <hr/>                   | <hr/>                   |

**6. INVESTMENTS**

**Listed Investments**

|                                                        | £           |
|--------------------------------------------------------|-------------|
| Shares at Cost                                         | 1,978,408   |
| Revaluation Surplus Brought Forward<br>at 1 April 2000 | 14,896,592  |
| Revaluation Surplus for the Year (Note 11)             | 6,141,000   |
|                                                        | <hr/>       |
| Shares at Market Value at 31 March 2001                | £23,016,000 |
|                                                        | <hr/>       |

Full provision has been made in the financial statements for the potential Corporation Tax which would arise on the sale of the investments at the amount at which they are included in the financial statements. It is estimated that such liability would amount to £4,578,000 and is accounted for as a reserve movement (notes 9 and 11).

**HENRY DAVIES (HOLBORN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2001**

**7. DEBTORS**

|                                                          | <b><u>2001</u></b> | <b><u>2000</u></b> |
|----------------------------------------------------------|--------------------|--------------------|
|                                                          | <b>£</b>           | <b>£</b>           |
| Amount due from Immediate Parent Undertaking (see below) | 317,453            | 251,373            |
| Amount due from Ultimate Parent Undertaking (see below)  | 52,983             | 479,350            |
| Consideration Receivable for Group Relief (Note 5)       | 64,000             | 67,000             |
|                                                          | <hr/>              | <hr/>              |
|                                                          | £434,436           | £797,723           |
|                                                          | <hr/>              | <hr/>              |

Amounts due from Parent Undertakings are interest free and effectively repayable on demand.

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                                           | <b><u>2001</u></b> | <b><u>2000</u></b> |
|-----------------------------------------------------------|--------------------|--------------------|
|                                                           | <b>£</b>           | <b>£</b>           |
| Amounts due to Fellow Subsidiary Undertakings (see below) | 122,001            | 122,001            |
| Amount due to Connected Company (see below)               | 1,478,408          | 1,478,408          |
| Proposed Dividend                                         | 740,000            | 1,062,000          |
| Creditors and Accruals                                    | 935                | 935                |
|                                                           | <hr/>              | <hr/>              |
|                                                           | £2,341,344         | £2,663,344         |
|                                                           | <hr/>              | <hr/>              |

The amounts due to Fellow Subsidiary Undertakings are interest free and effectively repayable on demand.

The amount due to Connected Company represents a loan which bears interest at 15% per annum and is effectively repayable on demand.

**9. DEFERRED TAXATION**

Deferred Taxation provided in the financial statements is as follows:

|                                                               | <b><u>2001</u></b> | <b><u>2000</u></b> |
|---------------------------------------------------------------|--------------------|--------------------|
|                                                               | <b>£</b>           | <b>£</b>           |
| <b>Taxation on Revaluation Surplus of Listed Investments:</b> |                    |                    |
| Brought Forward at 1 April 2000                               | 2,787,000          | 5,233,000          |
| Movement in Provision for the Year (Note 11)                  | 1,791,000          | (2,446,000)        |
|                                                               | <hr/>              | <hr/>              |
| <u>Carried Forward at 31 March 2001</u>                       | £4,578,000         | £2,787,000         |
|                                                               | <hr/>              | <hr/>              |

**HENRY DAVIES (HOLBORN) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**10. CALLED UP SHARE CAPITAL**

|                                                                                                | Number | £     |
|------------------------------------------------------------------------------------------------|--------|-------|
| Ordinary Shares of £1 each:<br>Authorised, Issued and Fully Paid:<br>At 31 March 2001 and 2000 | 100    | 100   |
|                                                                                                | <hr/>  | <hr/> |

**11. RESERVES**

|                                                                                      | £           | £          | £                             |
|--------------------------------------------------------------------------------------|-------------|------------|-------------------------------|
| <b>Revaluation Reserve</b>                                                           |             |            |                               |
| At 1 April 2000                                                                      |             | 12,109,592 |                               |
| Surplus on Revaluation of Listed<br>Investments for the Year (Note 6)                | 6,141,000   |            |                               |
| Increase in Provision for<br>Deferred Taxation (Note 9)                              | (1,791,000) |            |                               |
|                                                                                      | <hr/>       | 4,350,000  |                               |
| At 31 March 2001                                                                     |             | <hr/>      | 16,459,592                    |
| <b>Other Reserves - Capital Reserve</b>                                              |             |            |                               |
| At 31 March 2001 and 2000                                                            |             |            | 115,254                       |
| <b>Profit and Loss Account</b>                                                       |             |            |                               |
| At 1 April 2000                                                                      |             | 7,421      |                               |
| Retained Profit for the Year                                                         |             | 56         |                               |
| At 31 March 2001                                                                     |             | <hr/>      | 7,477                         |
| <b><u>Total Reserves and Retained Earnings</u></b><br><b><u>at 31 March 2001</u></b> |             |            | <hr/><br>£16,582,323<br><hr/> |

**HENRY DAVIES (HOLBORN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2001**

**12. CONTINGENT LIABILITIES**

The Company has given an unlimited guarantee to the bankers of its Ultimate Parent Undertaking, Highdorn Co. Limited, in respect of which the amount outstanding at 31st March 2001 was £Nil (2000: £Nil), in support of an unlimited guarantee given by Highdorn Co. Limited for bank loan and overdraft facilities granted to the undermentioned.

|                                     | <b><u>2001</u></b><br>£ | <b><u>2000</u></b><br>£ |
|-------------------------------------|-------------------------|-------------------------|
| Companies connected with a director | 52,009                  | 45,035                  |
| Third Parties                       | 106,055                 | 625,811                 |
|                                     | <hr/>                   | <hr/>                   |
|                                     | 158,064                 | £670,846                |
|                                     | <hr/>                   | <hr/>                   |

**13. ULTIMATE PARENT UNDERTAKING AND CONTROL**

The Company is controlled by its Ultimate Parent Undertaking, Highdorn Co. Limited, a Company incorporated in England. Highdorn Co. Limited does not have a controlling party.