

13/7/89

Abidin and Company
Chartered Accountants
in association with



Chakko Harris and Company
Chartered Accountants



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DORNACK INTERNATIONAL LIMITED

REPORTS and ACCOUNTS

31st DECEMBER 1999

ABIDIN & COMPANY

Chartered Accountants

DORNACK INTERNATIONAL LIMITED

London Office

609 London Road
Grays
Essex RM 20 3BJ

Dover Office

Dornack House
Channel View Road
Dover
Kent CT17 9PP

Felixstowe Office / Shipping Division

The Routemaster Building
Walton Avenue
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The following page does not form part of the statutory Accounts.

12.	Profit and Loss Account
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DORNACK INTERNATIONAL LIMITED

Directors

A.E. Ziegler
R.A. Ziegler
P.E. Hoornaert
A.R. Ziegler
M. Govaerts

Secretary

P.E. Hoornaert

Bankers

Lloyds Bank Plc.
Station Lane
Hornchurch
Essex RM12 6JL
&
Fortis Bank
13/14 Appold Street
London EC2A 2DP

Auditors

Abidin & Company
Chartered Accountants
65 Butts Green Road
Hornchurch
Essex RM11 2JS

Registered Office

65 Butts Green Road
Hornchurch
Essex RM11 2JS

DORNACK INTERNATIONAL LIMITED

REPORT of the DIRECTORS

The Directors have pleasure in presenting their Report and the Audited Accounts of the Company for the year ended 31st December 1999.

Review of the Business

The principal activity of the Company in the year under review was that of Freight Forwarding and Transporting. There were no significant changes in the Company's activities during the year.

In July 1999, the company acquired the Goodwill and the business of AGN Linkways Ltd from the receivers of the company for £25,000.

The Directors consider the state of affairs of the Company to be satisfactory.

Results and Dividends

The Profit and Loss Account is set out on page 5 and shows the results of the Company for the year.

The Directors do not recommend the payment of a dividend for the year.

Fixed Assets

Movement in the Fixed Assets during the year are shown in the notes to the Accounts.

Directors

The Directors in office throughout the year were:

A.E. Ziegler
R.A. Ziegler
P.E. Hoornaert
A.R. Ziegler
M. Govaerts

The Directors do not retire by rotation.

DORNACK INTERNATIONAL LIMITED

REPORTS of the DIRECTORS (Continued)

Directors' Responsibility Statement

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 as at the end of that year and of the profit or loss for that year. 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 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 have general responsibility for taking such steps as are reasonably open to them safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Shareholders

The shareholders of the Company are:

	<u>1999</u>	<u>1998</u>
Dornach GMBH (Switzerland)	500,000 Shares	500,000 Shares
Balspeed SA (Switzerland)	500,000 Shares	500,000 Shares

Auditors

The Auditors, Messrs. Abidin & Co., Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting in accordance with the Companies Act 1985

By order of the Board.

Secretary 

6th June 2000

DORNACK INTERNATIONAL LIMITED

REPORT of the AUDITORS to the MEMBERS of

DORNACK INTERNATIONAL LIMITED

We have audited the financial statement on pages 5 to 11 which have been prepared in accordance with the accounting policies set out on page 8.

As described in the Director's Report, the Company Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, of these statements and to report our opinion to you.

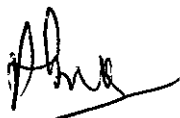
Basis of Opinion

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 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 mis-statement, 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 at 31st December 1999 and of its Profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ABIDIN & COMPANY
Chartered Accountants and
Registered Auditors
65 Butts Green Road
Hornchurch
Essex RM11 2JS

6th June 2000

DORNACK INTERNATIONAL LIMITED

PROFIT and LOSS ACCOUNTS

for the YEAR ended 31st DECEMBER 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
<u>Turnover</u>	1b/2	6,242,473	5,522,321
Cost of Sales	1c	4,899,294	4,359,567
		-----	-----
<u>Gross Profit</u>		1,343,179	1,162,754
Administrative Expenses		1,039,745	886,934
		-----	-----
<u>Operating Profit</u>	3	303,434	275,820
Interest Receivable	5	12,952	23,035
		-----	-----
<u>Profit on Ordinary Activities before Taxation</u>		316,386	298,855
Taxation	6	101,082	99,970
		-----	-----
<u>Profit on Ordinary Activities after Taxation</u>		215,304	198,885
Retained Profit Brought forward		400,350	1,051,465
Transfer to share capital		-	(850,000)
		-----	-----
<u>Retained Profit Carried Forward</u>		£615,654	£400,350
		=====	=====

There were no discontinued operations during the year.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above.

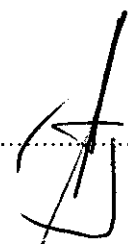
DORNACK INTERNATIONAL LIMITED**BALANCE SHEET as at 31st DECEMBER 1999**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
<u>Fixed Assets</u>			
Tangible Assets	7	418,609	406,534
Intangible Assets	8	25,000	-
		-----	-----
		443,609	406,534
<u>Current Assets</u>			
Debtors	9	1,591,842	1,027,574
Cash at Bank and in Hand		756,832	737,807
		-----	-----
		2,348,674	1,765,381
<u>Creditors</u>			
Amounts falling due within one year	10	1,176,629	771,565
		-----	-----
<u>Net Current Assets</u>		1,172,045	993,816
		-----	-----
		£1,615,654	£1,400,350
		=====	=====
<u>Capital and Reserves</u>			
Called up Share Capital	11	1,000,000	1,000,000
Profit and Loss Account		615,654	400,350
		-----	-----
<u>Shareholder's Equity</u>	12	£1,615,654	£1,400,350
		=====	=====

The accounts were approved by the Board on 6th June 2000.


.....


.....
DIRECTORS


.....

DORNACK INTERNATIONAL LIMITED**CASH FLOW STATEMENT****for the YEAR ended 31st DECEMBER 1999**

	<u>1999</u>	<u>1998</u>
<u>Net Cash Flow Operating Activities</u>		
Operating Profit	303,430	275,820
Depreciation and Loss on Disposals	44,265	36,930
Decrease / (Increase) in Debtors	(564,268)	654,335
(Decrease) / Increase in Creditors	402,507	(339,386)
	-----	-----
	185,934	627,699
 <u>Net Cash in Flow from Return on Investments and Servicing Finance</u>		
Interest Received	12,952	23,035
	-----	-----
	198,886	650,734
 <u>Investing Activities</u>		
Purchase of Fixed Assets	(81,340)	(105,911)
Disposal of Fixed Assets	-	(417)
	-----	-----
	117,546	544,406
 <u>Taxation</u>		
Corporation Tax Paid	(98,521)	(90,067)
	-----	-----
 <u>Increase in cash at Bank and in Hand</u>	 £19,025	 £454,339
	=====	=====

DORNACK INTERNATIONAL LIMITED

NOTES to the ACCOUNTS

for the YEAR ended 31st DECEMBER 1999

1. Accounting Policies

(a) Accounting Convention

The Accounts have been prepared under the historical cost convention.

(b) Turnover

Turnover represents the services invoiced to the Customers, excluding duty and value added tax on importation and value added tax on own sales.

(c) Cost of Sales

Cost of sales excludes value added tax and duty deferment on behalf of customers.

(d) Depreciation

Depreciation is provided on all Tangible Fixed Assets at rates calculated to write off the cost, less estimated residual value, of each asset over their estimated lives. The following rates apply:

Fixtures and Fittings	:	25% per annum on reducing balance basis
Computer Equipment	:	50% per annum on straight line
Motor Vehicles	:	25% per annum on reducing balance basis

No depreciation has been provided for Freehold Properties as the Directors consider that the market value is in excess of book value and the properties are kept in a state of repair.

(e) Deferred Taxation

No provision for deferred taxation arising from timing differences in the application of Capital Allowances in advance of the corresponding charge for corporation tax has been nor will be provided, except to the extent that such taxation is considered to become payable in the foreseeable future.

(f) Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into sterling rates ruling at the balance Sheet date. Exchange differences are dealt with in the Profit and Loss Account.

DORNACK INTERNATIONAL LIMITED**NOTES to the ACCOUNTS****for the YEAR ended 31st DECEMBER 1999****2. Turnover**

The turnover and profit before taxation is attributable to the principal activity of the company in the United Kingdom.

<u>3. Operating Profit</u>	<u>1999</u>	<u>1998</u>
This is stated after charging:		
Management Charges	88,671	83,414
Director's Remuneration	-	-
Auditors Remuneration	5,000	5,000
Depreciation	44,265	36,930
	=====	=====

<u>4. Staff Costs</u>	<u>1999</u>	<u>1998</u>
Salaries and wages	452,267	361,358
Social Security Costs	47,036	35,739
Other Pension Costs	19,760	17,934
	-----	-----
	£519,063	£415,031
	=====	=====

The average weekly number of persons employed during the year was as follows:

	<u>1999</u>	<u>1998</u>
Office and Management	8	6
Production	22	17
	---	---
	30	23
	=====	=====

5. Interest Receivable

	<u>1999</u>	<u>1998</u>
On Short Term Deposits	£12,952	£23,035
	=====	=====

6. Taxation

The Company is subject to the close company rules under the provisions of the Income and Corporation Taxes Act 1988.

Taxation based on the adjusted results of the Company for the year was as follows:

	<u>1999</u>	<u>1998</u>
Corporation Tax at 30.25% (1998 - 31%)	101,082	98,525
Prior year under provision	-	1,445
	-----	-----
	£101,082	£99,970
	=====	=====

DORNACK INTERNATIONAL LIMITED**NOTES to the ACCOUNTS****for the YEAR ended 31st DECEMBER 1999****6. Taxation (Continued)**

No Provision has been made in respect of deferred taxation in accordance with Note 1e.

The Potential liability to deferred tax, which is wholly due to accelerated Capital Allowances, not provided for in these Accounts, is as follows:

	<u>1999</u>	<u>1998</u>
Deferred Tax at 30.25% (1998:31%)	£ -	£ -

7. <u>Tangible Assets</u>	<u>Freehold Properties</u>	<u>Motor Vehicles</u>	<u>Fixtures & Equipment</u>	<u>Total</u>
Cost at 1st Jan. 1999	315,002	225,439	279,708	820,149
Additions	-	11,742	44,598	56,340
	-----	-----	-----	-----
Cost at 31st Dec. 1999	315,002	237,181	324,306	876,489
	-----	-----	-----	-----
Depreciation at 1st Jan 1999	-	159,726	253,889	413,615
Charge for the year	-	19,364	24,901	44,265
	-----	-----	-----	-----
Depreciation at 31st Dec. 1999	-	179,090	278,790	457,880
	-----	-----	-----	-----
Net book Value 31st Dec. 1999	<u>£315,002</u>	<u>£58,091</u>	<u>£45,416</u>	<u>£418,609</u>
Net Book Value 31st Dec. 1998	<u>£315,002</u>	<u>£65,713</u>	<u>£25,819</u>	<u>£406,534</u>

No depreciation is provided in respect of Freehold Properties in accordance with Note 1(d)

8. Intangible Assets

In July 1999, the company acquired the Goodwill and the business of AGN Linkways Ltd. from the receivers of the company for £25,000. In the Director's opinion there was no diminution in the value of the Goodwill and no depreciation is provided in these Accounts (1998-Nil).

DORNACK INTERNATIONAL LIMITED**NOTES to the ACCOUNTS****for the YEAR ended 31st DECEMBER 1999**

9. Debtors	<u>1999</u>	<u>1998</u>
Trade Debtors	1,268,740	707,272
Prepayment	23,102	20,302
Amounts due from Related Company	300,000	300,000
	-----	-----
	<u>£1,591,842</u>	<u>£1,027,574</u>

10. Creditors

Amounts falling due within one year:	<u>1999</u>	<u>1998</u>
Trade Creditors	912,007	592,305
Social Security and other Taxes	89,864	25,723
VAT Deferment	27,995	38,817
Corporation Tax	101,082	98,525
Accruals	45,681	16,195
	-----	-----
	<u>£1,176,629</u>	<u>£1,101,048</u>

11. Called Up Share Capital

<u>Ordinary Shares of £1 each</u>	<u>1999</u>	<u>1998</u>
Authorised	<u>£1,000,000</u>	<u>£1,000,000</u>
Issued, Called Up and Fully Paid	<u>£1,000,000</u>	<u>£1,000,000</u>

12. Shareholder's Funds

	<u>1999</u>	<u>1998</u>
B/Forward	1,400,350	1,201,465
Retained Profit for the year	215,304	198,885
	-----	-----
C/Forward	<u>£1,615,654</u>	<u>£1,400,350</u>

13. Capital Commitment and Contingent Liabilities

There were no Capital commitment authorised or contracted for by the Company at 31st December 1999. (1998 : Nil)

There were no contingent liabilities other than in the ordinary course of business as at 31st December 1999 that the Directors were aware of (1998 : Nil)