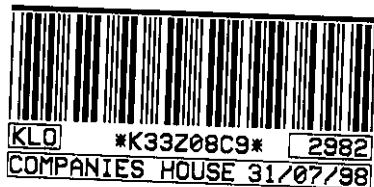


**FMC PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1997**  
**Registered Number: 671701**



## **FMC PLC**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997**

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

#### **REVIEW OF ACTIVITIES**

The company has not traded during the year. It continues to act as a holding company.

#### **RESULTS**

Summarised results of the company for the year are:

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<b>912,961</b>	-
Taxation	-	-
	<hr/>	<hr/>
Profit for the financial year	<b>912,961</b>	-
	<hr/>	<hr/>

#### **DIVIDEND**

The directors recommend that no dividend be paid for 1997 (1996: Nil).

#### **DIRECTORS**

Details of the directors who served during the year are:

A J Hewitt  
J Wood-Dow  
P I Bamford

## **FMC PLC**

### **DIRECTORS' REPORT - CONTINUED FOR THE YEAR ENDED 31 DECEMBER 1997**

#### **DIRECTORS' INTERESTS**

No directors who held office at the end of the financial year had any interests in the shares of the company.

The directors who held office at the end of the financial year had the following interests in the ordinary shares of Hillsgdown Holdings plc, the ultimate parent undertaking, according to the register of directors' interests.

	<b>Interest at start of year or on appointment</b>	<b>Interest at end of year</b>
A J Hewitt	Nil	Nil
J Wood-Dow	17,441	17,617
P I Bamford	1,000	1,995
B J Mehew (appointed 16.9.97)	12,562	12,719

According to the register of directors' interest, no rights to subscribe for shares or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial year, except as indicated below:

<b>Directors' name</b>	<b>Company</b>	<b>Interest at start of year or on appointment</b>	<b>Number of Options Granted</b>	<b>Exercised</b>	<b>Interest at end of year</b>
A J Hewitt	Hillsgdown Holdings plc	76,091	13,000	-	89,091
J Wood-Dow	Hillsgdown Holdings plc	168,590	30,000	-	198,590
P I Bamford	Hillsgdown Holdings plc	11,135	5,000	(983)	15,152
B J Mehew	Hillsgdown Holdings plc	36,410	-	-	36,410

#### **DIRECTORS' INTEREST IN MATERIAL CONTRACTS**

No director was or is materially interested in any contract, subsisting during or at the end of the financial year which was significant in relation to the company's business.

#### **FIXED ASSETS**

Movements in investments in subsidiaries are shown in Note 5 to the financial statements.

## **FMC PLC**

### **DIRECTORS' REPORT - CONTINUED FOR THE YEAR ENDED 31 DECEMBER 1997**

#### **DIRECTORS' STATEMENT OF RESPONSIBILITIES**

The directors are required to present financial statements for each accounting period, which give a true and fair view of the state of affairs of the company as at the end of the period and of the profit or loss for that period and which comply with the provisions of the Companies Act 1985. In preparing the financial statements, the directors are required to apply suitable accounting policies consistently, to make reasonable and prudent judgements and estimates and to state whether applicable standards have been followed, subject to any material departures disclosed and explained in the financial statements. The financial statements have to be prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy, the financial position of the company at any time. They are also responsible for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

#### **AUDITORS**

KPMG Audit plc have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board



**P I BAMFORD**  
Secretary

4 March 1998

## **FMC PLC**

### **AUDITORS' REPORT TO THE MEMBERS OF FMC PLC**

We have audited the financial statements on pages 5 - 11

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 3 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 financial 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. 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 1997 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London

4 March 1998

**FMC PLC****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Note	1997 £	1996 £
Other income		2,386	-
Reduction in provision for deficiencies in subsidiaries		910,575	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>3</b>	<b>912,961</b>	<b>-</b>
Taxation		-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>912,961</b>	<b>-</b>

The directors consider that the results shown above and the result on an unmodified historical cost basis are not materially different.

The company has no recognised gains or losses in the year other than those passing through the profit and loss account.

# FMC PLC

## BALANCE SHEET AT 31 DECEMBER 1997

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Investments	5	3,737,016	3,737,016
<b>CURRENT ASSETS</b>			
Debtors	6	917,368	4,407
<b>CREDITORS: Amounts falling due within one year</b>	7	(10,801,204)	(9,890,629)
<b>NET CURRENT LIABILITIES</b>		(9,883,836)	(9,886,222)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(6,146,820)	(6,149,206)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	8	(2,530,045)	(3,440,620)
<b>NET LIABILITIES</b>		(8,676,865)	(9,589,826)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	11,566,000	11,566,000
Share premium account	12	3,117,522	3,117,522
Capital redemption reserve	12	4,300,000	4,300,000
Revaluation reserve	12	1,769,292	1,769,292
Profit and loss account	12	(29,429,679)	(30,342,640)
<b>SHAREHOLDERS' FUNDS</b>		(8,676,865)	(9,589,826)

Signed on behalf of the Board of Directors  
who approved the financial statements on 4 March 1998

  
P I Bamford - Director

## **FMC PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997**

#### **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The parent company, Hillsgdown Holdings plc, has agreed to provide support to the company in order for it to meet liabilities to third party creditors.

#### **2. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

##### **Basis of Accounting**

The financial statements are prepared in accordance with relevant accounting standards, under the historical cost convention as modified by the revaluation of certain investments.

##### **Cash flow statement**

The company is exempt from Financial Reporting Standard No. 1. "Cash Flow Statement", being a wholly owned subsidiary of Hillsgdown Holdings plc which prepares a Consolidated Cash Flow Statement dealing with Cash Flows of the Group.

##### **Investment in Subsidiary Undertakings**

The investment in each subsidiary undertaking, which has net assets at the balance sheet date, is stated at net asset value. For each investment which has a deficiency of net assets any debt due to the company has been written off. Any surplus arising on revaluation is taken to revaluation reserve. Deficiencies on revaluation are taken to revaluation reserve and offset against previous revaluation surpluses; any excess deficiency is charged to profit and loss account.

##### **Deferred Tax**

Provision is calculated on the liability method for deferred tax resulting from short term timing differences between profits computed for taxation purposes and profits as stated in the financial statements.

Provision is not made for other timing differences where liability is not expected to arise in the foreseeable future.



## **FMC PLC**

### **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 DECEMBER 1997**

#### **Foreign Currencies**

Transactions denominated in foreign currencies are translated into sterling and recorded at rates of exchange ruling at the date of the transaction. Balances in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

#### **3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

Auditors' remuneration for 1997 and 1996 has been charged on a group basis. No remuneration has been paid to the auditors for non-audit work during 1997 and 1996.

#### **4. DIRECTORS' EMOLUMENTS**

No emoluments were paid to the directors during the year ended 31 December 1997 (1996: Nil).

#### **5. FIXED ASSET INVESTMENTS**

	<b>Shares in Subsidiary Undertakings £</b>
Cost at 1 January 1997	5,894,927
Net deficit on revaluation	(2,157,911)
	<hr/>
Valuation at 1 January 1997	3,737,016
Disposals at cost	(3,724,115)
Net increase in valuation	3,724,115
	<hr/>
<b>Valuation at 31 December 1997</b>	<b>3,737,016</b>
	<hr/>

The company holds all the issued share capital of 9 non-trading companies.

In accordance with section 228 of the Companies Act 1985, consolidated financial statements of the company and its subsidiaries, have not been prepared since the company is a wholly owned subsidiary of Hillsgdown Holdings plc, a company incorporated in Great Britain, in whose consolidated financial statements the results of the company are included.

**FMC PLC**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 1997**

**6. DEBTORS**

	1997 £	1996 £
Amounts owed by fellow subsidiary undertakings	4,407	4,407
Amounts owed by ultimate holding company	912,961	-
	<hr/>	<hr/>
	917,368	4,407
	<hr/>	<hr/>

**7. CREDITORS: Amounts falling due within one year**

	1997 £	1996 £
Amounts owed to subsidiary undertakings	679,358	444,040
Amount owed to fellow subsidiary undertakings	10,121,846	9,446,589
	<hr/>	<hr/>
	10,801,204	9,890,629
	<hr/>	<hr/>

**8. PROVISION FOR LIABILITIES AND CHARGES**

	Provisions for deficiencies in subsidiary undertakings £	Other provisions £	Total £
At 1 January 1997	3,249,406	191,214	3,440,620
Movement	(910,575)	-	(910,575)
	<hr/>	<hr/>	<hr/>
At 31 December 1997	2,338,831	191,214	2,530,045
	<hr/>	<hr/>	<hr/>

## FMC PLC

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 DECEMBER 1997

#### 9. SHARE CAPITAL

	1997 £	1996 £
<b>Authorised</b>		
1,250,000,000 ordinary shares of 1p each	12,500,000	12,500,000
10,000,000 deferred shares of 25p each	2,500,000	2,500,000
	<hr/>	<hr/>
	15,000,000	15,000,000
	<hr/>	<hr/>
<b>Issued and fully paid</b>		
906,600,000 ordinary shares of 1p each	9,066,000	9,066,000
10,000,000 deferred shares of 25p each	2,500,000	2,500,000
	<hr/>	<hr/>
	11,566,000	11,566,000
	<hr/>	<hr/>

#### 10. RELATED PARTY TRANSACTIONS

The company is exempt under FRS8 from disclosure of transactions with entities that are part of the group headed by Hillsgdown Holdings plc on the grounds that more than 90% of its voting rights are controlled within the group. The consolidated financial statements of Hillsgdown Holdings plc, within which this company is included, can be obtained from the address given in note 11 below.

#### 11. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Hillsgdown Holdings plc, a company limited by shares, incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements may be obtained from The Company Secretary, Hillsgdown Holdings plc, Hillsgdown House, 32 Hampstead High Street, London NW3 1QD.

FMC PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 1997

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Share Premium £	Redemption Reserve £	Revaluation Reserve £	Profit and Loss Account £	Shareholders' Funds £
At 1 January 1997	11,566,000	3,117,522	4,300,000	1,769,292	(30,342,640)	(9,589,826)
Movement in year	-	-	-	-	912,961	912,961
<b>At 31 December 1997</b>	<b>11,566,000</b>	<b>3,117,522</b>	<b>4,300,000</b>	<b>1,769,292</b>	<b>(29,429,679)</b>	<b>(8,676,865)</b>