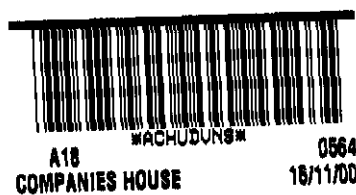


M&W Zander Facility Management UK Limited
(formerly Jenoptik Infab UK Ltd)

**Directors' report and financial
statements**

Registered number 3217015
31 December 1999



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

Change of name

The company's trading activities were discontinued at the end of December 1998 under the name of Jenoptik Infab UK Ltd. The company recommenced trading on 1 July 1999 and changed its name to M&W Zander Facility Management UK Limited.

Principal activities

The principal activity of the company is the facility management of commercial properties.

Business review

The successful start to the company's current trading enabled diversification into different industry sectors that require a facility management resource.

The objective for the business year 2000 is to consolidate our company's position within the facility management market and develop major contacts within a number of different business sectors.

Research and development

Currently within the business plan there are no plans to commit to a major R&D development programme, however we are committed to improve and develop the cost of ownership model.

Year 2000

The company has not experienced any Year 2000 issues and does not anticipate any future problems.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

Mr AG Wells	(appointed on 7 June 1999)
Mr G Johnson	(appointed on 14 June 1999)
Mr KE Lawrence	(resigned on 7 June 1999)
Mr S Rudolf	(resigned on 6 April 1999)

The directors retiring by rotation are AG Wells and G Johnson who, being eligible, offer themselves for re-election.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Political and charitable contributions

The company made no political or charitable contributions during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

G Johnson
Director



3 Cloth Street
Barbican
London

24 March 2000

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 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;
- 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Quayside House
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Newcastle upon Tyne
NE1 3DX
United Kingdom

**Report of the auditors to the members of M&W Zander Facility
Management UK Limited
(formerly Jenoptik Infab UK Ltd)**

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG/

KPMG
*Chartered Accountants
Registered Auditors*

24 March 2000

Profit and loss account
for the year ended 31 December 1999

	<i>Note</i>	1999 £000	1998 £000
Turnover	2	1,173	549
Cost of sales		(961)	(339)
Gross profit		212	210
Distribution costs		(109)	-
Administrative expenses		(81)	(210)
Operating profit		22	-
Other interest receivable and similar income	6	7	-
Interest payable and similar charges	7	(1)	-
Profit on ordinary activities before taxation	2-3	28	-
Tax on profit on ordinary activities	8	(4)	(5)
Retained profit/(loss) for the year		24	(5)

There are no recognised gains and losses other than the profit for the year. In both the current and preceding periods the company made no acquisitions.

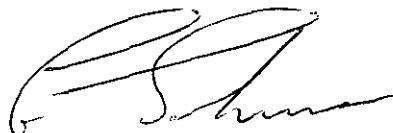
The company's trading activities were discontinued at the end of December 1998. The company recommenced trading on 1 July 1999 under the name of M&W Zander Facility Management UK Limited. The results in 1999 are in respect of these new activities only.

Balance sheet
at 31 December 1999

	Note	1999 £000	1998 £000	1998 £000
Fixed assets				
Tangible assets	9	219	-	-
		<u>219</u>		<u>-</u>
Current assets				
Stocks	10	109	-	-
Debtors	11	83	4	4
Cash at bank and in hand		225	-	-
		<u>417</u>	<u>4</u>	
Creditors: amounts falling due within one year	12	(608)	-	-
		<u></u>	<u></u>	
Net current (liabilities)/assets			(191)	4
			<u></u>	<u></u>
Net assets			28	4
			<u></u>	<u></u>
Capital and reserves				
Called up share capital	14	10	10	10
Profit and loss account	15	18	(6)	(6)
		<u></u>	<u></u>	<u></u>
Shareholders' funds - equity			28	4
			<u></u>	<u></u>

These financial statements were approved by the board of directors on 24 March 2000 and were signed on its behalf by:

G Johnson
 Director



Reconciliation of movements in shareholders' funds
for the year ended 31 December 1999

	1999 £000	1998 £000
Profit/(loss) for the financial year	24	(5)
Net addition to/(reduction in) shareholders' funds	24	(5)
Opening shareholders' funds	4	9
Closing shareholders' funds	28	4

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by Jenopik Infab AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Jenopik Infab AG, within which this company is included, can be obtained from the address given in note 17.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	25% per annum
Plant and machinery	-	25% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pensions and post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the period represents contributions payable by the company to the fund in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Notes (continued)

Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Notes (continued)

2 Analysis of turnover and profit/(loss) on ordinary activities before taxation

The directors have not disclosed an analysis of turnover and profit/(loss) on ordinary activities before taxation as they do not believe it is in the interests of shareholders to publish such commercially sensitive data.

3 Profit/(loss) on ordinary activities before taxation

	1999 £000	1998 £000
<i>Profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration - audit	5	3
Depreciation and other amounts written off tangible fixed assets	11	4
Exchange losses	2	-

4 Remuneration of directors

	1999 £000	1998 £000
Directors' emoluments	80	57
Company contributions to money purchase pension schemes	5	2

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1999	1998
Management	8	2
Sales and service	27	-
	<u>35</u>	<u>2</u>

The aggregate payroll costs of these persons were as follows:

	1999 £000	1998 £000
Wages and salaries	377	52
Social security costs	50	5
Other pension costs	19	2
	<u>446</u>	<u>59</u>

6 Other interest receivable and similar income

	1999 £000	1998 £000
Other	7	-
	<u>7</u>	<u>-</u>

7 Interest payable and similar charges

	1999 £000	1998 £000
On bank loans and overdrafts	1	-
	<u>1</u>	<u>-</u>

Notes (continued)

8 Taxation

	1999 £000	1998 £000
UK corporation tax at 30% (1998: 31 %)	4	3
Adjustment relating to an earlier year	-	2
	<u>4</u>	<u>5</u>
	<u><u>4</u></u>	<u><u>5</u></u>

9 Tangible fixed assets

	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
At beginning of year	-	-	-	-
Additions	195	20	15	230
	<u>195</u>	<u>20</u>	<u>15</u>	<u>230</u>
At end of year	195	20	15	230
	<u>195</u>	<u>20</u>	<u>15</u>	<u>230</u>
Depreciation				
At beginning of year	-	-	-	-
Charge for year	9	1	1	11
	<u>9</u>	<u>1</u>	<u>1</u>	<u>11</u>
At end of year	9	1	1	11
	<u>9</u>	<u>1</u>	<u>1</u>	<u>11</u>
Net book value				
At 31 December 1999	186	19	14	219
	<u><u>186</u></u>	<u><u>19</u></u>	<u><u>14</u></u>	<u><u>219</u></u>
At 31 December 1998	-	-	-	-
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

There were no assets held under finance leases and hire purchase agreements.

Notes (continued)

10 Stocks

	1999 £000	1998 £000
Work in progress	109	-
	<u>109</u>	<u>-</u>

11 Debtors

	1999 £000	1998 £000
Trade debtors	44	-
Amounts owed by group undertakings	4	4
Other debtors	12	-
Prepayments and accrued income	23	-
	<u>83</u>	<u>4</u>

12 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Payments received on account	207	-
Trade creditors	104	-
Amounts owed to group undertakings	94	-
Taxation and social security	72	-
Other creditors	9	-
Accruals and deferred income	118	-
Corporation tax	4	-
	<u>608</u>	<u>-</u>

Notes (continued)

13 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1999 Provided £000	Unprovided £000	1998 Provided £000	Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	-	5	-	-
	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>

14 Called up share capital

	1999 £000	1998 £000
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>

15 Share premium and reserves

	Profit and loss account £000
At beginning of year	(6)
Retained profit for the year	24
	<u>18</u>
At end of year	<u>18</u>

Notes *(continued)*

16 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £19,049 (1998 :£11,529).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group in which the results of the company are consolidated is that headed by Jenoptik Infab AG, incorporated in Germany. The consolidated accounts of this company are available to the public and may be obtained from Jenoptik AG, Carl-Zeiss-Strasse 1, D-07739 Jena, Germany.