ARTHUR ANDERSEN

The Ravenhead Company Limited

and subsidiary undertaking

Accounts 30 November 1996

together with directors' and auditors' reports

Registered number: 2749300

Directors' report

For the year ended 30 November 1996

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 30 November 1996.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity and business review

The principal activity of the group continues to be the design, manufacture and sale of glass tableware.

Group turnover for the year was £21,018,000 (1995 - £21,156,000), and the retained loss for the year was £332,000 (1995 - profit of £458,000). The directors expect the general level of activity to continue and profitability to improve.

Results and dividends

Group results, dividends and recommended transfers to reserves are as follows:

	£'000
Group accumulated deficit at 30 November 1995	(3,368)
Group retained loss for the year	(332)
Group accumulated deficit at 30 November 1996	(3,700)

No dividend can be paid.

Directors' report (continued)

Directors and their interests

The directors who served during the year are as shown below:

M. Zadikyan	Chairman
J-C. Dehovre	
B. Marchand	
B. Liebin	

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

PO Box 48
Nuttall Street
St. Helens
Merseyside
WA10 3LP

By order of the Board,

Derek Grimes

Secretary

21 February 1997

Auditors' report

Manchester

To the Shareholders of The Ravenhead Company Limited:

We have audited the financial statements on pages 4 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 10.

Respective responsibilities of directors and auditors

As described on page 1 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 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 circumstances of the company and of the group, 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 and of the group at 30 November 1996 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

21 February 1997

Consolidated profit and loss account

For the year ended 30 November 1996

	Notes	1996 £'000	1995 £'000 (as restated see note 19)
Turnover	2	21,018	21,156
Change in stocks of finished goods and work-in-progress		29	981
Raw materials and consumables		(2,662)	(2,721)
Other external charges		(7,802)	(8,110)
Staff costs	5	(8,654)	(8,610)
Depreciation of tangible fixed assets	7	(1,799)	(1,748)
		(20,888)	(20,208)
Operating profit		130	948
Interest payable and similar charges	3	(462)	(490)
(Loss) profit on ordinary activities before taxation	4	(332)	458
Tax on (loss) profit on ordinary activities		-	-
Retained (loss) profit for the year		(332)	458
Retained (loss) profit for the year			
The company		(332)	458
Group undertaking		-	-
		(332)	458

All activity has arisen from continuing operations. The company and the group have no recognised gains or losses other than the retained profit for the year.

A statement of movements on reserves is given in note 15.

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated balance sheet

30 November 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	7	9,808	9,032
Current assets			
Stocks	9	6,569	6,228
Debtors	10	4,867	4,961
Cash at bank and in hand		793	2
		12,229	11,191
Creditors: Amounts falling due within one year	11	(7,801)	(8,987)
Net current assets		4,428	2,204
Total assets less current liabilities		14,236	11,236
Creditors: Amounts falling due after more than one year	12	(6,350)	(4,018)
Net assets		7,886	7,218
Capital and reserves			
Called-up share capital	14	8,000	7,000
Capital reserve	15	3,586	3,586
Profit and loss account	15	(3,700)	(3,368)
Total capital employed		7,886	7,218

Signed on behalf of the Board

M. Zadikyan Chairman

21 February 1997

The accompanying notes are an integral part of this consolidated balance sheet.

Balance sheet

30 November 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	7	9,808	9,032
Investments	8	7,000	7,000
		16,808	16,032
Current assets			
Stocks	9	6,569	6,228
Debtors	10	4,981	5,162
Cash at bank and in hand		793	2
		12,343	11,392
Creditors: Amounts falling due within one year	11	(7,915)	(9,188)
Net current assets		4,428	2,204
Total assets less current liabilities		21,236	18,236
Creditors: Amounts falling due after more than one year	12	(16,936)	(14,604)
Net assets		4,300	3,632
Capital and reserves			
Called-up share capital	14	8,000	7,000
Profit and loss account	15	(3,700)	(3,368)
Total capital employed		4,300	3,632

Signed on behalf of the Board

M. Zadikyan Director

21 February 1997

The accompanying notes are an integral part of this balance sheet.

Notes to accounts
30 November 1996

1 Accounting policies
A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. Assets and liabilities are recognised in the accounts where, as a result of past transactions or events, the group has rights or other access to future economic benefits controlled by the group, or obligations to transfer economic benefits.

b) Basis of consolidation
The group financial statements consolidate the financial statements of The Ravenhead Company Limited and its subsidiary undertaking made up to 30 November 1996. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited directly to reserves.

In the company's financial statements, the investment in the subsidiary undertaking is stated at cost. Only dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for The Ravenhead Company Limited as permitted by section 230 of the Companies Act 1985. The company's loss for the financial year determined in accordance with the Act, was £332,000 (1995 - profit of £458,000).

c) Tangible fixed assets
Fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	2.5 - 4% per annum
Plant and machinery	5 - 33.3% per annum
Fixtures, fittings and equipment	10 - 33.3% per annum

Residual value is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of operating profit.

Notes to accounts (continued)

1 Accounting policies (continued)

d) Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Work-in-progress and finished goods	-	cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous periods when it is recovered against corporation tax liabilities.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

However, the amount of all deferred taxation, including that which will probably not reverse, is shown in note 13.

f) Pension costs

The group provides pensions to the majority of its employees through funded defined benefit pension scheme arrangements based on final pensionable salary. All employees are entitled to become members as soon as they join the group. The assets are held independently of the group in trustee administered funds. Contributions by the group are based upon the results of triennial valuations by a professionally qualified actuary.

Notes to accounts (continued)

1 Accounting policies (continued)

f) Pension costs (continued)

The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid is shown as a separately identified liability or asset in the balance sheet.

Further information on pension costs is provided in note 17c.

g) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

h) Turnover

Group turnover comprises the value of sales (excluding VAT, intra group transactions and trade discounts) of goods and services provided in the normal course of business.

i) Leases

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Further information on charges in the period and future commitments is given in note 17b.

j) Government grants

Government grants received in respect of various revenue and capital projects are included within accruals and deferred income and amortised over various periods from the date of receipt. These periods are principally three years and reflect the charging of the related costs, including the expected useful lives of related tangible fixed assets. The balance of unamortised grants is disclosed as deferred income (see notes 11 and 12).

1 Accounting policies (continued)

k) Cash flow statement

The company has taken advantage of Financial Reporting Standard 1 (Revised 1996), and has not prepared a consolidated cash flow statement because its ultimate parent company, Societe Regionale D'Investissement De Wallonie S.A., incorporated in Belgium, has prepared consolidated financial statements which include the financial statements of the group and which contain a consolidated cash flow statement.

2 Turnover

Contributions to turnover by geographical destination are as follows:

	1996 £'000	1995 £'000
United Kingdom	11,468	11,847
Rest of Europe	9,550	9,309
	21,018	21,156

3 Interest payable and similar charges

	1996 £'000	1995 £'000
Bank loans, overdrafts and other loans		
- repayable within five years, by instalments	535	275
- repayable within five years, not by instalments	-	215
Exchange profit on retranslation of intercompany loan	(73)	-
	462	490

4 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging (crediting):

	1996 £'000	1995 £'000
Government grants amortised	(235)	(551)
Release of revenue grant	(334)	-
Depreciation of tangible fixed assets	1,799	1,748
Auditors' remuneration - audit	20	20
- non-audit	7	33
Staff costs (see note 5)	8,654	8,610

Notes to accounts (continued)

5 Staff costs

Particulars of employees (including executive directors) are as shown below:

	1996 £'000	1995 £'000
Employee costs during the year amounted to:		
Wages and salaries	7,818	7,627
Social security costs	598	612
Other pension costs (see note 17c)	238	371
	8,654	8,610

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

	1996 Number employed	1995 Number employed
Production	314	330
Sales and distribution	60	59
Administration	37	42
	411	431

Directors' remuneration was paid in respect of directors of the company as follows:

	1996 £'000	1995 £'000
Remuneration for management services	65	71

The directors' remuneration shown above (excluding pension contributions) included:

	1996 £'000	1995 £'000
Chairman and highest paid director	65	71

5 Staff costs (continued)

Directors received emoluments (excluding pension contributions) in the following ranges:

	1996 Number	1995 Number
Up to £ 5,000	3	3
£ 65,001 - £ 70,000	1	-
£ 70,001 - £ 75,000	-	1

6 Tax on (loss) profit on ordinary activities

Due to tax losses arising in preceding periods there is no current year tax charge. At 30 November 1996 the group had tax losses available for carry forward of approximately £2,400,000 (1995 - £2,075,000). The deferred tax asset on these losses has not been recognised on the grounds of prudence. The full amount of this and other unrecognised deferred tax is detailed in note 13.

7 Tangible fixed assets

The following are included in the net book value of tangible fixed assets:

	Group and Company	
	1996 £'000	1995 £'000
Freehold land and buildings	4,407	4,464
Plant and machinery	3,634	3,863
Fixtures, fittings and equipment	101	103
Assets in course of construction	1,666	602
	9,808	9,032

Notes to accounts (continued)

7 Tangible fixed assets (continued)

The movement in the year was as follows:

Group and company	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Assets in course of construction £'000	Total £'000
Cost					
Beginning of year	5,069	10,922	641	602	17,234
Additions	-	690	36	1,849	2,575
Disposals	-	(6)	(35)	-	(41)
Transfers	112	673	-	(785)	-
End of year	5,181	12,279	642	1,666	19,768
Depreciation					
Beginning of year	605	7,059	538	-	8,202
Charge	169	1,592	38	-	1,799
Disposals	-	(6)	(35)	-	(41)
End of year	774	8,645	541	-	9,960
Net book value					
Beginning of year	4,464	3,863	103	602	9,032
End of year	4,407	3,634	101	1,666	9,808

Freehold land amounting to £1,087,000 (1995 - £1,087,000) has not been depreciated.

Notes to accounts (continued)

8 Fixed asset investments

The following are included in the net book value of fixed asset investments:

	Company	
	1996	1995
	£'000	£'000
Subsidiary undertaking	7,000	7,000

a) Principal group investment

The company has an investment in the following subsidiary undertaking:

Subsidiary undertaking	Principal activity	Description and proportion of shares held by the company
Ravenhead Limited	Sale of glass tableware	100% ordinary shares

b) Investment in subsidiary undertaking

	£'000
Cost	
Beginning and end of year	7,000
Amounts written off	
Beginning and end of year	-
Net book value	
Beginning and end of year	7,000

9 Stocks

The following are included in the net book value of stocks:

	Group and Company	
	1996	1995
	£'000	£'000
Raw materials and consumables	1,187	875
Finished goods and goods for resale	5,382	5,353
	6,569	6,228

Notes to accounts (continued)

10 Debtors

The following amounts, all falling due within one year, are included in the net book value of debtors:

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Trade debtors	4,641	4,609	3,109	3,101
Amounts owed by other group undertakings	124	179	1,770	1,888
Other debtors	34	87	34	87
Prepayments and accrued income	68	86	68	86
	4,867	4,961	4,981	5,162

11 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Bank loans and overdrafts	1,026	2,338	1,026	2,338
Medium term loan	750	416	750	416
Trade creditors	2,210	2,214	2,210	2,214
Amounts owed to other group undertakings	579	511	579	511
Other creditors				
- social security and PAYE	12	244	12	244
- VAT	566	454	680	655
- other creditors	1,606	1,568	1,606	1,568
- pension schemes	359	347	359	347
Accruals and deferred income				
- government grants	316	251	316	251
- other	377	644	377	644
	7,801	8,987	7,915	9,188

The company has granted a fixed and floating charge over its assets to secure the bank overdrafts of £1,026,000 (1995 - £2,338,000).

12 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Amounts owed to subsidiary undertaking	-	-	10,586	10,586
Amounts owed to other group undertakings	1,500	-	1,500	-
Amounts owed to immediate parent company	-	1,500	-	1,500
Medium term loan	4,750	2,084	4,750	2,084
Accruals and deferred income				
- government grants	100	434	100	434
	6,350	4,018	16,936	14,604

The amounts owed to the subsidiary undertaking are unsecured, non-interest bearing and have no fixed repayment date.

Amounts owed to the immediate parent company represent an intercompany loan which is unsecured and has no fixed repayment date. Interest on the loan is payable at a discretionary rate.

The medium term bank loan is repayable in eight consecutive instalments payable at the end of the first and final quarters of each financial period, commencing on 28 February 1997. Interest on the loan is payable at 1.5% per annum above LIBOR. The loan is secured by both fixed and floating charges over the assets of the company.

Analysis of borrowings:

	Group and Company	
	1996 £'000	1995 £'000
Amounts payable		
- within 1 year	750	416
- between 1 and 2 years	1,250	832
- between 2 and 5 years	3,500	1,252
	5,500	2,500

Notes to accounts (continued)

13 Deferred taxation

There was no provision for deferred tax at the year end (1995 - £Nil).

The unrecognised deferred tax asset was as follows:

	Group and Company	
	1996	1995
	£'000	£'000
Excess of book depreciation of fixed assets over tax allowances	532	521
Other timing differences related to		
- pensions	118	115
- current assets and liabilities	173	249
Deferred tax asset	823	885

In addition, the tax effect of losses carried forward is approximately £800,000 (1995 - £650,000).

14 Called-up share capital

	1996	1995
	£'000	£'000
Authorised		
8,000,000 (1995 - 7,000,000) ordinary shares of £1 each	8,000	7,000
Allotted, called-up and fully-paid		
8,000,000 (1995 - 7,000,000) ordinary shares of £1 each	8,000	7,000

During the year the company allotted 1,000,000 £1 ordinary shares at par to Sadetam S.A., a fellow group undertaking, in consideration for the redemption of £1,000,000 of loan capital issued to the company previously in the year. The loan capital was issued in order to provide funding for improved manufacturing facilities.

Notes to accounts (continued)

15 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Non-distributable				
- capital reserve	3,586	3,586	-	-
- profit and loss account	(3,700)	(3,368)	3,700	(3,368)
Total reserves	(114)	218	(3,700)	(3,368)

Group	Capital reserve £'000	Profit and loss account £'000	Total £'000
Beginning of year	3,586	(3,368)	218
Retained loss for the year	-	(332)	(332)
End of year	3,586	(3,700)	(114)

Company	Profit and loss account £'000
Beginning of year	(3,368)
Retained loss for the year	(332)
End of year	(3,700)

Notes to accounts (continued)

16 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Retained (loss) profit for the year	(332)	458
New share capital subscribed	1,000	-
Net addition in shareholders' funds	668	458
Opening shareholders' funds	7,218	6,760
Closing shareholders' funds	7,886	7,218

17 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	Group and Company	
	1996 £'000	1995 £'000
Contracted for but not provided for	1,040	698

b) Lease commitments

The group has entered into non-cancellable operating leases in respect of plant and machinery, the payments for which extend over a period of up to 5 years all of which are applicable to the company. The lease agreements provide that the group will pay all insurance, maintenance and repairs. The group may continue, at its option, to use the plant and machinery after the expiration of the initial lease period at a nominal rental.

The minimum annual rentals under the foregoing leases are as follows:

	Group and Company	
	1996 £'000	1995 £'000
Operating leases which expire		
- within 1 year	17	1
- within 2-5 years	73	108
	90	109

17 Guarantees and other financial commitments (continued)

c) Pension arrangements

The group operates defined benefit pension scheme arrangements. The assets are held independently of the group in trustee administered funds.

The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuations were at 6 April 1996 and used the projected unit method. The principal actuarial assumptions were an investment return of 9% per annum, an increase in pensionable earnings of 6% per annum and an increase in state benefits of 6% per annum.

At the date of the latest actuarial valuations, the market value of the assets was £20,672,000 and the actuarial value of the assets was sufficient to cover 123% of the benefits that had accrued to members after allowing for future increases in earnings.

In view of the pension surpluses, reduced contributions are being made until the next actuarial valuations. The current period pension cost of £238,000 (1995 - £371,000) represents the regular cost of pensionable payroll less variations from this regular cost arising from the pension surpluses. The surpluses are being spread over the average remaining service lives of the relevant employees.

A balance sheet provision of £359,000 (1995 - £347,000) has been set up to account for the excess of the accumulated pension cost over the amount funded. The basis of calculating this provision, changed during the year to the 'with interest' method, resulting in a credit to the profit and loss account of £130,000.

18 Ultimate parent company

The company is a subsidiary undertaking of Societe Regionale D'Investissement De Wallonie S.A., incorporated in Belgium.

The largest and smallest group of which The Ravenhead Company Limited is a member and for which group accounts are drawn up is that headed by Societe Regionale D'Investissement De Wallonie S.A., incorporated in Belgium, whose principal place of business is Avenue Maurice Destenay 13, 4000 Liege, Belgium.

In preparing the financial statements the company has taken advantage of the provisions of Financial Reporting Standard 8 and has not disclosed transactions with the ultimate parent company, Societe Regionale D'Investissement de Wallonie S.A., or other group undertakings.

19 Restatement of prior year comparatives

During the year the group revised the presentation of the profit and loss account to the alternative format. As a result the prior year comparatives have been restated.