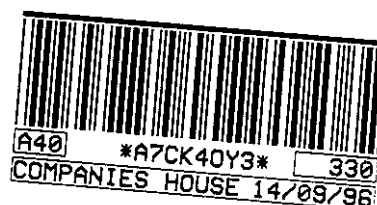


Company Registration Number: 1350266

**JUDLOR LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

Directors' Report and Accounts
for the year ended
31 December 1995



JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

DIRECTORS AND PROFESSIONAL ADVISERS

Directors

C J Milne
J M Robertson

Secretary

C J Milne

Registered Office

195 Knightsbridge
London SW7 1RE

Registered in England and Wales
No. 1350266

Auditors

Roffe Swayne
Chartered Accountants
West House
19 / 21 West Street
Haslemere
Surrey GU27 2AB

Solicitors

Franks, Charlesly & Co
Hulton House
161 / 166 Fleet Street
London EC4A 2DY

Bankers

Bank of Scotland
St James's Gate
14-16 Cockspur Street
London SW1Y 5BL

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts for the year ended 31 December 1995.

Statement of 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 the group and of the profit or loss of the company and the group for that period. In preparing those financial statements, the directors are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare 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 the group and to enable us to ensure that the financial statements comply with the Companies Act 1985. We are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

Judlor Limited is the parent company of a group engaged in property investment and development.

Review of the Business

In the opinion of the directors the financial position of the company at the Balance Sheet date was satisfactory.

Directors and their interests

The directors holding office during the year were as follows:

C J Milne
J M Robertson

None of the directors had any interests in the shares of company or its subsidiaries during the year.

C J Milne and J M Robertson are also directors of Blenheim Securities Limited, the ultimate parent company. Their share interests in the group are disclosed in the accounts of that company.

Auditors

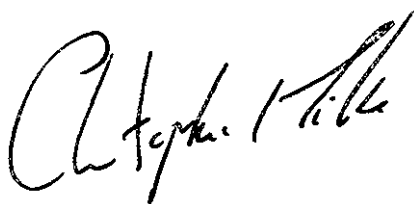
A resolution to re-appoint Messrs Roffe Swayne as auditors to the Company will be proposed at the Annual General Meeting.

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT - Continued

This report has been prepared taking advantage of the exemptions conferred by Part II of Schedule 8 of the Companies Act 1985 on the grounds that in the opinion of the directors the group is entitled to these exemptions as a small group.

By Order of the Board

A handwritten signature in black ink, appearing to read 'C J Milne', written in a cursive style.

C J Milne
Secretary

195 Knightsbridge
London
SW7 1RE

28 June 1996

**AUDITOR'S REPORT TO THE MEMBERS
OF
JUDLOR LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 2 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.

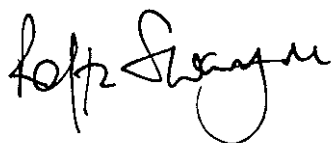
Basis of Opinion

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 and of the group as at 31 December 1995 and of the loss of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small groups.



Roffe Swayne
Chartered Accountants
and Registered Auditors
West House
19 / 21 West Street
Haslemere
Surrey
GU27 2AB

1 July 1996

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Consolidated Profit and Loss Account for the year ended 31 December 1995

	Note	1995 £	1994 Restated £
Turnover	1	182,058	795,594
Cost of sales		15,200	(466,054)
Gross profit		<u>197,258</u>	<u>329,540</u>
Administration expenses		(84,215)	(158,449)
Operating profit	2	<u>113,043</u>	<u>171,091</u>
Loss on sale of investment properties		(29,886)	(14,259)
Profit on ordinary activities before interest		<u>83,157</u>	<u>156,832</u>
Interest receivable		1,970	17,772
Interest payable	3	(103,298)	977,594
(Loss)/profit on ordinary activities before taxation	4	<u>(18,171)</u>	<u>1,152,198</u>
Taxation on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit on ordinary activities after taxation		<u>(18,171)</u>	<u>1,152,198</u>
Extraordinary item	6	-	2,950,003
Retained (loss)/profit for the year		<u>(18,171)</u>	<u>4,102,201</u>

Turnover and operating profit derive wholly from continuing operations

The notes on pages 9 to 15 form an integral part of these accounts.

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Statement of Total Recognised Gains and Losses for the year ended 31 December 1995

	1995 £	1994 £
Retained (loss)/profit for the year	(18,171)	4,102,201
Unrealised (loss)/gain on revaluation of investment property	(205,000)	480,000
Total gains and losses recognised in the year	<u>(223,171)</u>	<u>4,582,201</u>

Note of Historical Cost Profits and Losses for the year ended 31 December 1995

	1995 £	1994 £
Reported (loss)/profit on ordinary activities before taxation	(18,171)	1,152,198
Realisation of investment property revaluation (losses)/gains of previous years	(125,000)	126,951
Historical cost (loss)/profit on ordinary activities before taxation	<u>(143,171)</u>	<u>1,279,149</u>
Historical cost (loss)/profit retained after taxation and extraordinary items	<u>(143,171)</u>	<u>4,229,152</u>

The notes on pages 9 to 15 form an integral part of these accounts.

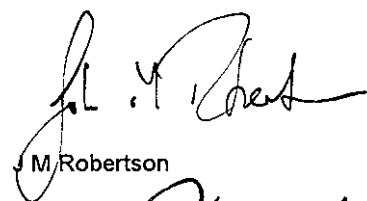
JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Consolidated Balance Sheet as at 31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Investment properties	7	845,000	1,250,000
CURRENT ASSETS			
Stock	8	866,747	95,036
Debtors	9	27,436	215,150
Cash at bank		1,872	70,779
		<u>896,055</u>	<u>380,965</u>
CREDITORS: amounts falling due within one year	10	(281,031)	(302,376)
NET CURRENT ASSETS		<u>615,024</u>	<u>78,589</u>
CREDITORS: amounts falling due after one year	11	(943,437)	(588,831)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>516,587</u></u>	<u><u>739,758</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000,000	1,000,000
Investment revaluation reserve	14	54,086	54,086
Profit and loss account	14	(537,499)	(314,328)
SHAREHOLDERS' FUNDS	15	<u><u>516,587</u></u>	<u><u>739,758</u></u>

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion the group is entitled to those special exemptions as a small group.

The accounts were approved by the Board of Directors on 28 June 1996


J M Robertson


C J Milne

The notes on pages 9 to 15 form an integral part of these accounts.

JUDLOR LIMITED

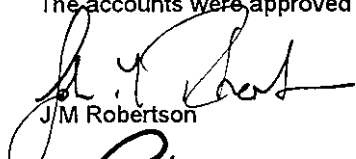
Balance Sheet

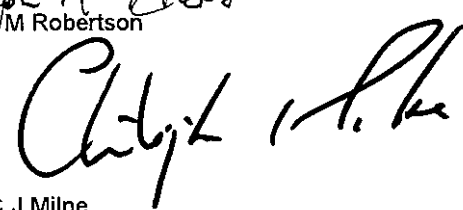
as at 31 December 1995

	Note	1995 £	1994 £
INVESTMENTS	16	-	-
CURRENT ASSETS			
Debtors	9	5,450,265	5,064,905
Cash at bank		-	69,706
		<u>5,450,265</u>	<u>5,134,611</u>
CREDITORS: amounts falling due within one year	10	(3,990,241)	(3,806,022)
NET CURRENT ASSETS		<u>1,460,024</u>	<u>1,328,589</u>
CREDITORS: amounts falling due after one year	11	(943,437)	(588,831)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>516,587</u></u>	<u><u>739,758</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000,000	1,000,000
Profit and loss account	14	(483,413)	(260,242)
SHAREHOLDERS' FUNDS	15	<u><u>516,587</u></u>	<u><u>739,758</u></u>

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion the company is entitled to those special exemptions as a small company.

The accounts were approved by the Board of Directors on 28 June 1996


J/M Robertson


C J Milne

The notes on pages 9 to 15 form an integral part of these accounts.

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Notes to the Accounts

for the year ended 31 December 1995

1. Accounting Policies

Basis of accounting - The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties.

Basis of consolidation - The group accounts comprise the accounts of the company and all subsidiaries made up to 31 December 1995. Investments in subsidiaries are stated at cost less amounts written off.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts.

Cashflow statement - Exemption has been taken from preparing a cashflow statement on the grounds that the group qualifies as a small group.

Investment properties - Investment properties are accounted for in accordance with SSAP 19 as follows:

Investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Completed investment properties are included in the balance sheet at current market value; properties in the course of construction are included at cost less provision for any diminution in value.

Where investment properties are acquired for refurbishment or development, interest is capitalised until the earlier of the date of letting or one year from the date of completion.

Developments in progress - Developments in progress are stated at the lower of cost of work, including land and related finance charges and net realisable value.

Interest included in the cost of developments in progress is calculated by reference to specific borrowings.

Deferred taxation - Provision is made for deferred taxation to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. The provision is maintained to the extent that timing differences are expected with reasonable probability to continue into the future.

Turnover - Turnover represents development properties sold, rents receivable and services rendered, excluding value added tax, to customers of the group.

Capital instruments - Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is calculated so as to give a constant rate of return on the outstanding balance.

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Notes to the Accounts

for the year ended 31 December 1995 - Continued

2.	Operating Profit	1995 £	1994 £
	Operating profit is stated after charging:		
	Auditors' remuneration	5,000	5,000

No directors remuneration was paid during the year. (1994 - £NIL)

3.	Interest Payable	1995 £	1994 £
	Bank loan and overdraft interest	115,798	70,241
	Exceptional item:		
	Interest creditor written off on restructuring of debt	-	(1,047,835)
		<u>115,798</u>	<u>(977,594)</u>

4. Results of Parent Company

Of the loss attributable to the group, a loss before taxation of £223,171 (1994: profit £1,632,196) is dealt with in the accounts of the parent company.

5. Taxation

No provision for corporation tax is necessary based on the results for the year under review (1994 : £NIL)

6. Extraordinary item

The extraordinary item related to the write off of convertible subordinated 9% unsecured loan notes on restructuring of the company's debts. There is no separate tax effect.

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Notes to the Accounts

for the year ended 31 December 1995 - Continued

7. Investment Properties

	Freehold £
Cost/valuation : Group	
As at 1 January 1995	1,250,000
Disposal	(200,000)
Provision for deficit on revaluation	(205,000)
As at 31 December 1995	<u>845,000</u>

The group's investment properties were valued by external valuers, Messrs Hillier Parker, Chartered Surveyors, as at 23rd January 1996, on the basis of Open Market Value in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

If the investment properties were sold at their valuation no tax liability would arise. (1994: Nil)

If the investment properties had not been revalued they would have been included in the accounts at their cost of £1,811,842 (1994 - £2,156,769)

8. Stock	1995		1994	
	Group £	Company £	Group £	Company £
Site purchases including costs	703,887	-	-	-
Building costs, fees and expenses	149,262	-	93,939	-
Interest charges	13,598	-	1,097	-
	<u>866,747</u>	<u>-</u>	<u>95,036</u>	<u>-</u>

Stock comprises trading properties and developments in progress.

9. Debtors: amounts falling due within one year

	1995		1994	
	Group £	Company £	Group £	Company £
Trade debtors	20,497	-	-	-
Other debtors	2,542	-	212,620	-
Prepayments and accrued income	3,319	1,750	-	-
Other taxes	1,078	49	2,530	51
Amount due from group undertakings	-	5,448,466	-	5,064,854
	<u>27,436</u>	<u>5,450,265</u>	<u>215,150</u>	<u>5,064,905</u>

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Notes to the Accounts

for the year ended 31 December 1995 - Continued

10. Creditors: amounts falling due within one year

	1995		1994	
	Group	Company	Group	Company
	£	£	£	£
Bank loans (note 11)	109,500	109,500	145,000	145,000
Bank overdraft (note 11)	10,474	10,469	-	-
Trade creditors	-	-	128,719	-
Other taxes and social security	1,122	-	-	-
Other creditors and accruals	95,810	8,652	13,657	25,934
Amount due to parent undertaking	64,125	64,125	15,000	15,000
Amount due to group undertakings	-	3,797,495	-	3,620,088
	<u>281,031</u>	<u>3,990,241</u>	<u>302,376</u>	<u>3,806,022</u>

11. Creditors: amounts falling due after one year

	1995		1994	
	Group	Company	Group	Company
	£	£	£	£
Bank loan (see below)	943,437	943,437	588,831	588,831
	<u>943,437</u>	<u>943,437</u>	<u>588,831</u>	<u>588,831</u>

The bank loans are repayable as follows:

	1995		1994	
	Group	Company	Group	Company
	£	£	£	£
Amount falling due:				
In one year or less	109,500	109,500	145,000	145,000
Between one and two years	119,500	119,500	70,000	70,000
Between two and five years	411,000	411,000	210,000	210,000
In five years or more	428,795	428,795	315,000	315,000
	<u>1,068,795</u>	<u>1,068,795</u>	<u>740,000</u>	<u>740,000</u>
Less: issue costs	(15,858)	(15,858)	(6,169)	(6,169)
	<u>1,052,937</u>	<u>1,052,937</u>	<u>733,831</u>	<u>733,831</u>

The bank loans and overdraft totalling £1,079,269 are secured on certain investment properties and developments in progress held by subsidiary undertakings.

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Notes to the Accounts

for the year ended 31 December 1995 - Continued

12. Deferred Taxation

No provision for deferred taxation has been made in respect of the short term timing differences which are expected to reverse in the foreseeable future (1994 - £NIL). There is no full potential liability at the balance sheet date (1994 - None).

13. Share Capital

	Authorised		Allotted, called up and fully paid	
	1995 Number	1994 Number	1995 £	1994 £
A ' ordinary shares of £1 each	800,000	800,000	250,000	250,000
B ' ordinary shares of £1 each	250,000	250,000	250,000	250,000
Convertible deferred ordinary shares of £1 each	500,000	500,000	500,000	500,000
	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

14. Reserves

Reserves are analysed as follows:

a) Group

	Profit and loss account £	Investment revaluation reserve £
As at 1 January 1995	(314,328)	54,086
Retained loss for the year	(18,171)	-
Deficit on revaluation of investment properties	(205,000)	-
As at 31 December 1995	<u>(537,499)</u>	<u>54,086</u>

b) Company

	Profit and loss account £
As at 1 January 1995	(260,242)
Retained profit for the year	(223,171)
As at 31 December 1995	<u>(483,413)</u>

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Notes to the Accounts

for the year ended 31 December 1995 - Continued

15. Reconciliation of Movement in Shareholders' Funds

	Group £	1995 Company £	Group £	1994 Company £
Profit/(loss) for the financial year	(18,171)	(223,171)	4,528,115	4,582,199
Other recognised gains and losses for the year	(205,000)	-	54,086	-
	<u>(223,171)</u>	<u>(223,171)</u>	<u>4,582,201</u>	<u>4,582,199</u>
Opening shareholders' funds/(deficiency)	739,758	739,758	(3,842,443)	(3,842,441)
Closing shareholders' funds	<u>516,587</u>	<u>516,587</u>	<u>739,758</u>	<u>739,758</u>
Equity interests	<u>516,587</u>	<u>516,587</u>	<u>739,758</u>	<u>739,758</u>

16. Investments in Subsidiary Undertakings

Subsidiary undertakings	Principal activities	1995 £/Number	1994 £/Number
Rakekirk Limited	Property Investment	1,000	1,000
Moy Property Company Limited	Property Investment	100	100
Ikefield Limited	Property development & investment	100	100
Oakmarsh Limited	Property development & investment	2	2
		<u>1,202</u>	<u>1,202</u>
Amount provided		(1,202)	(1,202)
		<u>-</u>	<u>-</u>

At 31 December 1995 the companies listed above were all unlisted wholly owned subsidiary undertakings of Judlor Limited and each one was incorporated in England and Wales.

The company also owns 2 ordinary shares in Carlwell Estates Limited a company registered in England and Wales through its holding in Oakmarsh Limited. This represents 100% of the ordinary share capital in Carlwell Estates Limited.

17. Ultimate Parent Undertaking

The ultimate parent undertaking is Blenheim Securities Limited, which is incorporated in England and Wales. This is the largest group of which the company is a member and for which group accounts are prepared.

JUDLOR LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

Notes to the Accounts

for the year ended 31 December 1995 - Continued

18. Contingent Liabilities

The company has given cross guarantees and provided security in respect of bank borrowings of its parent undertaking and all its subsidiary undertakings.

19. Directors Interests

During the year, payments of £12,750 (1994 - £5,667) have been made by the company to Portfolio Holdings Plc, of which J M Robertson is a director. The payments were for office administration costs.

During the year, payments of £22,500 (1994 - £40,140) have been made by group companies to C J Milne, a director. The payments were for project management and other management fees.