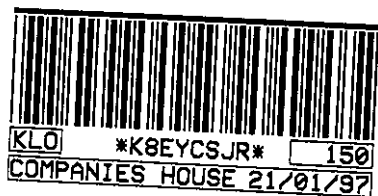


LEOWELL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 1996

Registration number: 1612740



HAYS ALLAN
CHARTERED ACCOUNTANTS

LEOWELL LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1996

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LEOWELL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 1996

The directors submit their report and audited financial statements of the company for the year ended 31st March 1996.

REVIEW OF THE BUSINESS

The principal activity of the company is that of property development.

RESULTS AND DIVIDENDS

The company's profit for the year before taxation was £795,881 (1995: £30,424). The directors recommend that no dividend be paid.

PARENT COMPANY

The company is a wholly owned subsidiary of Compco Holdings PLC.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were:-

R.A. Nadler Chairman
J.E. Nadler (resigned 27th June 1995)
N.K. Ross (appointed 27th June 1995)

None of the directors had any interests in the shares of the company.

Details of the directors' interests in the shares of the parent company are given in the directors' report of that company.

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 of the company 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LEOWELL LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31ST MARCH 1996


CLOSE COMPANY STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint Hays Allan as auditors will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



R.J. De BARR
Secretary

Registered office

1 De Walden Court
85 New Cavendish Street
London
W1M 7RA

10th July 1996

**AUDITORS' REPORT TO THE MEMBERS OF
LEOWELL LIMITED**

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of 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.

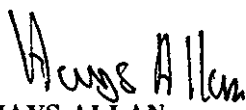
Basis of opinion

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 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 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


HAYS ALLAN
Chartered Accountants
Registered Auditors

**Southampton House
317 High Holborn
London
WC1V 7NL**

10th July 1996

LEOWELL LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST MARCH 1996**

	Note	1996 £	1995 £
NET INCOME FROM PROPERTY	2	163,537	109,937
Profit/(loss) on development of property		700,828	(48,354)
		<u>864,365</u>	<u>61,583</u>
Administrative expenses	3	(68,484)	(1,343)
OPERATING PROFIT		<u>795,881</u>	<u>60,240</u>
Interest receivable		-	2,161
Interest payable		-	(31,977)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>795,881</u>	<u>30,424</u>
Taxation on profit on ordinary activities	4	(226,000)	10,000
PROFIT FOR THE FINANCIAL YEAR		<u><u>£569,881</u></u>	<u><u>£20,424</u></u>

Net income from property and operating profit are derived solely from continuing activities.

All recognised gains and losses are included in the profit and loss account.

A separate movement of shareholders' funds is not provided as there are no changes for the current and previous year, other than the retained profit in the profit and loss account.

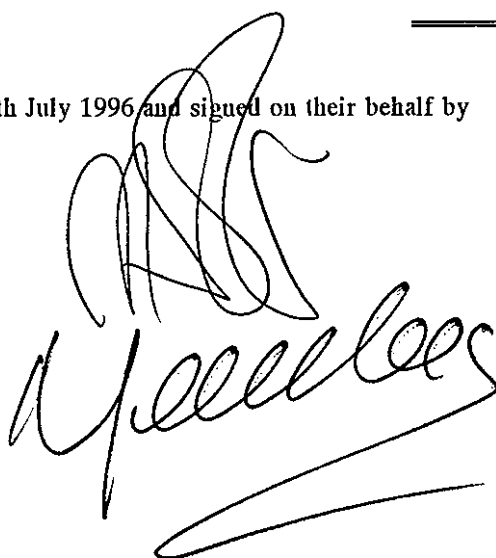
LEOWELL LIMITED
BALANCE SHEET
AT 31ST MARCH 1996

	Note	£	1996	£	£	1995	£
FIXED ASSETS							
Investments	5			206			206
CURRENT ASSETS							
Stocks	6	77,174			1,627,174		
Debtors	7	2,649,820			561,537		
Cash at bank and in hand		2,670			-		
		<u>2,729,664</u>			<u>2,188,711</u>		
CREDITORS: amounts falling due within one year	8	<u>(3,664,217)</u>			<u>(3,693,145)</u>		
NET CURRENT LIABILITIES				<u>(934,553)</u>			<u>(1,504,434)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>£(934,347)</u>			<u>£(1,504,228)</u>
CAPITAL AND RESERVES							
Called up share capital	9			100			100
Profit and loss account	10			(934,447)			(1,504,328)
Equity shareholders' funds				<u>£(934,347)</u>			<u>£(1,504,228)</u>

Approved by the Board on 10th July 1996 and signed on their behalf by

R.A. NADLER - director

N.K. ROSS - director



LEOWELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 1996****1. ACCOUNTING POLICIES****a) Basis of preparation**

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

The financial statements have been prepared on the going concern basis on the assumption that the company will continue to be supported by its parent company.

b) Stocks

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

2. NET INCOME FROM PROPERTY

	1996 £	1995 £
Rents receivable	194,250	160,292
Less: property expenses	(30,713)	(50,355)
	<u>£163,537</u>	<u>£109,937</u>

3. ADMINISTRATIVE EXPENSES

Audit fees	1,000	1,000
Less: consulting fees	56,250	-
other expenses	11,234	343
	<u>£68,484</u>	<u>£1,343</u>

4. TAXATION

The taxation charge is made up as follows:-

UK Corporation tax at 33% (1995: 33%)	<u>£226,000</u>	<u>£10,000</u>
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5. FIXED ASSET INVESTMENTS

Unlisted investments	<u>£206</u>	<u>£206</u>
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6. STOCKS

Properties held for development or resale	<u>£77,174</u>	<u>£1,627,174</u>
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LEOWELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31ST MARCH 1996**

7. DEBTORS	1996	1995
	£	£
Due within one year:		
Amount due from fellow subsidiary undertakings	542,918	551,647
Other debtors	2,083,206	9,890
Prepayments and accrued income	23,696	-
	<u>£2,649,820</u>	<u>£561,537</u>
8. CREDITORS: amounts falling due within one year		
Amounts due to parent undertaking	3,390,122	3,680,995
Amounts due to fellow subsidiaries	2,148	-
Other creditors	40,403	-
Corporation tax	228,394	10,000
Accruals and deferred income	3,150	2,150
	<u>£3,664,217</u>	<u>£3,693,145</u>
9. SHARE CAPITAL		
Authorised, issued and fully paid: 100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
10. PROFIT AND LOSS ACCOUNT		
At 1st April 1995 - deficit		(1,504,328)
Profit for the financial year		569,881
At 31st March 1996 - deficit		<u>£(934,447)</u>
11. ULTIMATE PARENT UNDERTAKING		
The ultimate parent undertaking is Compco Holdings PLC which is registered in Scotland.		
Group financial statements for the ultimate parent undertaking are available to the public from Companies Registration Office, 102, George Street, Edinburgh, EH2 3DJ on payment of the appropriate fee.		
12. DIRECTORS' INTEREST IN TRANSACTIONS		
On 27th June 1995 the company entered into a consultancy agreement with J.E. Nadler, a director, whereby the company agreed to pay J.E. Nadler consultancy fees totalling £75,000 for consultancy services to be provided by J.E. Nadler for a period of 1 year from 27th June 1995. J.E. Nadler resigned as a director on 27th June 1995.		