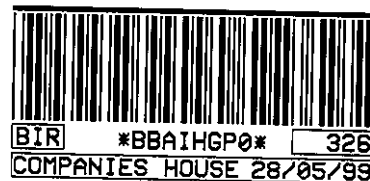


PROPHOLD LIMITED
FINANCIAL STATEMENTS

31ST MARCH 1997

Registered number: 1876080

WORTON ROCK
CHARTERED ACCOUNTANTS
Kidderminster



PROPHOLD LIMITED
FINANCIAL STATEMENTS
for the year ended 31st March 1997

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PROPHOLD LIMITED

COMPANY INFORMATION

31st March 1997

NUMBER	1876080
DIRECTORS	A.D.D. Crichton R.T. Gibson S.B. De Carteret
SECRETARY	Caversham Secretaries Limited
REGISTERED OFFICE	7 Market Street Stourbridge West Midlands DY8 1AB
BANKERS	Natwest Bank Plc P.O. Box 1PY 87 Grey Street Newcastle Upon Tyne NE99 1PY
AUDITORS	Worton Rock Chartered Accountants and Registered Auditors 112 Coventry Street Kidderminster DY10 2BJ

DIRECTORS' REPORT

31st March 1997

31st March 1997

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

Principal activity

The company has continued to hold properties for resale.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £47,246.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Directors

The directors of the company who served during the year were as follows:

H. Lambert Resigned 30th June 1997

J.S. Refson	Appointed 30th June 1997 and resigned 27th February 1998
A.D.D. Crichton	Appointed 27th February 1998
R.T. Gibson	Appointed 27th February 1998
S.B. De Carteret	Appointed 27th February 1998

None of the directors of the company who served during the year or subsequently held any interests in the shares of the company.

Year 2000 compliance

Various steps have been taken by the company to ensure that the company will suffer no loss due to computer failure on or after the turn of the century.

Euro

At the moment the company envisages no problems or costs identifiable with the introduction of the euro.

continued

PROPHOLD LIMITED

DIRECTORS' REPORT
(continued)

31st March 1997

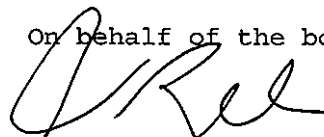
Future developments

The company intends to sell all of its remaining properties in the near future.

Auditors

The Auditors Meredith Thomas have merged with Worton Rock, another firm of Chartered Accountants. Accordingly, Worton Rock will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board



Caversham Secretaries Limited
Secretary

7 Market Street
Stourbridge
West Midlands
DY8 1AB

14th May 1999

PROPHOLD LIMITED

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

14th May 1999

On behalf of the board



A.D.D. Crichton
Director

PROPHOLD LIMITED

AUDITORS' REPORT

Auditors' report to the members of

Prophold Limited

We have audited the financial statements on pages 5 - 13 which have been prepared under the historical cost convention, and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, 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 error or other irregularity. 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Worton Rock', is written over a horizontal line. The signature is stylized and slanted.

Kidderminster
14th May 1999

Worton Rock
Registered Auditors
Chartered Accountants

PROPHOLD LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1997

	Note	1997 £	1996 £
Turnover	2	81,456	81,362
Cost of sales		(26,511)	(20,770)
Gross profit		54,945	60,592
Net operating expenses			
Administrative expenses		(9,538)	(9,572)
Other operating income		49	-
Operating profit	3	45,456	51,020
Interest payable	4	-	(1,473)
Profit on ordinary activities before taxation		45,456	49,547
Taxation	5	-	-
Profit on ordinary activities after taxation		£ 45,456	£ 49,547
retained for the year	13		

Movements in reserves are shown in note 13.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit for the year.

The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis.

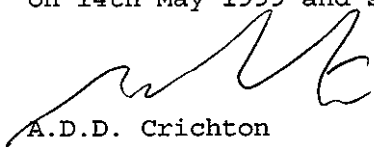
PROPHOLD LIMITED

BALANCE SHEET

at 31st March 1997

	Note	1997 £	1996 £
Current assets			
Tangible assets	6	756,106	750,882
Debtors	7	25,334	17,580
Cash at bank and in hand		32,172	35,643
		<u>813,612</u>	<u>804,105</u>
Creditors: amounts falling due within one year	8	(22,590)	(14,446)
		<u>791,022</u>	<u>789,659</u>
Net current assets		<u>791,022</u>	<u>789,659</u>
Total assets less current liabilities		<u>791,022</u>	<u>789,659</u>
Creditors: amounts falling due after more than one year	9	(743,776)	(787,869)
		<u>£ 47,246</u>	<u>£ 1,790</u>
Capital and reserves			
Called up share capital	12	1,836,010	1,836,010
Profit and loss account	13	(1,788,764)	(1,834,220)
		<u>£ 47,246</u>	<u>£ 1,790</u>
Total shareholders' funds	11	<u>£ 47,246</u>	<u>£ 1,790</u>

The financial statements on pages 5 - 13 were approved by the board of directors on 14th May 1999 and signed on its behalf by:



A.D.D. Crichton
Director

PROPHOLD LIMITED

CASH FLOW STATEMENT

for the year ended 31st March 1997

	Note	1997		1996	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	15		40,622		(27,875)
Returns on investments and servicing of finance					
Interest paid			-		(1,473)
Financing					
Funds (to)/from immediate Holding company			(44,093)		57,116
(Decrease)/increase in cash			<u>£ (3,471)</u>		<u>£ 27,768</u>

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost convention and include the results of the principal activity described in the Director's Report which is continuing.

Turnover

Turnover represents rental income receivable from the properties let out on short term tenancies.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Stock

Stock consists of properties for resale and undeveloped land. Stock is valued at the lower of cost and net realisable value.

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

Analysis of turnover and profit on ordinary activities before taxation

	1997		1996	
	Turnover	Attributable pre-tax profit	Turnover	Attributable pre-tax profit
	£	£	£	£
Rental income	81,456	54,945	81,362	60,592
	<u>£ 81,456</u>	<u>54,945</u>	<u>£ 81,362</u>	<u>60,592</u>
Unallocated				
Administrative expenses		(9,538)		(9,572)
Interest payable		-		(1,473)
Interest receivable		49		-
		<u>£ 45,456</u>		<u>£ 49,547</u>

3 Operating profit

	1997	1996
	£	£
Operating profit is stated after crediting		
Interest receivable	49	-
	<u>49</u>	<u>-</u>
and after charging		
Directors remuneration	-	-
Auditors' remuneration	2,350	2,350
	<u>2,350</u>	<u>2,350</u>

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

4 Interest payable

	1997 £	1996 £
Bank interest	-	1,473
	<u>£ -</u>	<u>£ 1,473</u>

5 Taxation

No liability for corporation tax arises on the results for the year due to available tax losses brought forward from previous years.

6 Stocks

	1997 £	1996 £
Properties held for resale:		
Purchase consideration and related costs	949,071	949,071
Cost of furnishings	66,745	61,521
Land held for development	7,080	7,080
	<u>1,022,896</u>	<u>1,017,672</u>
Less: Net realisable value provision	(266,790)	(266,790)
	<u>£ 756,106</u>	<u>£ 750,882</u>

7 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	959	1,543
Prepayments and accrued income	9,725	1,387
	<u>10,684</u>	<u>2,930</u>
Amounts falling due after more than one year		
Trade debtors	14,650	14,650
	<u>£ 25,334</u>	<u>£ 17,580</u>

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

- 8 Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	5,436	4,036
Accruals and deferred income	17,154	10,410
	<u>£ 22,590</u>	<u>£ 14,446</u>

- 9 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Other liabilities		
Amounts owed to immediate holding company	743,776	787,869
	<u>£ 743,776</u>	<u>£ 787,869</u>

The amount due to the immediate holding company is unsecured and is not subject to any specific repayment terms.

10 Deferred taxation

There has been no provision for deferred tax made in these accounts.

11 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	45,456	49,547
Opening shareholders' funds	1,790	(47,757)
Closing shareholders' funds	<u>£ 47,246</u>	<u>£ 1,790</u>

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

12 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
Preference shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		£ 2,500,000		£ 2,500,000
		<u> </u>		<u> </u>
Allotted called up and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Preference shares of £1 each	1,826,010	1,826,010	1,826,010	1,826,010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		£ 1,836,010		£ 1,836,010
		<u> </u>		<u> </u>

13 Profit and loss account

	1997 £
1st April 1996	(1,834,220)
Retained profit for the year	<u>45,456</u>
31st March 1997	<u>£(1,788,764)</u>

14 Ultimate parent undertaking

At 31st March 1997 the company was a wholly owned subsidiary of Essoldo Entertainments Limited, a company registered in England. In the opinion of the directors, the ultimate holding company is Pomoso (Overseas) Limited, a company incorporated in Jersey, Channel Islands.

15 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1997 £	1996 £
Operating profit	45,456	51,020
Increase in stock	(5,224)	(55,522)
Increase in debtors	(7,754)	(11,702)
Increase/(decrease) in creditors	<u>8,144</u>	<u>(11,671)</u>
Net cash inflow/(outflow) from operating activities	<u>£ 40,622</u>	<u>£ (27,875)</u>

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

16 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	35,643	(3,471)	32,172
Total	<u>£ 35,643</u>	<u>£ (3,471)</u>	<u>£ 32,172</u>

Reconciliation of net cash flow to movement in net debt

	1997 £	1996 £
(Decrease)/increase in cash in the year	(3,471)	27,768
Net debt at 1st April 1996	35,643	7,875
Net debt at 31st March 1997	<u>£ 32,172</u>	<u>£ 35,643</u>