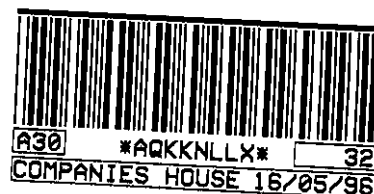


Company No. : 2580349

EUROPE ESTATES LIMITED
FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 1994

Edwards & Co.
Chartered Accountants
Sceptre House
169/173 Regent Street
London W1R 7FB



Registered Office
Sceptre House
169/173 Regent Street
London W1R 7FB

EUROPE ESTATES LIMITED

DIRECTORS REPORT

The Directors submit their report and the audited financial statements for the 17 month period ended 31st December 1994.

ACTIVITIES

The principal activity of the company is that of an Investment company.

STATE OF AFFAIRS AND FUTURE DEVELOPMENT

The state of the company's affairs is as set out on page 5 of the financial statements. The directors expect the present level of activity to increase in the foreseeable future.

DIRECTORS AND SECRETARY

The directors who served during the year were:

A Soldati
G Balemi
G Franco - resigned on 14th September 1993

The directors had no interest in the share capital of the company as defined by the Companies Act 1985.

The Company Secretary who served during the period was Sceptre Consultants Limited, Sceptre House, 169/173 Regent Street, London W1R 7FB.

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the accounts, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 the reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

EUROPE ESTATES LIMITED

DIRECTORS REPORT

RESULTS AND DIVIDENDS

The company's result for the period was a profit after taxation of £ 6,483 (1993 - profit of £ 858).

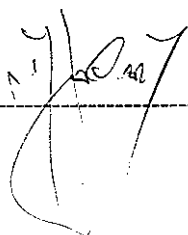
The directors do not recommend the payment of a dividend (1993 - nil).

AUDITORS

Messrs. Edwards & Co. have expressed their willingness to continue in office in accordance with Section 384(1) of the Companies Act 1985 and a resolution proposing their re-appointment will be presented at the Annual General Meeting.

FOR AND ON BEHALF OF THE BOARD

Director

A handwritten signature in dark ink, appearing to be 'N. J. P. 1997', is written over a horizontal dashed line.

Mitre House, 177 Regent Street, London W1R 8LA
Telephone 0171 734 4100 Facsimile 0171 437 9509
E-mail edwards@edslne.demon.co.uk

EUROPE ESTATES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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, except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts, 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 explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.

However, the evidence available to us was limited because we were unable to obtain independent confirmation of the bank accounts and related information and have relied solely on bank statements provided to us to confirm bank balances held by the company. In addition, we have been unable to obtain independent confirmation of the valuation of the company's investment property.

There were no other satisfactory audit procedures that we could adopt to confirm these amounts.

Note 1(d) to the accounts states that the financial statements have been prepared on the going concern basis since financial support from the shareholders would be forthcoming. However, we have not received independent confirmation of this fact. The financial statements do not include any adjustments that would result from a failure to obtain funding. Our opinion is not qualified in this respect.

EDWARDS & CO. Chartered Accountants

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

Except for any adjustments or additional disclosures that may have been found to be necessary had we obtained independent verification of the company's bank balance and investment property, in our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 1994 and of its results for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In respect alone of this limitation on our work relating to the above we have not obtained all the information and explanations that we consider necessary for the purposes of this audit.

Edwards & Co.

EDWARDS & CO.
Chartered Accountants
Registered Auditors

Date 18.3.96

EUROPE ESTATES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31ST DECEMBER 1994

	Notes	31.12.94 £	31.07.93 £
Turnover	2	25,399	2,855
Administrative expenses		(16,122)	(1,997)
Operating profit	3	9,277	858
Interest payable and similar charges	4	(397)	-
Profit on ordinary activities before taxation		8,880	-
Taxation	5	(2,397)	-
Profit on ordinary activities after taxation		6,483	858
Retained losses brought forward		(429)	(1,287)
Retained profits/(losses) carried forward		£ 6,054	£ (429)

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial periods.

The attached notes form part of these financial statements.

EUROPE ESTATES LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER 1994

	Notes	31.12.94 £	31.07.93 £
FIXED ASSETS			
Investment	7	708,852	708,852
CURRENT ASSETS			
Debtors	8	33,745	7,849
Cash at bank and in hand		19	8,549
		33,764	16,398
CREDITORS: Amounts falling due within one year	9	(17,710)	(6,827)
NET CURRENT ASSETS		16,054	9,571
CREDITORS: Amounts falling due after more than one year	10	(708,852)	(708,852)
TOTAL NET ASSETS		£ 16,054	£ 9,571
CAPITAL AND RESERVES			
Called up share capital	11	10,000	10,000
Profit and loss account		6,054	(429)
	12	£ 16,054	£ 9,571

Director

Date

[Handwritten signature]

18.3.96

The attached notes form part of these financial statements.

EUROPE ESTATES LIMITED
NOTES TO THE ACCOUNTS
AS AT 31ST DECEMBER 1994

1. ACCOUNTING POLICIES

a. Accounting Convention

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

b. Cash Flow

The financial statements do not include a cash flow statement because the company as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

d. Foreign Currencies

The company's accounting records are maintained in Pounds Sterling.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Monetary assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

e. Deferred Tax

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Provision is made at the rate which is expected to be applied when the tax liability or asset is expected to crystallise.

d. Going Concern

The financial statements have been prepared on a going concern basis. This is considered appropriate as the shareholders will continue to provide financial support to the company for the foreseeable future.

2. TURNOVER

Turnover represents rental income receivable.

3. OPERATING PROFIT

	1994 £	1993 £
This is stated after charging/(crediting)		
Auditors remuneration	500	500
Directors loan written off	-	(150)
	=====	=====

EUROPE ESTATES LIMITED
NOTES TO THE ACCOUNTS
AS AT 31ST DECEMBER 1994

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1994 £	1993 £
Loss on exchange	370	-
Bank charges	27	-
	-----	-----
	£ 397	£ -
	=====	=====

5. TAXATION

	1994 £
The corporation tax charge comprises:-	
Current year charge	2,220
Underprovision in prior years	177

	£ 2,397
	=====

6. DIRECTORS AND EMPLOYEES

The directors were the only employees during the period. The directors received no emoluments from the company during the period.

7. INVESTMENT

The investment represents a holding of freehold properties in Italy and is stated at cost. In the opinion of the directors the market value of the investment is at least equivalent to its cost.

8. DEBTORS

	1994 £	1993 £
Other debtors	33,745	7,849
	=====	=====

9. CREDITORS: Amounts falling due within one year:-

	1994 £	1993 £
Shareholders loan	177	-
Corporation tax	2,220	4,994
Accruals and deferred income	2,000	1,833
Other creditors	13,313	-
	-----	-----
	£ 17,710	£ 6,827
	=====	=====

EUROPE ESTATES LIMITED
NOTES TO THE ACCOUNTS
AS AT 31ST DECEMBER 1994

10. CREDITORS: Amounts falling due after more than one year:-	1994 £	1993 £
Loan from the shareholders	708,852 =====	708,852 =====

The shareholders loan is interest-free, unsecured and has no fixed repayment date. The loan is not due for repayment within the forthcoming financial year.

11. **SHARE CAPITAL**

The authorised share capital of the company comprises 10,000 shares at £1 each, all of which have been issued and are fully paid (1993 - 10,000).

12. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	1994 £	1993 £
Profit for the financial period after taxation	6,483	858
Dividends	-	-
	-----	-----
Addition to shareholders funds	6,483	858
Opening shareholders funds at 01.01.94	9,571	8,713
	-----	-----
Closing shareholders funds at 31.12.94	£ 16,054 =====	£ 9,571 =====

13. **CAPITAL COMMITMENTS**

There were no major capital commitments at the balance sheet date.

14. **CONTINGENT LIABILITIES**

There were no major contingent liabilities at the balance sheet date.