

Company Registration No. 2774563

EUROBOND INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

2486-A-1998

Registered Office
60 Welbeck Street
London
W1M 8BH



EUROBOND INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

Principal activities and review of the business

The principal activity of the company continued to be that of the provision of nominee services.

Results and dividends

The results for the year are set out on page 4.

Year 2000

The year 2000 issue had no effect on the company's operations or financial results for the year under review, including the extent to which the company was at risk from failure by other parties to remedy their year 2000 issues.

At the date of this report, there may be some further residual risk and uncertainty surrounding this issue. However, the Board have considered these potential risks and uncertainties. This included reviewing the company's business, operations and its relationships with customers, suppliers and other relevant bodies, as well as all key dates. The Board believes that it has achieved an acceptable state of readiness and will continue to monitor any year 2000 issues on a regular basis.

The company has not incurred significant costs during the consideration of this problem.

Directors

The following directors have held office since 1 January 1998:

U Siegfried

U Leiser

K Kindle

The directors have no interest in the issued share capital of the company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Matthew Edwards & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

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;
- 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.

By order of the board

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U Leiser (Director)

Date : 22 JAN 2000

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**AUDITORS' REPORT
TO THE SHAREHOLDERS OF EUROBOND INVESTMENTS LIMITED**

We have audited the financial statements on pages 4 to 8 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, 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 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. However, the evidence available to us was limited because the directors have not complied with Financial Reporting Standard No. 8 as they are unable to disclose the identity of the ultimate controlling party, transactions related thereto, and any other related party transactions. There were no other satisfactory audit procedures that we could adopt to ensure compliance with Financial Reporting Standard No. 8.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF EUROBOND INVESTMENTS LIMITED

Qualified opinion arising from a limitation in audit scope

Except for any adjustments or additional disclosures that may have been found to be necessary with regard to compliance with FRS 8, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

In all other respects, we have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

Matthew Edwards & Co

Matthew Edwards & Co.
Chartered Accountants
Registered Auditor

22-1-2000

Clinch's House, Lord Street
Douglas, Isle Of Man
IM99 1RZ

EUROBOND INVESTMENTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998**

	Notes	1998 £	1997 £
Turnover	2	12,486	12,242
Administrative expenses		(9,117)	(14,388)
Operating profit/(loss)	3	3,369	(2,146)
Other interest receivable and similar income	4	2,001	2,474
Interest payable and similar charges	5	(1,110)	-
Profit on ordinary activities before taxation		4,260	328
Tax on profit on ordinary activities	6	(3,082)	(328)
Profit on ordinary activities after taxation	10	1,178	-
Loss brought forward at 1 January 1998		(930)	(930)
Profit/(loss) carried forward at 31 December 1998		248	(930)

All of the company's activities are derived from continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

EUROBOND INVESTMENTS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 1998**

	Notes	1998 £	£	1997 £	£
Current assets					
Debtors	7	25,179		12,512	
Cash at bank and in hand		59,106		64,051	
		<u>84,285</u>		<u>76,563</u>	
Creditors: amounts falling due within one year					
	8	<u>(83,037)</u>		<u>(76,493)</u>	
Total assets less current liabilities					
			<u>1,248</u>		<u>70</u>
Capital and reserves					
Called up share capital	9		1,000		1,000
Profit and loss account	10		248		(930)
			<u>1,248</u>		<u>70</u>
Shareholders' funds - equity interests					
	11		<u>1,248</u>		<u>70</u>

The financial statements were approved by the Board on **22 JAN 2000**

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U Leiser (Director)

EUROBOND INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

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

1.2 Foreign currency translation

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. Current 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.

1.3 Cash Flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

2 Turnover

The company's turnover is wholly derived from its principal activity.

3 Operating profit/(loss)	1998	1997
	£	£
Operating profit/(loss) is stated after charging:		
Audit and accountancy fees	306	1,520
	<u> </u>	<u> </u>
4 Other interest receivable and similar income	1998	1997
	£	£
Bank interest	2,001	1,998
Profit on foreign exchange	-	476
	<u> </u>	<u> </u>
	<u>2,001</u>	<u>2,474</u>
5 Interest payable and similar expenses	1998	1997
	£	£
On overdue tax	56	-
Loss on foreign exchange	1,054	-
	<u> </u>	<u> </u>
	<u>1,110</u>	<u>-</u>

EUROBOND INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**

6 Taxation	1998	1997
	£	£
Current year taxation		
U.K. corporation tax at 31% (1997- 31.5%)	3,082	432
Prior years		
U.K. corporation tax	-	(104)
	<u>3,082</u>	<u>328</u>

The effective rate of corporation tax is in excess of the statutory rate of corporation tax due to expenses not allowable for corporation tax purposes.

7 Debtors	1998	1997
	£	£
Trade debtors	24,591	11,925
Other debtors	588	587
	<u>25,179</u>	<u>12,512</u>

8 Creditors: amounts falling due within one year	1998	1997
	£	£
Corporation tax	3,514	1,417
Other creditors	71,357	70,356
Accruals and deferred income	8,166	4,720
	<u>83,037</u>	<u>76,493</u>

9 Share Capital

The authorised share capital of the Company comprises 1000 Ordinary £1 Shares of which 1000 have been issued and are fully paid up (1997 - 1000).

10 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 1998	(930)
Retained profit for the year	1,178
	<u>248</u>
Balance at 31 December 1998	<u>248</u>

EUROBOND INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**

11 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Profit for the financial year	1,178	-
Opening shareholders' funds	70	70
	<hr/>	<hr/>
Closing shareholders' funds	1,248	70
	<hr/>	<hr/>

12 Contingent liabilities

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

13 Capital commitments

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

14 Employees

Number of employees, wages and salaries

There were no employees during the year apart from the directors. The directors received no remuneration during the year.