

Company Registration No. 2799219

ARTEUS (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

2997-A-2000

Registered Office
5 Bourlet Close
London



ARTEUS (UK) LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000**

The director presents his report and financial statements for the year ended 31 December 2000.

Principal activities and review of the business

The principal activity of the company is that of an investment company and trading in works of art.

Results and dividends

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

Directors

The following directors have held office since 1 January 2000:

A Behar

R Behar

(Resigned 2 July 2002)

K Yates

(Resigned 2 July 2002)

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.

Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

..... *Amanda Behar*
A Behar (Director)

Date: **23 APR 2003**

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108
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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ARTEUS (UK) LIMITED**

We have audited the financial statements of Arteus (UK) Limited on pages 4 to 11 for the year ended 31 December 2000. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 director 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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF ARTEUS (UK) LIMITED**

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements. The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued support of the ultimate beneficial shareholder. The financial statements do not include any adjustments that would result from a change to that basis. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Matthew Edwards & Co.
Matthew Edwards & Co.
Chartered Accountants
Registered Auditor

23 APR 2003

.....
Clinch's House, Lord Street
Douglas, Isle Of Man

ARTEUS (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 Sfr	1999 Sfr
Turnover	2	3,819,142	1,595,857
Cost of sales		(3,252,138)	(1,424,968)
Gross profit		567,004	170,889
Administrative expenses		(492,861)	(219,558)
Operating profit/(loss)	3	74,143	(48,669)
Other interest receivable and similar income	4	117	647
Interest payable and similar charges	5	(13,413)	(5,841)
Profit/(loss) on ordinary activities before taxation		60,847	(53,863)
Tax on profit/(loss) on ordinary activities	6	(25,141)	(4,404)
Profit/(loss) on ordinary activities after taxation	13	35,706	(58,267)
Loss brought forward at 1 January 2000		(195,745)	(137,478)
Loss carried forward at 31 December 2000		(160,039)	(195,745)

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.

ARTEUS (UK) LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2000

	Notes	2000 Sfr	Sfr	1999 Sfr	Sfr
Fixed assets					
Tangible assets	7		14,233		15,244
Investments	8		664,201		418,572
			<u>678,434</u>		<u>433,816</u>
Current assets					
Debtors	9	3,652,092		3,379,243	
Cash at bank and in hand		70,217		264,814	
		<u>3,722,309</u>		<u>3,644,057</u>	
Creditors: amounts falling due within one year	10	<u>(4,558,584)</u>		<u>(4,271,420)</u>	
Net current liabilities			<u>(836,275)</u>		<u>(627,363)</u>
Total assets less current liabilities			<u>(157,841)</u>		<u>(193,547)</u>
Capital and reserves					
Called up share capital	12		2,198		2,198
Profit and loss account	13		(160,039)		(195,745)
Shareholders' funds - equity interests	14		<u>(157,841)</u>		<u>(193,547)</u>

The financial statements were approved by the Board on **23 APR 2003**

Amanda Behar
A Behar
Director

ARTEUS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

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

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

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

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	40% reducing balance
Motor vehicles	33% reducing balance

1.3 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.6 Foreign currency translation

The company's accounting records are maintained in Swiss Francs.

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.

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover

Turnover represents income derived from the company's principal activity.

ARTEUS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000**

3	Operating profit/(loss)	2000	1999
		Sfr	Sfr
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	9,488	2,541
	Accountancy	3,435	4,206
	Operating lease rentals	28,436	8,438
	and after crediting:		
	Profit on disposal of tangible assets	(15,271)	-
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	2000	1999
		Sfr	Sfr
	Bank interest received	117	647
		<u> </u>	<u> </u>
		117	647
		<u> </u>	<u> </u>
5	Interest payable and similar expenses	2000	1999
		Sfr	Sfr
	On bank loans and overdrafts	172	-
	Loss on foreign exchange	13,241	5,841
		<u> </u>	<u> </u>
		13,413	5,841
		<u> </u>	<u> </u>
6	Taxation	2000	1999
		Sfr	Sfr
	Domestic current year tax		
	Corporation tax at 30.00% (1999 - 30.00%)	25,141	-
	Double Taxation Relief	(9,632)	-
		<u> </u>	<u> </u>
		15,509	-
	Foreign corporation tax		
	Foreign corporation tax	9,632	4,404
		<u> </u>	<u> </u>
	Current tax charge	<u>25,141</u>	<u>4,404</u>

ARTEUS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000**

7 Tangible fixed assets

	Fixtures, fittings & equipment Sfr	Motor vehicles Sfr	Total Sfr
Cost			
At 1 January 2000	17,785	-	17,785
Additions	8,477	7,729	16,206
Disposals	-	(7,729)	(7,729)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	26,262	-	26,262
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2000	2,541	-	2,541
Charge for the year	9,488	-	9,488
	<hr/>	<hr/>	<hr/>
At 31 December 2000	12,029	-	12,029
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2000	14,233	-	14,233
	<hr/>	<hr/>	<hr/>
At 31 December 1999	15,244	-	15,244
	<hr/>	<hr/>	<hr/>

ARTEUS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000

8 Fixed asset investments

	Shares in subsidiary undertakings Sfr	Loans in subsidiary undertakings Sfr	Total Sfr
Cost			
At 1 January 2000	16,393	402,179	418,572
Additions	2,420	243,209	245,629
	<u>18,813</u>	<u>645,388</u>	<u>664,201</u>
At 31 December 2000	18,813	645,388	664,201
	<u>18,813</u>	<u>645,388</u>	<u>664,201</u>
Net book value			
At 31 December 2000	18,813	645,388	664,201
	<u>18,813</u>	<u>645,388</u>	<u>664,201</u>
At 31 December 1999	16,393	402,179	418,572
	<u>16,393</u>	<u>402,179</u>	<u>418,572</u>

Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Artis Srl	Italy	Ordinary	99
County Hall Gallery Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal Activity	Capital and reserves	Profit/(loss) for the year
Artis Srl	trading in works of art	53,507	38,879
County Hall Gallery Limited	Exhibition of art works	(3,150,618)	(2,862,223)
		<u>53,507</u>	<u>38,879</u>
		<u>(3,150,618)</u>	<u>(2,862,223)</u>

The company Art Studio Roma Srl changed its name during the year to Artis Srl. The company acquired 100% of the ordinary shares in County Hall Gallery Limited in December 2000.

9 Debtors

	2000 Sfr	1999 Sfr
Trade debtors	3,639,226	3,093,151
Other debtors	4,000	2,000
Prepayments and accrued income	8,866	284,092
	<u>3,652,092</u>	<u>3,379,243</u>

ARTEUS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000**

10 Creditors: amounts falling due within one year	2000	1999
	Sfr	Sfr
Trade creditors	3,397,086	3,044,914
Corporation tax	13,133	-
Other taxes and social security costs	21,000	21,000
Other creditors	1,114,893	845,672
Accruals and deferred income	12,472	359,834
	<u>4,558,584</u>	<u>4,271,420</u>

11 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to Sfr16,078 (1999-Sfr7,779). There were no outstanding pension contributions accruing or prepaid to the fund at the year end (1999 nil).

12 Share Capital

The authorised share capital of the Company comprises 10000 Ordinary £1 shares of which 1000 have been issued and are fully paid up (1999 - 1000).

13 Statement of movements on profit and loss account

	Profit and loss account Sfr
Balance at 1 January 2000	(195,745)
Retained profit for the year	35,706
Balance at 31 December 2000	<u>(160,039)</u>

14 Reconciliation of movements in shareholders' funds	2000	1999
	Sfr	Sfr
Profit/(Loss) for the financial year	35,706	(58,267)
Opening shareholders' funds	(193,547)	(135,280)
Closing shareholders' funds	<u>(157,841)</u>	<u>(193,547)</u>

15 Contingent liabilities

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

ARTEUS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000****16 Financial commitments**

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000 Sfr	1999 Sfr
Expiry date:		
Within one year	25,516	25,516

17 Capital commitments

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

18 Employees**Number of employees**

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Administration	8	6

Employment costs

	Sfr	Sfr
Wages and salaries	253,180	109,846
Social security costs	15,110	10,321
Other pension costs	16,078	7,779
	284,368	127,946

The directors received no remuneration during the year (1999 - nil).

19 Related party transactions

The related party transactions during the year are as follows:

The company has issued sales to Artis Srl (see note 8) of SFr 742,285 and at the end of the year there was a balance due to Arteus(UK) Limited of SFr 1,896,894 which is included in the trade debtors.

The company has issued no sales to County Hall Gallery Limited (see note 8) during the period of ownership however there is a balance included within trade debtors of SFr 1,199,424 due to Arteus (UK) Limited.

20 Ultimate Controlling Party

The director is not aware of the ultimate controlling party, transactions related thereto and any other related party transactions.