

Company Registration No. 2799219

ARTEUS (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

2997-A-2001

Registered Office
5 Bourlet Close
London



ARTEUS (UK) LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001**

The director presents his report and financial statements for the year ended 31 December 2001.

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 2001:

R Behar	(Resigned 2 July 2002)
K L Yates	(Resigned 2 July 2002)
P. Doria	(Appointed 5 September 2003)
A Behar	(Resigned 13 August 2003)

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.

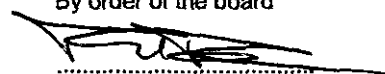
Director's responsibilities

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



P. Doria (Director)

Date: 9/8/2003

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

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ARTEUS (UK) LIMITED

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

We have audited the financial statements of Arteus (UK) Limited on pages 4 to 13 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

ARTEUS (UK) LIMITED

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

Basis of audit 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 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. However, the evidence available to us was limited because the director has not complied with Financial Reporting Standard No. 8 as he is 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.

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.

Qualified Opinion arising from 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 2001 and of its loss 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

9/9/2003

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

ARTEUS (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 Sfr	2000 Sfr
Turnover	2	4,536,322	3,819,142
Cost of sales		(4,049,668)	(3,252,138)
	
Gross profit		486,654	567,004
Administrative expenses		(474,507)	(492,861)
	
Operating profit	3	12,147	74,143
Other interest receivable and similar income	4	1,757	117
Interest payable and similar charges	5	(1,046)	(13,413)
	
Profit on ordinary activities before taxation		12,858	60,847
Tax on profit on ordinary activities	6	(62,383)	(25,141)
	
(Loss)/profit on ordinary activities after taxation	14	(49,525)	35,706
Loss brought forward at 1 January 2001		(160,039)	(195,745)
	
Loss carried forward at 31 December 2001		(209,564)	(160,039)
	

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 2001**

	Notes	2001 Sfr	Sfr	2000 Sfr	Sfr
Fixed assets					
Tangible assets	7		36,278		14,233
Investments	8		751,307		664,201
		
			787,585		678,434
Current assets					
Debtors	9	5,266,221		3,652,092	
Cash at bank and in hand		124,041		70,217	
		
		5,390,262		3,722,309	
Creditors: amounts falling due within one year	10	(6,365,404)		(4,558,584)	
		
Net current liabilities			(975,142)		(836,275)
		
Total assets less current liabilities			(187,557)		(157,841)
Creditors: amounts falling due after more than one year	11		(19,809)		-
		
			(207,366)		(157,841)
		
Capital and reserves					
Called up share capital	13		2,198		2,198
Profit and loss account	14		(209,564)		(160,039)
		
Shareholders' funds - equity interests	15		(207,366)		(157,841)
		

The financial statements were approved by the Board on 9/9/2003


P. Doria
Director

ARTEUS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable financial reporting and 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
Computer equipment	33% straight line basis

1.3 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 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.

1.8 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.

ARTEUS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001****2 Turnover**

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

3 Operating profit	2001 Sfr	2000 Sfr
Operating profit is stated after charging:		
Depreciation of tangible assets	19,784	9,488
Operating lease rentals	8,644	28,436
Auditors' remuneration	27,093	3,435
and after crediting:		
Profit on disposal of tangible assets	-	(15,271)

4 Other interest receivable and similar income	2001 Sfr	2000 Sfr
Bank interest received	200	117
Profit on foreign exchange	1,557	-

	1,757	117

5 Interest payable and similar expenses	2001 Sfr	2000 Sfr
On bank loans and overdrafts	74	172
Hire purchase interest	972	-
Loss on foreign exchange	-	13,241

	1,046	13,413

ARTEUS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001

6 Taxation	2001 Sfr	2000 Sfr
Domestic current year tax		
Corporation tax at 30.00 % (2000 - 30.00 %)	5,974	25,141
Double Taxation Relief	-	(9,632)

	5,974	15,509
Foreign corporation tax		
Foreign corporation tax	56,409	9,632

Current tax charge	62,383	25,141

Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	12,858	60,847

Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30.00 % (2000: 30.00 %)	3,857	18,254

Effects of:		
Depreciation add back	5,935	-
Capital allowances	(12,531)	-
Foreign tax adjustments	56,409	9,632
Double Taxation Relief	-	(9,632)
Income recognised for tax purposes	8,713	-
Other tax adjustments	-	6,887

	58,526	6,887

Current tax charge	62,383	25,141

ARTEUS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

7 Tangible fixed assets

	Fixtures, fittings & equipment Sfr	Computer equipment Sfr	Total Sfr
Cost			
At 1 January 2001	26,262	-	26,262
Additions	2,211	39,618	41,829

At 31 December 2001	28,473	39,618	68,091

Depreciation			
At 1 January 2001	12,029	-	12,029
Charge for the year	6,578	13,206	19,784

At 31 December 2001	18,607	13,206	31,813

Net book value			
At 31 December 2001	9,866	26,412	36,278

At 31 December 2000	14,233	-	14,233

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment Sfr
Net book values	
At 31 December 2001	26,412

Depreciation charge for the year	
31 December 2001	13,206

ARTEUS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001

8 Fixed asset investments

	Shares in group undertakings Sfr	Loans to group undertakings Sfr	Total Sfr
Cost			
At 1 January 2001	18,813	645,388	664,201
Additions	87,106	-	87,106

At 31 December 2001	105,919	645,388	751,307

At 31 December 2000	18,813	645,388	664,201

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	Class	Shares held %
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	96,101	(45,801)
County Hall Gallery Limited	Exhibition of art works	(3,686,801)	(546,788)
	

9 Debtors

	2001 Sfr	2000 Sfr
Trade debtors	5,264,221	3,639,226
Other debtors	2,000	4,000
Prepayments and accrued income	-	8,866

	5,266,221	3,652,092

ARTEUS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

10 Creditors: amounts falling due within one year	2001 Sfr	2000 Sfr
Net obligations under hire purchase contracts	13,206	-
Trade creditors	5,064,838	3,397,086
Corporation tax	17,038	13,133
Other taxes and social security costs	6,485	21,000
Other creditors	1,220,640	1,114,893
Other loans	784	-
Accruals and deferred income	42,413	12,472

	6,365,404	4,558,584

11 Creditors: amounts falling due after more than one year	2001 Sfr	2000 Sfr
Net obligations under hire purchase contracts	19,809	-

Net obligations under hire purchase contracts		
Repayable within one year	15,146	-
Repayable between one and five years	22,718	-

	37,864	-
Finance charges and interest allocated to future accounting periods	(4,849)	-

	33,015	-
Included in liabilities falling due within one year	(13,206)	-

	19,809	-

12 Pension costs		
Defined contribution		
	2001 Sfr	2000 Sfr
Contributions payable by the company for the year	22,681	16,078

ARTEUS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

13 Share capital	2001	2000
	No.	No.
Authorised		
10,000 Ordinary £1 shares	10,000	10,000

	2001	2000
	Sfr	Sfr
Allotted, called up and fully paid		
1,000 Ordinary £1 shares	2,198	2,198

14 Statement of movements on profit and loss account		Profit and loss account Sfr
Balance at 1 January 2001		(160,039)
Retained loss for the year		(49,525)
	
Balance at 31 December 2001		(209,564)
	
15 Reconciliation of movements in shareholders' funds	2001	2000
	Sfr	Sfr
(Loss)/Profit for the financial year	(49,525)	35,706
Opening shareholders' funds	(157,841)	(193,547)

Closing shareholders' funds	(207,366)	(157,841)

16 Contingent liabilities		
There were no known contingent liabilities at the balance sheet date.		
17 Financial commitments		
At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:		
	2001	2000
	Sfr	Sfr
Expiry date:		
Within one year	2,931	25,516

18 Capital commitments		
There were no major capital commitments as at the balance sheet date		

ARTEUS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001****19 Employees****Number of employees**

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

	2001 Number	2000 Number
Administration	7	8

Employment costs

	Sfr	Sfr
Wages and salaries	283,092	253,180
Social security costs	17,517	15,110
Other pension costs	22,681	16,078

	323,290	284,368

20 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 534,268 and at the end of the year there was a balance due to Arteus(UK) Limited of SFr 2,190,738 which is included in the trade debtors.

The company has issued sales to County Hall Gallery Limited (see note 8) of SFr 1,863,903 and at the year end there is a balance included within trade debtors of SFr 2,597,340 due to Arteus (UK) Limited.