

Company Registration Number: 2910783

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Financial Statements

for the year ended
30 June 2003



THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements for the year ended 30 June 2003.

Principal activities, review of the business and future developments

The principal activity of the company is that of a holding and investment company.

The directors intend to continue these activities for the foreseeable future.

In the opinion of the directors the financial position of the company at the balance sheet date was satisfactory.

Results and dividends

The results for the year are detailed on page 4. The Company made a profit on ordinary activities before taxation and dividends of £39,799 (2002: loss £61,224). The directors have not proposed a dividend for the year (2002: £2,000,000).

The retained loss for the year after dividends is £85,389 (2002: loss £2,084,298), which has been transferred to reserves, giving an accumulated profit carried forward of £920,034 (2002: £1,005,423).

Directors and their interests

The directors holding office during the year were as follows:

J L Beckwith
PD Cable
ACC Collett
CIM Graham

The company secretary is S A Holder.

None of the directors have any interests in the share capital of the Company other than by virtue of their interests in its holding company, Pacific Investments II Limited, which are disclosed in the financial statements of that company.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT (continued)

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) on 1 January 2003, PricewaterhouseCoopers resigned on 13 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors on 14 March 2003. Under section 379A of the Companies Act 1985, the company has elected to dispense with the following obligations:

- to lay accounts and reports before general meeting
- to hold annual general meetings, and
- to appoint auditors annually

By Order of the Board



SA Holder
Company Secretary

124 Sloane Street
London
SW1X 9BW

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF
THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 directors' 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 directors' remuneration and transactions is not disclosed.


Basis of audit 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 other irregularity or error. 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 affairs of the company at 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
30 April 2004

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Profit and Loss Account for the year ended 30 June 2003

| | Note | 2003 £ | 2002 £ |
|---|----------|------------------|--------------------|
| Other operating income | | 333,942 | 43,663 |
| Administrative expenses | | (205,122) | (317,062) |
| Operating profit/(loss) | 2 | 128,820 | (273,399) |
| Amounts written off investments | 9 | (375,000) | |
| Investment income | | 31,849 | 43,827 |
| Loss before interest and taxation | | (214,331) | (229,572) |
| Interest receivable and similar income | 4 | 615,333 | 676,075 |
| Interest payable and similar charges | 5 | (361,203) | (507,727) |
| Profit/(loss) on ordinary activities before taxation | | 39,799 | (61,224) |
| Taxation | 6 | (125,188) | (23,074) |
| Loss on ordinary activities after taxation | | (85,389) | (84,298) |
| Dividends | 7 | - | (2,000,000) |
| Retained loss for the year | | (85,389) | (2,084,298) |

Operating results are derived wholly from continuing operations.

There is no difference between the profit on ordinary activities before taxation stated above and the historical cost equivalents.

The notes on pages 6 to 11 form an integral part of these financial statements.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Balance Sheet as at 30 June 2003

| | Note | 2003 £ | 2002 £ |
|--|------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 824 | 1,815 |
| Investments | 9 | 12,719,515 | 13,068,090 |
| | | <u>12,720,339</u> | <u>13,069,905</u> |
| CURRENT ASSETS | | | |
| Debtors (amounts falling due after one year) | 11 | 409,663 | 417,909 |
| Debtors (amounts falling due within one year) | 10 | 78,059 | 610,457 |
| Cash at bank and in hand | | 2,474,255 | 3,973,804 |
| | | <u>2,961,977</u> | <u>5,002,170</u> |
| CREDITORS (amounts falling due within one year) | 12 | (367,678) | (3,214,711) |
| NET CURRENT ASSETS | | <u>2,594,299</u> | <u>1,787,459</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>15,314,637</u> | <u>14,857,364</u> |
| CREDITORS (amounts falling due after one year) | 13 | (11,894,603) | (11,351,940) |
| NET ASSETS | | <u>3,420,035</u> | <u>3,505,424</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 2,500,001 | 2,500,001 |
| Profit and loss account | 15 | 920,034 | 1,005,423 |
| SHAREHOLDERS' FUNDS | 16 | <u>3,420,035</u> | <u>3,505,424</u> |
| Representing | | | |
| Equity shareholders' interests | | 920,035 | 1,005,424 |
| Non-equity shareholders' interests | | 2,500,000 | 2,500,000 |
| | | <u>3,420,035</u> | <u>3,505,424</u> |

The financial statements on pages 4 to 11 were approved by the Board of Directors on and signed on its behalf by



PD Cable
Director

22 April 2004

The notes on pages 6 to 11 form an integral part of these financial statements.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003

1 Accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

Tangible fixed assets - Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Depreciation - Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | |
|--------------------|---------|
| Computer equipment | 3 years |
|--------------------|---------|

Deferred taxation - Deferred taxation arises as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. The deferred tax liability that is the result of timing differences is recognised in full. Deferred tax assets are only recognised to the extent that, on the basis of all available evidence, they are recoverable. Deferred tax assets and liabilities recognised are not discounted.

Foreign currencies - Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates. All differences are taken to the profit and loss account.

Cash flow statement - The Company is exempt from the requirement to publish a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) as it is included within the consolidated financial statements of Pacific Investments II Limited and more than 90% of the voting rights are controlled within the group.

Investments - Investments are stated at cost less provision for any permanent diminution in value. Realised gains and losses are dealt with through the profit and loss account.

Group accounts - The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Pacific Investments II Limited, a company registered in England and Wales.

Related parties - The Company has taken advantage of the exemption under FRS 8 not to disclose any transactions with other group companies on the basis that more than 90% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

2 Operating profit/(loss)

| | | |
|---|------------------|-----------------|
| Operating profit/(loss) is stated after charging/(crediting): | 2003 | 2002 |
| | £ | £ |
| Auditors' remuneration | | |
| - audit fees | 2,000 | 3,000 |
| - other non-audit fees | 925 | 750 |
| Depreciation | 991 | 744 |
| Foreign exchange gain | <u>(333,942)</u> | <u>(43,663)</u> |

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Financial Statements (continued)

for the year ended 30 June 2003

3 Staff costs

| | 2003 £ | 2002 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 199,875 | 201,445 |
| Social security costs | 22,901 | 21,749 |
| | <u>222,776</u> | <u>223,194</u> |

The average monthly number of employees during the year was 2 (2002: 2) in an administrative capacity.

| Directors' remuneration | 2003 £ | 2002 £ |
|-------------------------|----------------|----------------|
| Emoluments | <u>164,875</u> | <u>162,945</u> |

4 Interest receivable and similar income

| | 2003 £ | 2002 £ |
|--|----------------|----------------|
| Bank interest receivable | 73,249 | 71,711 |
| Interest receivable from subsidiary undertakings | 507,642 | 604,364 |
| Other interest receivable | 34,442 | - |
| | <u>615,333</u> | <u>676,075</u> |

5 Interest payable and similar charges

| | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Interest payable on bank loans | 285,405 | 399,001 |
| Interest payable to associated undertakings | 33,349 | - |
| Interest payable on other loans | 42,449 | 108,726 |
| | <u>361,203</u> | <u>507,727</u> |

6 Taxation

| | 2003 £ | 2002 £ |
|---|------------------|---------------|
| UK Corporation tax (charge)/credit at 30% | (125,188) | 10,106 |
| Adjustment to prior year tax charge | - | (33,180) |
| | <u>(125,188)</u> | <u>23,074</u> |

6.1 Reconciliation of tax charge

| | 2003 £ | 2002 £ |
|--|------------------|-----------------|
| Profit/(Loss) on ordinary activities before taxation | <u>39,799</u> | <u>(61,224)</u> |
| Tax on profit/(loss) on ordinary activities before taxation at 30% | (11,940) | 18,367 |
| Expenses disallowed for tax purposes | (245) | (8,261) |
| Movement in provisions | (112,500) | - |
| Tax payable on partnership profits | (503) | - |
| Adjustment to prior year tax charge | - | (33,180) |
| | <u>(125,188)</u> | <u>(23,074)</u> |

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Financial Statements (continued) for the year ended 30 June 2003

7 Dividends

No dividends were declared in the year (2002: £2,000,000). The preference shareholders have waived their right to the dividend in respect of the year.

8 Tangible assets

| | Computer equipment £ |
|----------------------------------|----------------------------|
| Cost | |
| At 30 June 2002 and 30 June 2003 | <u>2,972</u> |
| Accumulated depreciation | |
| At 30 June 2002 | 1,157 |
| Charge for the year | 991 |
| At 30 June 2003 | <u>2,148</u> |
| Net book value at 30 June 2002 | <u>1,815</u> |
| Net book value at 30 June 2003 | <u>824</u> |

9 Investments

| | 2003 £ | 2002 £ |
|------------------------------------|-------------------|-------------------|
| Subsidiary undertakings | 11,281,847 | 10,707,455 |
| Associated undertakings | 1,056,242 | 1,979,209 |
| Other fixed asset investments | 381,426 | 381,426 |
| Cost and net book value at 30 June | <u>12,719,515</u> | <u>13,068,090</u> |

9.1 Investment in subsidiaries

| | Shares £ | Loans £ | Total £ |
|------------------------------|---------------|-------------------|-------------------|
| Cost at 30 June 2002 | 30,268 | 10,677,187 | 10,707,455 |
| Additions | - | 1,688,450 | 1,688,450 |
| Disposal/Repayments | - | (1,481,832) | (1,481,832) |
| Provision for impairment | - | (375,000) | (375,000) |
| Foreign exchange adjustments | - | 742,774 | 742,774 |
| Cost at 30 June 2003 | <u>30,268</u> | <u>11,251,579</u> | <u>11,281,847</u> |

Details of subsidiary undertakings as at 30 June 2003 are given below.

At 30 June 2003, the Company owns 67% of Trinity Lake Corporation Inc., a company registered in North Carolina, USA. This company is developing a residential site in Greensboro, North Carolina. The company will provide the infrastructure to the site before selling tranches of individual building plots to building contractors. At the year end a loan of £1,329,355 (2002: £1,439,153) was outstanding to the Company, against which £375,000 has been provided in 2003 (2002: £nil). The loan is unsecured, interest free and repayable on demand.

The Company has a 99% shareholding in Bel Air Sarl, a holding company and 1% of Bel Air SCI, a French company holding an investment in French real estate in the form of light industrial and office buildings. Bel Air Sarl holds 99% of Bel Air SCI.

The company holds 100% of Bostar Investments Limited and Peritan Investments Limited with each of them holding 5% of the Group's 10% shareholding in Union Desarrollos, S.L., a company holding real estate for development in Spain. Both companies are registered in England and Wales.

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Financial Statements (continued)

for the year ended 30 June 2003

9.1 Investment in subsidiaries (continued)

The Company owns 100% of the issued share capital of GPIC Holdings B.V., a company registered in the Netherlands, whose principal activity is to hold property investments. GPIC Holdings B.V. has the following subsidiaries:

| Subsidiary | Principal Activity | % of Equity and votes held | Place of Incorporation |
|---------------------------|---------------------|----------------------------|------------------------|
| GPIC Spain B.V. | Holding company | 100% | Netherlands |
| GPIC France B.V. | Holding company | 100% | Netherlands |
| Tranquilliser Beheer B.V. | Holding company | 100% | Netherlands |
| Organize Investments B.V. | Holding company | 100% | Netherlands |
| Crossmoan B.V. | Holding company | 100% | Netherlands |
| Pacific Management SARL | Property Management | 100% | France |
| Clivaden SARL | Holding company | 100% | France |
| Clivaden SCI | Investment property | 100% | France |
| Muguet SARL | Holding company | 100% | France |
| Muguet SCI | Investment property | 100% | France |

9.2 Investment in associates

Investment in associated undertakings is analysed as follows:

| | Shares £ | Loans £ | Total £ |
|------------------------------|--------------|------------------|------------------|
| Cost at 30 June 2002 | 4,503 | 1,974,706 | 1,979,209 |
| Disposals/Repayments | - | (861,499) | (861,499) |
| Additions | - | 33,485 | 33,485 |
| Foreign exchange adjustments | - | (94,953) | (94,953) |
| Cost at 30 June 2003 | <u>4,503</u> | <u>1,051,739</u> | <u>1,056,242</u> |

The Company has the following associated undertakings:

| Associate | Principal Activity | Effective Equity Share | Place of Incorporation |
|------------------------------------|---------------------|------------------------|------------------------|
| Pacific Investments (Asia) Limited | Property investment | 50% | Bermuda |

The Company's subsidiaries have the following associated undertakings:

| Associate | Principal Activity | Effective Equity Share | Place of Incorporation |
|---|-----------------------------|------------------------|-------------------------|
| Associated undertakings of GPIC Holdings B.V. | | | |
| Maremagnum B.V. | Holding company | 20% | Netherlands |
| Odisea 2000 S.L. | Property development | 20% | Spain |
| Bedford SARL | Holding company | 25% | France |
| Elswick Corporation N.V. | Investment in property fund | 50% | Netherlands Antilles |
| Baltic Exchange B.V. | Holding company | 50% | Netherlands |
| Subsidiary undertakings of Bedford SARL | | | |
| SCI Cormontreuil | Dormant | 25% | France |
| SCI La Neuvillelette | Dormant | 25% | France |
| SCI Chestnut | Dormant | 25% | France |
| SCI Aile Nord | Property investment | 25% | France |
| SCI Aile Six Pereire | Property investment | 25% | France |

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Financial Statements (continued)

for the year ended 30 June 2003

9.3 Other fixed assets investments

Other fixed asset investments of the company are analysed as follows:

| | Shares £ | Loans £ | Total £ |
|---------------------------------------|-------------|------------|------------|
| Cost at 30 June 2002 and 30 June 2003 | 322,151 | 59,275 | 381,426 |

Loans amounting to £59,275 (2002: £59,275) are interest free. There are no fixed terms of repayment and the directors do not expect repayment within the next twelve months.

10 Debtors (amounts falling due within one year)

| | 2003 £ | 2002 £ |
|---|---------------|----------------|
| Trade debtors | 2,656 | 6,868 |
| Accrued income and prepayments | 20,000 | - |
| Amounts due from fellow group subsidiary undertakings | 12,500 | - |
| Amounts due from subsidiary undertakings | 3,287 | 385,092 |
| Amounts due from associated undertakings | 17,782 | 102,433 |
| Corporation tax recoverable | - | 116,064 |
| Other debtors | 21,834 | - |
| | <u>78,059</u> | <u>610,457</u> |

11 Debtors (amounts falling due after one year)

| | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Amounts due from fellow subsidiary undertakings | <u>409,663</u> | <u>417,909</u> |

12 Creditors (amounts falling due within one year)

| | 2003 £ | 2002 £ |
|---|----------------|------------------|
| Bank loans and overdrafts | - | 1,000,000 |
| Trade creditors | 7,362 | 4,234 |
| Corporation tax | 124,334 | - |
| Amounts due to immediate parent company | - | 2,000,000 |
| Amounts due to subsidiary undertakings | 7,201 | 19,618 |
| Amounts due to fellow subsidiary undertakings | - | 8,993 |
| Amounts due to associated undertakings | 146,268 | 95,697 |
| Accruals and deferred income | 82,513 | 86,169 |
| | <u>367,678</u> | <u>3,214,711</u> |

13 Creditors (amounts falling due after one year)

| | 2003 £ | 2002 £ |
|---|-------------------|-------------------|
| Amounts due to immediate parent company | 3,909,569 | 2,536,461 |
| Amounts due to associated undertakings | 1,041,420 | 969,626 |
| Bank loans | 6,943,614 | 7,845,853 |
| | <u>11,894,603</u> | <u>11,351,940</u> |

THE GENERAL PROPERTY INVESTMENT COMPANY LIMITED

Notes to the Financial Statements (continued)

for the year ended 30 June 2003

13 Creditors (amounts falling due after one year) (continued)

Amounts due to the immediate parent company are considered to be part of the company's longer term funding from Pacific Investments PLC and are unsecured, interest free and have no formal repayment terms in place.

The company's bank loans are denominated in Sterling, Euros and US Dollars and are provided by committed bank facilities from the Bank of Scotland and Royal Bank of Scotland. The loans are repayable within two to five years and are cross guaranteed by various Group companies. Interest is charged at a floating rate.

14 Called up share capital

The authorised, issued and fully paid share capital of the company as at 30 June 2003 and 30 June 2002 is analysed as follows:

| | No. | Authorised £ | Allotted, called up and fully paid No. | £ |
|------------------------------|------------------|------------------|---|------------------|
| Ordinary shares of £1 each | 100 | 100 | 1 | 1 |
| Preference shares of £1 each | 4,999,900 | 4,999,900 | 2,500,000 | 2,500,000 |
| | <u>5,000,000</u> | <u>5,000,000</u> | <u>2,500,001</u> | <u>2,500,001</u> |

The preference shares are redeemable at par at the option of the Company between six and eleven years from the date of issue. The first possible redemption date of the 2,500,000 preference shares was 20 June 2003. Dividends are cumulative and payable at a rate of 7% per annum on 1 September and 1 March. In the event of a winding up of the Company, the preference shares will be repaid in priority of the ordinary shares. The preference shares do not carry the right to receive notice of or vote at any General meeting of the Company. The preference shareholders have waived their right to the dividend in respect of the year.

15 Profit and loss account

The Company's profit and loss account is analysed as follows:

| | £ |
|----------------------------|----------------|
| At 30 June 2002 | 1,005,423 |
| Retained loss for the year | (85,389) |
| At 30 June 2003 | <u>920,034</u> |

16 Reconciliation of movement in shareholders' funds

| | £ |
|-------------------------------------|------------------|
| Shareholders' funds at 30 June 2002 | 3,505,424 |
| Retained loss for the year | (85,389) |
| Shareholders' funds at 30 June 2003 | <u>3,420,035</u> |

17 Holding company and ultimate controlling party

At 30 June 2003, the Company's immediate holding company was Pacific Investments PLC.

At 30 June 2003, the Company's ultimate holding company was Pacific Investments II Limited, a company registered in England & Wales, which is the largest group of which the Company is a member and for which group accounts are prepared. The consolidated accounts of that company can be obtained from the secretary at 124 Sloane Street, SW1X 9BW.

In the opinion of the directors the ultimate controlling party is JL Beckwith, a director and majority shareholder of the parent company.