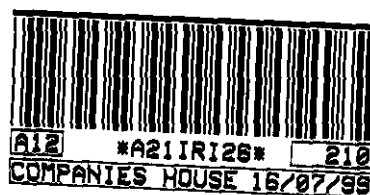


SANDCOURT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1998



11132-A-1998

Registered Office
23 Bullescroft Road
Edgware
Middlesex
HA8 8RN

SANDCOURT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998

The directors present their report and financial statements for the year ended 30 June 1998.

Principal activities and review of the business

The principal activity of the company continued to be that of an investment company.

Results and dividends

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

Fixed assets

The significant changes in fixed assets during the year are explained in note 6 to the financial statements.

Year 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The directors have considered the potential risks to the company's activities arising from the date change to the Year 2000. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain because at least some level of failure may still occur, however the Board believe that it has achieved an acceptable state of readiness and will continue to monitor the 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 July 1997:

C Stewart	(Appointed 29 January 1999)
L.R. Taylor	(Appointed 1 June 1998)
A.M. Taylor	(Appointed 1 June 1998)
J.D. Parker	(Appointed 20 August 1997 and resigned 29 January 1999)
J Butterfield	(Appointed 20 August 1997 and resigned 1 June 1998)
F M Forrai	(Appointed 20 August 1997 and resigned 1 June 1998)
M.W. Denton	(Resigned 20 August 1997)

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.

SANDCOURT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 1998**

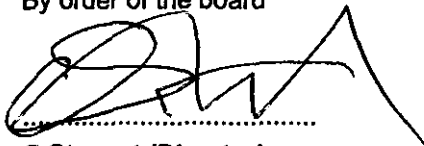
Directors' responsibilities

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

A handwritten signature in black ink, appearing to be 'C Stewart', written over a dotted line.

C Stewart (Director)

Date **23 JUN 1999**

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108
+44 (0) 171 950 9800 +44 (0) 171 437 9509
E-mail edwards@bentinck.com

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF SANDCOURT LIMITED**

We have audited the financial statements on pages 4 to 10 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 2 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. 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 the company's affairs as at 30 June 1998 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

23/6/99

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

SANDCOURT LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1998**

		1998	1997
	Notes	£	£
Administrative expenses		(3,183)	(3,241)
Operating loss	2	(3,183)	(3,241)
Investment income	3	10,432	18,146
Other interest receivable and similar income	3	1,143	-
Interest payable and similar charges	4	-	(1,199)
Profit on ordinary activities before taxation		8,392	13,706
Tax on profit on ordinary activities	5	(154)	(8,782)
Profit on ordinary activities after taxation	10	8,238	4,924
Profit/(loss) brought forward at 1 July 1997		1,901	(3,023)
Profit carried forward at 30 June 1998		10,139	1,901

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

SANDCOURT LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 1998**

	1998	1997
	£	£
Profit for the financial year	8,238	4,924
Currency translation differences on foreign currency investments	(245,800)	-
Currency translation differences on foreign currency loans	245,800	-
Total recognised gains and losses relating to the year	8,238	4,924

SANDCOURT LIMITED

**BALANCE SHEET
AS AT 30 JUNE 1998**

	Notes	1998 £	£	1997 £	£
Fixed assets					
Investments	6		1,166,656		1,498,322
Current assets					
Debtors	7	3,592		6,549	
Cash at bank and in hand		35,535		22,806	
		<u>39,127</u>		<u>29,355</u>	
Creditors: amounts falling due within one year	8	<u>(1,194,644)</u>		<u>(1,524,776)</u>	
Net current liabilities			<u>(1,155,517)</u>		<u>(1,495,421)</u>
Total assets less current liabilities			<u>11,139</u>		<u>2,901</u>
Capital and reserves					
Called up share capital	9		1,000		1,000
Profit and loss account	10		10,139		1,901
Shareholders' funds - equity interests	11		<u>11,139</u>		<u>2,901</u>

The financial statements were approved by the Board on **23 JUN 1999**


C Stewart (Director)

SANDCOURT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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 Investments

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

1.3 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.

1.4 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.

1.5 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	Operating loss	1998	1997
		£	£
	Operating loss is stated after charging:		
	Auditors' remuneration	675	538
		<u> </u>	<u> </u>
3	Income from investments	1998	1997
		£	£
	Income from subsidiary undertakings	10,432	18,146
	Profit on foreign exchange	1,143	-
		<u> </u>	<u> </u>
		<u>11,575</u>	<u>18,146</u>
4	Interest payable	1998	1997
		£	£
	Loss on foreign exchange	-	1,199
		<u> </u>	<u> </u>
		<u>-</u>	<u>1,199</u>

SANDCOURT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1998**

5	Taxation	1998	1997
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 31% (1997 - 32.5%)	4,536	8,782
	Prior years		
	U.K. corporation tax	(4,382)	-
		<u>154</u>	<u>8,782</u>

6 Fixed asset investments

	Shares in subsidiary undertakings	Loans in subsidiary undertakings	Total
	£	£	£
Cost			
At 1 July 1997	1,165,814	332,508	1,498,322
Revaluation	(245,800)	(85,866)	(331,666)
	<u>920,014</u>	<u>246,642</u>	<u>1,166,656</u>
At 30 June 1998	920,014	246,642	1,166,656
	<u>1,165,814</u>	<u>332,508</u>	<u>1,498,322</u>
At 30 June 1997	1,165,814	332,508	1,498,322
	<u>1,165,814</u>	<u>332,508</u>	<u>1,498,322</u>

Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Satrifel S.L.	Spain	ordinary	99

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

	Capital and reserves	Profit/(Loss) for the year
Satrifel S.L.	938,275	(139)
	<u>938,275</u>	<u>(139)</u>

The above details are taken from the audited financial statements for the year ended 31 December 1997.

The loan represents an advance of PTAS 63,000,000 to the subsidiary. Interest is charged on the loan at a rate of Libor plus 1.25% per annum.

7	Debtors	1998	1997
		£	£
	Other debtors	3,592	6,549
		<u>3,592</u>	<u>6,549</u>

SANDCOURT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1998**

8 Creditors: amounts falling due within one year	1998	1997
	£	£
Corporation tax	8,936	8,782
Other creditors	1,184,533	1,515,494
Accruals and deferred income	1,175	500
	<u>1,194,644</u>	<u>1,524,776</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 July 1997	1,901
Retained profit for the year	8,238
Currency translation differences on foreign currency net investments	(245,800)
Currency translation differences on foreign currency loans	245,800
	<u>10,139</u>
Balance at 30 June 1998	<u>10,139</u>

11 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Profit for the financial year	8,238	4,924
	<u>8,238</u>	<u>4,924</u>
Net (depletion in)/addition to shareholders' funds	2,901	(2,023)
Opening shareholders' funds	11,139	2,901
	<u>11,139</u>	<u>2,901</u>

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.

SANDCOURT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1998**

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.

15 Immediate Parent Company

The immediate parent company is Sharman Investments Limited, a company registered in Isle of Man.

16 Ultimate Controlling Party and Related party transactions

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