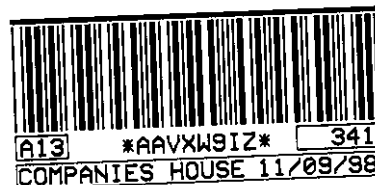


AMENDED

ALLURING SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

14466-PE-1997

Registered Office
2nd Floor, 48 Conduit Street
London
W1R 9FB



ALLURING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their report and financial statements for the year ended 31 December 1997.

Principal Activities and Review of the Business

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

Results and Dividends

The results for the year are set out on page 3.

It is proposed that the retained profit of £ 29,747 is transferred to reserves.

Directors

The following directors have held office since the beginning of the year

J.D. Parker	
A.J. Weir	(Resigned 29 April 1997)
J. Butterfield	(Appointed 29 April 1997 and resigned 1 June 1998)
F.M. Forrai	(Appointed 29 April 1997 and resigned 1 June 1998)
L.R. Taylor	(Appointed 1 June 1998)
A.M. Taylor	(Appointed 1 June 1998)

The Directors had 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



J.D. Parker

Date: **10 SEP 1998**

MATTHEW EDWARDS & CO
C H A R T E R E D A C C O U N T A N T S

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

ALLURING SERVICES LIMITED

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF ALLURING SERVICES LIMITED**

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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. 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 31 December 1997 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.

10.2.98

**Chartered Accountants
Registered Auditor**

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

ALLURING SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	1997 £	1996 £
Turnover	2	43,399	2,254
Administrative expenses		(5,378)	(2,707)
Operating profit/(loss)	3	38,021	(453)
Other interest receivable and similar income	4	7	-
Interest payable and similar charges	5	(11)	-
Profit/(loss) on ordinary activities before taxation		38,017	(453)
Tax on profit/(loss) on ordinary activities	6	(8,267)	(263)
Profit/(loss) on ordinary activities after taxation	11	29,750	(716)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

ALLURING SERVICES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 1997**

	Notes	1997 £	£	1996 £	£
Fixed Assets					
Investments	7		5		5
Current Assets					
Debtors	8	37,755		2,626	
Cash at bank and in hand		107,129		100,000	
		<u>144,884</u>		<u>102,626</u>	
Creditors: amounts falling due within one year	9	<u>(15,855)</u>		<u>(3,347)</u>	
Net Current Assets			129,029		99,279
Total Assets Less Current Liabilities			<u>129,034</u>		<u>99,284</u>
Capital and Reserves					
Called up share capital	10	100,000		100,000	
Profit and loss account	11	29,034		(716)	
Shareholders' Funds - equity interests	12		<u>129,034</u>		<u>99,284</u>

The financial statements were approved by the Board on **10 SEP 1998**



J.D. Parker
Director

ALLURING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

1 Accounting Policies

1.1 Accounting conventions and Compliance with accounting standards

The financial statements are prepared under the historical cost convention. The accounts have been prepared 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 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 turnover represents the company's share of income derived from its principal activity.

3 Operating Profit/(Loss)

1997

1996

£

£

Operating profit/(loss) is stated after charging:

Auditors' remuneration

500

450

4 Other Interest Receivable and Similar Income

1997

1996

£

£

Bank interest

7

-

5 Interest Payable and Similar Charges

1997

1996

£

£

Loss on exchange

11

-

ALLURING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**

6 Taxation	1997	1996
	£	£
U.K. Current year taxation		
U.K. Corporation tax at 22% (1996 - 33%)	8,265	263
Prior years		
U.K. Corporation tax	2	-
	<u>8,267</u>	<u>263</u>

7 Fixed Asset Investments

	Unlisted investments
	£
Cost	
At 1 January 1997 & at 31 December 1997	5
	<u>5</u>
At 31 December 1996	5
	<u>5</u>

The investment represents a 5% holding in The Allcroft Group. This investment is stated at cost and in the opinion of the directors the value is at least equal to cost.

8 Debtors	1997	1996
	£	£
Trade debtors	36,859	2,249
Prepayments and accrued income	896	377
	<u>37,755</u>	<u>2,626</u>

9 Creditors: amounts falling due within one year	1997	1996
	£	£
Corporation tax	8,265	263
Other creditors	2,166	2,161
Accruals and deferred income	5,424	923
	<u>15,855</u>	<u>3,347</u>

The shareholders loan is interest free unsecured and has no fixed repayment date.

ALLURING SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997****10 Share Capital**

The authorised share capital of the Company comprises 100000 Ordinary shares of £1.00 each, all of which have been issued and are fully paid up (1996 - 100000)

11 Statement of Movements on Profit and Loss Account

	Profit and loss account £
Balance at 1 January 1997	(716)
Retained profit for the year	29,750
	<hr/>
Balance at 31 December 1997	29,034
	<hr/>

12 Reconciliation of Movements in Shareholders' Funds

	1997 £	1996 £
Profit/(Loss) for the financial year	29,750	(716)
Proceeds from issue of shares	-	100,000
	<hr/>	<hr/>
Net addition to shareholders' funds	29,750	99,284
Opening shareholders' funds	99,284	-
	<hr/>	<hr/>
Closing shareholders' funds	129,034	99,284
	<hr/>	<hr/>

13 Contingent liabilities

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

14 Capital Commitments

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

15 Employees**Number of employees**

There were no employees during the year apart from the directors

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.