

**Company Registration No. 3109490**

**SANDHEAD HOLDING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1997**

**12918NM-1997**

**Registered Office**  
57 Grosvenor Street  
Mayfair  
London  
W1X 9DA



**SANDHEAD HOLDING LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1997**

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The director presents his report and financial statements for the year ended 31 December 1997.

**Principal Activities and Review of the Business**

The principal activity of the company is that of an investment company.

**Results and Dividends**

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

It is proposed that the retained loss of £ 2,300 is transferred to reserves.

**Directors**

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

L. Pierucci

C.G.M De Carteret

(Resigned 1 June 1998)

M.W. Denton

(Resigned 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.

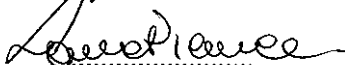
**Director's Responsibilities**

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



L. Pierucci

Date **23 OCT 1998**

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

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Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108  
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E-mail [edwards@bentinck.com](mailto:edwards@bentinck.com)

**SANDHEAD HOLDING LIMITED**

**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF SANDHEAD HOLDING LIMITED**

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We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of the director and auditors**

As described on page 1 the company's director is 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, 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 directors have not complied with Financial Reporting Standard No 8 as they have not disclosed the identity of the ultimate controlling party and transactions related thereto. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**SANDHEAD HOLDING LIMITED**

**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF SANDHEAD HOLDING LIMITED**

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**Qualified Opinion arising from limitation in audit scope**

Except for any adjustments or additional disclosures that may have been found to be necessary arising from 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 1997 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**

*23.10.98*

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

**SÁNDHEAD HOLDING LIMITED**

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

		Year ended 31 December 1997 £	Period 31 December 1996 £
	Notes		
Administrative expenses		(2,300)	(4,515)
Interest payable and similar charges	3	-	(61)
<b>Loss on ordinary activities before taxation</b>		(2,300)	(4,576)
Tax on loss on ordinary activities	4	-	-
<b>Loss on ordinary activities after taxation</b>	9	(2,300)	(4,576)

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.

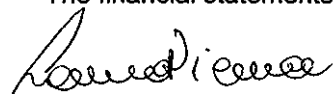
**SANDHEAD HOLDING LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 1997**

	Notes	1997 £	£	1996 £	£
<b>Fixed Assets</b>					
Investments	5		459,119		459,119
<b>Current Assets</b>					
Cash at bank and in hand		843		843	
<b>Creditors: amounts falling due within one year</b>	6	<u>(6,719)</u>		<u>(4,419)</u>	
<b>Net Current Liabilities</b>			(5,876)		(3,576)
<b>Total Assets Less Current Liabilities</b>			<u>453,243</u>		<u>455,543</u>
<b>Creditors: amounts falling due after more than one year</b>	7		<u>(459,119)</u>		<u>(459,119)</u>
			<u>(5,876)</u>		<u>(3,576)</u>
<b>Capital and Reserves</b>					
Called up share capital	8		1,000		1,000
Profit and loss account	9		(6,876)		(4,576)
<b>Shareholders' Funds - equity interests</b>	10		<u>(5,876)</u>		<u>(3,576)</u>

23 OCT 1998

The financial statements were approved by the Board on .....



L. Pierucci  
Director

# SANDHEAD HOLDING LIMITED

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

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### 1 Accounting Policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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

#### 1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

#### 1.3 Investments

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

#### 1.4 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.

#### 1.5 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 medium-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.

#### 1.6 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

	1997	1996
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	600	600
	<u>600</u>	<u>600</u>

### 3 Interest Payable and Similar Charges

	1997	1996
	£	£
Loss on exchange	-	61
	<u>-</u>	<u>61</u>

### 4 Taxation

In view of the tax allowable losses incurred during the year no provision has been made for corporation tax.

**SANDHEAD HOLDING LIMITED**

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

**5 Fixed asset investments**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 1997 & at 31 December 1997	459,119

In the opinion of the director, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

**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	%
<b>Subsidiary undertakings</b>			
Sanim Srl	Italy	ordinary	90

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 for the year
Sanim Srl	522,449	0

<b>6 Creditors: amounts falling due within one year</b>	<b>1997</b>	<b>1996</b>
	£	£
Shareholders loan	3,819	3,819
Accruals and deferred income	2,900	600
	<u>6,719</u>	<u>4,419</u>

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

<b>7 Creditors: amounts falling due after more than one year</b>	<b>1997</b>	<b>1996</b>
	£	£
Shareholder loan	<u>459,119</u>	<u>459,119</u>

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



**SANDHEAD HOLDING LIMITED**

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

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**8 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 (1996 - 1000).

**9 Statement of Movements on Profit and Loss Account**

	<b>Profit and loss account £</b>
Balance at 1 January 1997	(4,576)
Retained loss for the period	(2,300)
	<hr/>
Balance at 31 December 1997	(6,876)
	<hr/>

**10 Reconciliation of Movements in Shareholders' Funds**

	<b>1997 £</b>	<b>1996 £</b>
Loss for the financial period	(2,300)	(4,576)
Proceeds from issue of shares	-	1,000
	<hr/>	<hr/>
Net depletion in shareholders' funds	(2,300)	(3,576)
Opening shareholders' funds	(3,576)	-
	<hr/>	<hr/>
Closing shareholders' funds	(5,876)	(3,576)
	<hr/>	<hr/>

**11 Contingent liabilities**

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

**12 Capital Commitments**

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

**13 Employees**

**Number of employees**

There were no employees during the year apart from the directors