

LIPMANN TRADING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



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Registered Office
Suite 23, Park Royal House
23 Park Royal Road
London

LIPMANN TRADING LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The director presents her report and financial statements for the year ended 31 December 2002.

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.

Directors

The following directors have held office since 1 January 2002:

A M Taylor	(Resigned 2 July 2002)
S Townsend	(Resigned 2 July 2002)
L R Taylor	

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 her to ensure that the financial statements comply with the Companies Act 1985. She 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 R Taylor (Director)

Date: 23 JUL 2003

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108
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LIPMANN TRADING LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF LIPMANN TRADING LIMITED**

We have audited the financial statements of Lipmann Trading Limited on pages 4 to 9 for the year ended 31 December 2002. 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.

LIPMANN TRADING LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF LIPMANN TRADING LIMITED**

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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. 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.

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 2002 and of its loss 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 JUL 2003
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Clinch's House, Lord Street
Douglas
Isle of Man
IM99 1RZ

LIPMANN TRADING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 £	2001 £
Administrative expenses		(6,018)	(3,807)
Operating loss	2	(6,018)	(3,807)
Interest payable and similar charges	3	-	(547)
Loss on ordinary activities before taxation		(6,018)	(4,354)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	8	(6,018)	(4,354)
Loss brought forward at 1 January 2002		(3,286,978)	(3,282,624)
Loss carried forward at 31 December 2002		(3,292,996)	(3,286,978)

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.

LIPMANN TRADING LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2002**

	Notes	2002 £	£	2001 £	£
Fixed assets					
Investments	5	3,050,109		3,050,109	
Creditors: amounts falling due within one year	6	(6,342,105)		(6,336,087)	
Net current liabilities		(6,342,105)		(6,336,087)	
Total assets less current liabilities		(3,291,996)		(3,285,978)	
Capital and reserves					
Called up share capital	7	1,000		1,000	
Profit and loss account	8	(3,292,996)		(3,286,978)	
Shareholders' funds - equity interests	9	(3,291,996)		(3,285,978)	

The financial statements were approved by the Board on 23 JUL 2003.



L. R. Taylor
Director

LIPMANN TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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 Investments

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

1.3 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.

1.4 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 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.

2 Operating loss

	2002	2001
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	800	796
	<u> </u>	<u> </u>

3 Interest payable and similar expenses

	2002	2001
	£	£
Loss on foreign exchange	-	547
	<u> </u>	<u> </u>
	-	547
	<u> </u>	<u> </u>

LIPMANN TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

4 Taxation	2002	2001
	£	£
Corporation tax at 30.00 % (2001 - 30.00 %)	-	-
Current tax charge	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(6,018)	(4,354)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30.00 % (2001 : 30.00 %)	(1,805)	(1,306)
Effects of:		
losses not recognised for accounting purposes	1,805	1,306
	1,805	1,306
Current tax charge	-	-

On the basis of these financial statements no provision has been made for corporation tax.

LIPMANN TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

5 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2002 & at 31 December 2002	6,304,826
Provisions for diminution in value	
At 1 January 2002	3,254,717
At 1 January 2002 & at 31 December 2002	3,254,717
Net book value	
At 31 December 2002	3,050,109
At 31 December 2001	3,050,109

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			
S.I.F.I.S	Italy	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
S.I.F.I.S	Development of Real Estate	3,288,923	(60,009)

The full name of S.I.F.I.S is Societa' Industriale Finanziaria Immobiliare Sestrese SpA.

6 Creditors: amounts falling due within one year	2002 £	2001 £
Other creditors	6,338,014	6,331,743
Accruals and deferred income	4,091	4,344
	<u>6,342,105</u>	<u>6,336,087</u>

LIPMANN TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

7 Share capital	2002 No.	2001 No.
Authorised		
10,000 ordinary £1 shares	<u>10,000</u>	<u>10,000</u>
	2002 £	2001 £
Allotted, called up and fully paid		
1,000 ordinary £1 shares	<u>1,000</u>	<u>1,000</u>

8 Statement of movements on profit and loss account

**Profit and
loss
account
£**

Balance at 1 January 2002	(3,286,978)
Retained loss for the year	<u>(6,018)</u>
Balance at 31 December 2002	<u>(3,292,996)</u>

9 Reconciliation of movements in shareholders' funds

**2002
£** **2001
£**

Loss for the financial year	(6,018)	(4,354)
Opening shareholders' funds	<u>(3,285,978)</u>	<u>(3,281,624)</u>
Closing shareholders' funds	<u>(3,291,996)</u>	<u>(3,285,978)</u>

10 Contingent liabilities

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

11 Capital commitments

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

12 Employees

Number of employees

There were no employees during the year apart from the directors. The directors received no remuneration during the year.

13 Ultimate Controlling Party and Related party transactions

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