

Company Registration No. 3138090

LIPMANN TRADING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

13424-A-2000

Registered Office
Suite 205, Moghul House
57 Grosvenor Street
Mayfair
London
W1X 9DA



LIPMANN TRADING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000**

The directors' present their report and financial statements for the year ended 31 December 2000.

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 2000:

| | |
|---------------|----------------------------|
| S.J. Townsend | (Resigned 2 January 2001) |
| S.J. Townsend | (Appointed 2 January 2001) |
| A.M. Taylor | |
| 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.


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



S.J. Townsend (Director)

- 6 NOV 2001
Date :

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
E-mail audit@matthew-edwards.com

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

We have audited the financial statements on pages 4 to 8 of Lipmann Trading Limited for the year ended 31 December 2000 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors' are 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 Acts 1985. We also report to you whether 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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of 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 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.

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

Fundamental Uncertainty

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 2000 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

06.11.01

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

LIPMANN TRADING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

| | Notes | 2000 £ | 1999 £ |
|--|----------|--------------------|--------------------|
| Administrative expenses | | (4,540) | (7,030) |
| Operating loss | 2 | (4,540) | (7,030) |
| Other interest receivable and similar income | 3 | 84 | - |
| Amounts written off investments | 4 | (1,791,256) | (603,393) |
| Loss on ordinary activities before taxation | | (1,795,712) | (610,423) |
| Tax on loss on ordinary activities | 5 | - | - |
| Loss on ordinary activities after taxation | 9 | (1,795,712) | (610,423) |
| Loss brought forward at 1 January 2000 | | (1,486,912) | (876,489) |
| Loss carried forward at 31 December 2000 | | (3,282,624) | (1,486,912) |

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

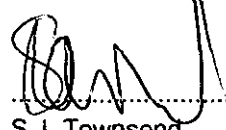
There are no recognised gains and losses other than those passing through the profit and loss account.

LIPMANN TRADING LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2000**

| | Notes | 2000 £ | £ | 1999 £ | £ |
|---|-------|-------------|-------------|-------------|-------------|
| Fixed assets | | | | | |
| Investments | 6 | | 3,050,109 | | 4,841,365 |
| Creditors: amounts falling due within one year | 7 | (6,331,733) | | (6,327,277) | |
| Net current liabilities | | | (6,331,733) | | (6,327,277) |
| Total assets less current liabilities | | | (3,281,624) | | (1,485,912) |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 1,000 | | 1,000 |
| Profit and loss account | 9 | | (3,282,624) | | (1,486,912) |
| Shareholders' funds - equity interests | 10 | | (3,281,624) | | (1,485,912) |

The financial statements were approved by the Board on **6 NOV. 2001**



S.J. Townsend
Director

LIPMANN TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable 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 cashflow 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 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to 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.

| | | |
|---|------------------|----------------|
| 2 Operating loss | 2000 | 1999 |
| | £ | £ |
| Operating loss is stated after charging: | | |
| Auditor's remuneration | 611 | 783 |
| | <u>611</u> | <u>783</u> |
| 3 Other interest receivable and similar income | 2000 | 1999 |
| | £ | £ |
| Profit on foreign exchange | 84 | - |
| | <u>84</u> | <u>-</u> |
| 4 Amounts written off investments | 2000 | 1999 |
| | £ | £ |
| Amounts written off fixed asset investments: | | |
| - temporary diminution in value | 1,791,256 | 603,393 |
| | <u>1,791,256</u> | <u>603,393</u> |
| 5 Taxation | | |

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 2000**

6 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|---|--|
| Cost | |
| At 1 January 2000 & at 31 December 2000 | 6,304,826 |
| Provisions for diminution in value | |
| At 1 January 2000 | 1,463,461 |
| Charge for the year | 1,791,256 |
| At 31 December 2000 | 3,254,717 |
| Net book value | |
| At 31 December 2000 | 3,050,109 |
| At 31 December 1999 | 4,841,365 |

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 | 3,050,109 | 54,095 |

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

| 7 Creditors: amounts falling due within one year | 2000 £ | 1999 £ |
|---|------------------|------------------|
| Other creditors | 6,331,032 | 6,325,777 |
| Accruals and deferred income | 701 | 1,500 |
| | <u>6,331,733</u> | <u>6,327,277</u> |

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 (1999 - 1000).

LIPMANN TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000**

9 Statement of movements on profit and loss account

| | Profit and loss account £ |
|-----------------------------|---------------------------------|
| Balance at 1 January 2000 | (1,486,912) |
| Retained loss for the year | (1,795,712) |
| | <u> </u> |
| Balance at 31 December 2000 | (3,282,624) |
| | <u> </u> |

10 Reconciliation of movements in shareholders' funds

| | 2000 £ | 1999 £ |
|-----------------------------|-----------------------------|-----------------------------|
| Loss for the financial year | (1,795,712) | (610,423) |
| Opening shareholders' funds | (1,485,912) | (875,489) |
| | <u> </u> | <u> </u> |
| Closing shareholders' funds | (3,281,624) | (1,485,912) |
| | <u> </u> | <u> </u> |

11 Contingent liabilities

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

12 Capital commitments

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

13 Employees

Number of employees

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

14 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.