

Company Registration No. 3138090

**LIPMANN TRADING LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1998**



13424-A-1998

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

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1998**

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The directors present their report and financial statements for the year ended 31 December 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 3.

**Fixed assets**

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

**Future developments**

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 January 1998:

S.J. Townsend	
J Butterfield	(Resigned 1 June 1998)
F M Forrai	(Resigned 1 June 1998)
A.M. Taylor	(Appointed 1 June 1998)
L.R. Taylor	(Appointed 1 June 1998)

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.

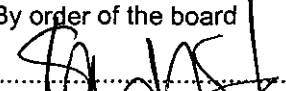
**Directors' responsibilities**

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)

Date : **24 DEC 1999**

# MATTHEW EDWARDS & CO

CHARTERED ACCOUNTANTS

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ

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## AUDITORS' REPORT TO THE SHAREHOLDERS OF LIPMANN TRADING LIMITED

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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.

### 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 1998 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

*24 December 1999*

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

**LIPMANN TRADING LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1998**

	Notes	1998 £	1997 £
Administrative expenses		(6,856)	(2,990)
<b>Operating loss</b>	<b>2</b>	(6,856)	(2,990)
Other interest receivable and similar income	<b>3</b>	22	38
Amounts written off investments	<b>4</b>	(866,068)	-
<b>Loss on ordinary activities before taxation</b>		(866,902)	(2,952)
Tax on loss on ordinary activities	<b>5</b>	-	-
<b>Loss on ordinary activities after taxation</b>	<b>9</b>	(866,902)	(2,952)
<b>Loss brought forward at 1 January 1998</b>		(9,587)	(6,635)
<b>Loss carried forward at 31 December 1998</b>		(876,489)	(9,587)

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

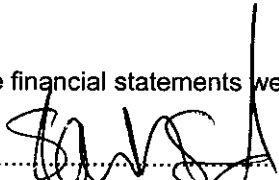
There are no recognised gains and losses other than those passing through the profit and loss account.

**LIPMANN TRADING LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 1998**

	Notes	1998 £	£	1997 £	£
<b>Fixed assets</b>					
Investments	6		5,444,758		6,304,826
<b>Current assets</b>					
<b>Creditors: amounts falling due within one year</b>	7	(6,320,247)		(6,313,413)	
<b>Net current liabilities</b>			(6,320,247)		(6,313,413)
<b>Total assets less current liabilities</b>			<u>(875,489)</u>		<u>(8,587)</u>
<b>Capital and reserves</b>					
Called up share capital	8		1,000		1,000
Profit and loss account	9		<u>(876,489)</u>		<u>(9,587)</u>
<b>Shareholders' funds - equity interests</b>	10		<u>(875,489)</u>		<u>(8,587)</u>

The financial statements were approved by the Board on **24 DEC 1999**

  
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**S.J. Townsend (Director)**

# LIPMANN TRADING LIMITED

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

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.

#### 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.

<b>2</b>	<b>Operating loss</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	Operating loss is stated after charging:		
	Auditors' remuneration	475	475
		<u>          </u>	<u>          </u>
<b>3</b>	<b>Other interest receivable and similar income</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	Profit on foreign exchange	22	38
		<u>          </u>	<u>          </u>
		22	38
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Amounts written off investments</b>	<b>1998</b>	<b>1997</b>
		<b>£</b>	<b>£</b>
	Amounts written off fixed asset investments:		
	- temporary diminution in value	860,068	-
		<u>          </u>	<u>          </u>

**LIPMANN TRADING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 1998**

**5 Taxation**

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

**6 Fixed asset investments**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 1998 & at 31 December 1998	6,304,826
<b>Provisions for diminution in value</b>	
At 1 January 1998	-
Charge for the year	860,068
At 31 December 1998	860,068
<b>Net book value</b>	
At 31 December 1998	5,444,758
At 31 December 1997	6,304,826

**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	Class	Shares held %
<b>Subsidiary undertakings</b>			
Societa' Industriale Finanziaria	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
Societa' Industriale Finanziaria	Development of Real Estate	3,312,173	30,684

**7 Creditors: amounts falling due within one year**

	1998 £	1997 £
Bank loans and overdrafts	-	55
Other creditors	6,316,090	6,311,354
Accruals and deferred income	4,157	2,004
	<u>6,320,247</u>	<u>6,313,413</u>

**LIPMANN TRADING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1998****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 (1997 - 1000).

**9 Statement of movements on profit and loss account**

	Profit and loss account £
Balance at 1 January 1998	(9,587)
Retained loss for the year	(866,902)
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Balance at 31 December 1998	(876,489)
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**10 Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
Loss for the financial year	(866,902)	(2,952)
Opening shareholders' funds	(8,587)	(5,635)
	<hr/>	<hr/>
Closing shareholders' funds	(875,489)	(8,587)
	<hr/>	<hr/>

**11 Contingent liabilities**

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

**12 Capital commitments**

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

**13 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.

**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.