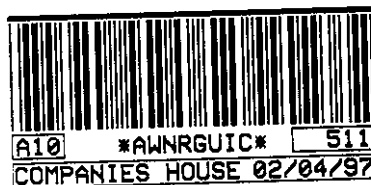


NEST INVESTMENTS PROPERTY LIMITED

ANNUAL REPORT

PERIOD ENDED 31 DECEMBER 1996

Registered Number 3197767



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PANNELL KERR FORSTER
Chartered Accountants

NEST INVESTMENTS PROPERTY LIMITED
(Registered Number 3197767)
ANNUAL REPORT
PERIOD ENDED 31 DECEMBER 1996

CONTENTS

DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	6

**NEST INVESTMENTS PROPERTY LIMITED
DIRECTORS' REPORT**

The directors present their annual report together with the financial statements for the period ended 31 December 1996.

INCORPORATION

The company was incorporated on 13 May 1996 as Motionbuild Properties Limited with an authorised share capital of 1,000 ordinary shares of £1 each and issued share capital of 2 subscriber shares. The company changed its name to Nest Investments Property Limited on 5 June 1996.

On 28 May 1996, a further 998 shares were issued at par and were fully paid.

	<u>Number</u>	<u>£</u>
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>

The company commenced to trade on 1 July 1996.

RESULTS

The loss for the financial period after tax amounted to £37,514.

REVIEW OF THE BUSINESS

The principal activity of the company is the renting of property. The company will continue to let the properties in the current year and is at present undertaking feasibility studies with regard to future development.

DIRECTORS

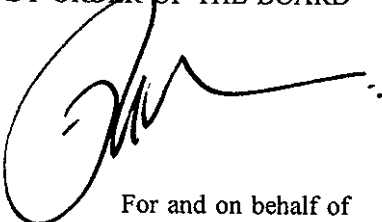
The directors who served during the year were:-

Waterlow Nominees Limited	(sole Director, resigned 28 May 1996)
G K Abu Nahl	(appointed 28 May 1996)
M Eftekhari	(appointed 28 May 1996)

AUDITORS

Pannell Kerr Forster were appointed auditors during the period and a resolution for their reappointment will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



For and on behalf of
St John's Square
Secretaries Limited

.....14/3/.....1997

NEST INVESTMENTS PROPERTY LIMITED
STATEMENT OF 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 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
NEST INVESTMENTS PROPERTY LIMITED**

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

Respective responsibilities of directors and auditors

As described on page 2 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. 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 affairs of the company as at 31 December 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

London
..... *24 March* 1997

NEST INVESTMENTS PROPERTY LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £
TURNOVER		49,763
Cost of sales		-
GROSS PROFIT		49,763
Administrative expenses		62,884
OPERATING LOSS		(13,121)
Interest receivable	3	487
Interest payable and similar charges	4	(22,380)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(35,014)
TAX ON ORDINARY ACTIVITIES	6	2,500
LOSS FOR THE FINANCIAL PERIOD		(37,514)

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the loss for the period.

NEST INVESTMENTS PROPERTY LIMITED
BALANCE SHEET
31 MARCH 1996

			<u>1996</u>
	<u>Notes</u>	£	£
FIXED ASSETS			
Tangible assets	7		1,269,973
CURRENT ASSETS			
Debtors	8	23,453	
Cash at bank and in hand		31,434	
		<hr/>	
		54,887	
CREDITORS			
Amounts falling due within one year	9	44,754	
		<hr/>	
NET CURRENT ASSETS			10,133
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/> 1,280,106
CREDITORS			
Amounts falling due after more than one year	10		1,314,120
PROVISION FOR LIABILITIES AND CHARGES	11		2,500
			<hr/>
NET LIABILITIES			(36,514)
			<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	12		1,000
Profit and loss account	13		(37,514)
			<hr/>
EQUITY SHAREHOLDERS' FUNDS	14		(36,514)
			<hr/> <hr/>

Approved by the board on 14.3. 1997



M. EFTEKHAR

Director

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 1996

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are material to the company's affairs.

(a) Accounting convention

The financial statements set out on pages 4 to 8 have been prepared under the historical cost convention.

(b) Depreciation

Tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following rates:

	<u>Rates</u>
Land and Buildings (building element only)	2%
Furniture, fixture and fittings	15%
Plant and machinery	10%
Computer equipment	50%

(c) Turnover

Turnover represents rents receivable, management fees and service charges.

(d) Deferred tax

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise in the foreseeable future.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

Depreciation	£
Auditors' remuneration - audit	17,898
- other services	2,750
	750

3 INTEREST RECEIVABLE

Other interest	487
	487

4 INTEREST PAYABLE

Bank interest	257
Interest due to group undertakings	22,123
	22,380

5 STAFF COSTS

Wages and salaries	12,019
Social Security costs	1,226
	13,245

The number of staff employed during the year excluding directors, was 1.
The directors did not receive any remuneration during the year.

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 1996

6 TAXATION

The tax charge for the period represented:

	<u>1996</u>
	<u>£</u>
Deferred taxation	2,500
	<u><u>2,500</u></u>

7 TANGIBLE FIXED ASSETS

The movement on these accounts during the period was as follows:

	<u>Land and buildings</u>	<u>Furniture Fixtures & Fittings</u>	<u>Plant and machinery</u>	<u>Computer Equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost					
Additions	1,267,786	4,286	15,001	798	1,287,871
	<u>1,267,786</u>	<u>4,286</u>	<u>15,001</u>	<u>798</u>	<u>1,287,871</u>
At 31 December 1996	1,267,786	4,286	15,001	798	1,287,871
	<u>1,267,786</u>	<u>4,286</u>	<u>15,001</u>	<u>798</u>	<u>1,287,871</u>
Depreciation					
Charge for year	15,356	643	1,500	399	17,898
	<u>15,356</u>	<u>643</u>	<u>1,500</u>	<u>399</u>	<u>17,898</u>
At 31 December 1996	15,356	643	1,500	399	17,898
	<u>15,356</u>	<u>643</u>	<u>1,500</u>	<u>399</u>	<u>17,898</u>
Net book amounts					
At 31 December 1996	1,252,430	3,643	13,501	399	1,269,973
	<u><u>1,252,430</u></u>	<u><u>3,643</u></u>	<u><u>13,501</u></u>	<u><u>399</u></u>	<u><u>1,269,973</u></u>

The directors consider that the market value of the land and buildings is not less than the book value of £1,252,430 stated above.

8 DEBTORS

	<u>1996</u>
	<u>£</u>
Debtors comprised:	
Other debtors	20,328
Prepayments	3,125
	<u>23,453</u>
	<u><u>23,453</u></u>

9 CREDITORS

Amounts falling due within one year:

Taxation and Social Security	800
Other taxes	3,653
Accruals and deferred income	40,301
	<u>44,754</u>
	<u><u>44,754</u></u>

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 1996

10 CREDITORS

	<u>1996</u> £
Amounts falling due in more than one year	
Due to parent undertaking	1,314,120

The amount falling due in more than one year represents a loan from Nest Investments Limited repayable at the rate of 0.5% above STG LIBOR fixed on 31 December each year. There is no fixed date for repayment of the loan. The parent undertaking has agreed not to request repayment until the company has sufficient net assets in order to meet its liabilities.

11 PROVISION FOR LIABILITIES AND CHARGES

	<u>1996</u> £
Deferred tax:	
At 1 July 1996	-
Charged to profit and loss account	2,500
	<hr/> 2,500
At 31 December 1996	2,500
Deferred tax provision comprises:	
Accelerated capital allowances	5,200
Excess management expenses	(2,700)
	<hr/> 2,500

12 CALLED UP SHARE CAPITAL

	<u>Number</u>	<u>1996</u> £
Authorised:		
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1,000	1,000

The company was incorporated on 13 May 1996 with an authorised share capital of 1,000 ordinary shares of £1 each and an issued share capital of two subscriber shares. A further 998 shares were issued at par in the period to provide working capital.

13 PROFIT AND LOSS ACCOUNT

	<u>1996</u> <u>Profit and</u> <u>loss account</u> £
The movement of reserves during the year was as follows:	
Loss for the year	(37,514)

14 EQUITY SHAREHOLDERS' FUNDS

	<u>1996</u> £
The reconciliation of movements in equity shareholders' funds was as follows:	
Loss for the financial period	(37,514)
New share capital issued	1,000
	<hr/>
Balance at 31 December 1996	(36,514)

15 PARENT COMPANY

The company is a 100% subsidiary of Nest Investments Limited, a company incorporated in Jersey.