

Company Registration No. 3219245

YELLOW SPARROW LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

14644-B-2000

Registered Office
2nd Floor, 48 Conduit Street
London
W1R 9FB



YELLOW SPARROW LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2000**

The directors' present their report and financial statements for the year ended 30 June 2000.

Principal activities and review of the business

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

Results and dividends

The results for the year are set out on page 3.

Directors'

The following directors' have held office since 1 July 1999:

L.R. Taylor

A.M. Taylor

P.J. Devo

(Resigned 2 January 2001)

The directors' have no interest in the issued share capital of the company.

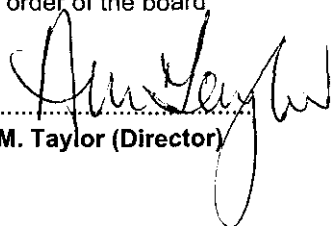
Directors' responsibilities

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



.....
A.M. Taylor (Director)

Date : 22-11-01

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
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**ACCOUNTANTS' REPORT TO THE DIRECTORS' ON THE
ACCOUNTS OF YELLOW SPARROW LIMITED**

We report on the accounts for the year ended 30 June 2000.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 30 June 2000, set out on pages 3 to 10 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.

Our procedures consisted of comparing the accounts with the accounting records kept by the company and making such enquiries of the officers and other officials of the company as we considered necessary for the purposes of this report.

In our opinion the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985.

Matthew Edwards & Co.

Matthew Edwards & Co.

Chartered Accountants

22-11-01

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

YELLOW SPARROW LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000**

	Notes	Year ended 30 June 2000 £	Year ended 30 June 1999 £
Turnover	2	12,200	12,200
Administrative expenses		(28,301)	(19,716)
Operating loss	3	(16,101)	(7,516)
Investment income	4	1,923	-
Other interest receivable and similar income	4	9,625	694
Interest payable and similar charges	5	-	(249)
Loss on ordinary activities before taxation		(4,553)	(7,071)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation	11	(4,553)	(7,071)
Loss brought forward at 1 July 1999		(16,731)	(9,660)
Loss carried forward at 30 June 2000		(21,284)	(16,731)

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

YELLOW SPARROW LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2000**

	Year ended 30 June 2000 £	Year ended 30 June 1999 £
Loss for the financial year	(4,553)	(7,071)
Currency translation differences on foreign currency loans	14,776	(3,673)
Currency translation differences on foreign currency investments	(14,776)	3,673
Total recognised gains and losses relating to the year	<u>(4,553)</u>	<u>(7,071)</u>

YELLOW SPARROW LIMITED

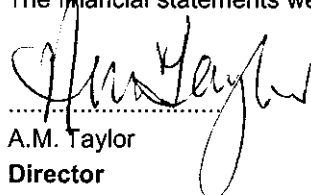
**BALANCE SHEET
AS AT 30 JUNE 2000**

	Notes	2000 £	£	1999 £	£
Fixed assets					
Investments	7		575,182		617,842
Current assets					
Debtors	8	130,502		5,670	
Cash at bank and in hand		1,568		65,154	
		<u>132,070</u>		<u>70,824</u>	
Creditors: amounts falling due within one year	9	<u>(727,536)</u>		<u>(704,397)</u>	
Net current liabilities			<u>(595,466)</u>		<u>(633,573)</u>
Total assets less current liabilities			<u>(20,284)</u>		<u>(15,731)</u>
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account	11		<u>(21,284)</u>		<u>(16,731)</u>
Shareholders' funds - equity interests	12		<u>(20,284)</u>		<u>(15,731)</u>

In preparing these financial statements:

- (a) The directors' are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors' acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 22-11-01


A.M. Taylor
Director

Yellow Sparrow Limited

Messrs Matthew Edwards & Co.
Clinch's House, Lord Street
Douglas, Isle Of Man
IM99 1RZ

Dear Sirs,

In connection with your examination of the accounts of Yellow Sparrow Limited for the year ended 30 June 2000, we confirm the following information:

RESPONSIBILITIES

We acknowledge our responsibility under the Companies Act 1985 for preparing financial statements which give a true and fair view and for making accurate representations to you. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and shareholders' meetings, have been made available to you.

GENERAL

The assets shown in the company's books and the accounts at the balance sheet date belong to the Company and were free from all charges other than those stated in the accounts and notes.

We confirm that we are responsible to our client for the maintenance of accounting records, initiating transactions based on discussions and agreement with our client and for ensuring compliance with any relevant laws and regulations.

We are unaware of any breaches or possible breaches of statute, regulations, contracts, agreements, or the company's memorandum and articles of association which might prejudice the company's going concern status or which might result in the company suffering significant penalty or loss. No allegations of such irregularities or such breaches have come to our notice.

INVESTMENTS

We confirm that as at 30 June 2000 the company held 16% in Zarzalia S.L., 18.9% in Viveros Aimara, 20% in Sociedad De Gestion, 20% in Auxiliar de Jardines, 6.49% in Corpin Capital, 100% in Arbustos Y Vivaces S.A. and that we hold share certificates in the name of Yellow Sparrow Limited evidencing its title to those shares as at the period end. The company is not and will not be in the process of selling the investment in the foreseeable future.

OTHER CURRENT ASSETS

On realisation in the ordinary course of business the current assets are expected, in our opinion, to produce at least the amounts at which they are stated. In particular, adequate provision has been made against all amounts owing to the Company which are known or are expected to be irrecoverable.

LIABILITIES

All known material liabilities of the Company at the balance sheet date have been included in the accounts. There are no material liabilities, contingent liabilities or capital commitments other than those disclosed in the accounts nor is there any litigation in process or pending.

EVENTS SINCE THE BALANCE SHEET DATE

Nothing has happened since the balance sheet date which has had or may have a material effect on the financial position of the company as shown by the Accounts as at 30 June 2000. In this context, reference is made to any events which would provide additional evidence relating to conditions existing at the balance sheet date or which would require the revision of assumptions used in the preparation of the financial accounts.

Nothing has happened since the balance sheet date which, although not having a material effect on the financial position of the company shown by the accounts as at 30 June 2000 has had or may have a material adverse effect on the financial position of the company since that date.

We believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of support will be more than adequate for the company's needs. In forming our assessment of the going concern status of the company we have considered the period of twelve months from the date of this report. We believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.

OTHER MATTERS

The ultimate beneficial shareholders loan balance stood at £ 15299 as at 30 June 2000. The loan is interest free, unsecured and has no fixed repayment date. The ultimate beneficial shareholders have undertaken to financially support the company for the foreseeable future.

Yours Faithfully

Jon Parker for and on behalf of Intertrust Limited

YELLOW SPARROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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

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 undertakings 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 Exemption from FRS9

The company has taken advantage of the exemption in Financial Reporting Standard No 9 not to disclose amounts relating to the associates on the grounds that it is exempt from preparing consolidated financial statements.

2 Turnover

Turnover represents the company's income derived from its principal activity.

3 Operating loss

	2000	1999
	£	£
Operating loss is stated after charging:		
Audit and accountancy fees	4,100	2,300
	<u> </u>	<u> </u>

YELLOW SPARROW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000**

4	Income from investments, other interest receivable and similar income	2000	1999
		£	£
	Income from subsidiary undertakings	1,923	-
	Bank interest	-	694
	Profit on foreign exchange	9,625	-
		<u>11,548</u>	<u>694</u>
5	Interest payable and similar expenses	2000	1999
		£	£
	Loss on foreign exchange	-	249
		<u>-</u>	<u>249</u>

6 Taxation

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

YELLOW SPARROW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000**

7 Fixed asset investments

	Unlisted investments	Shares in participating interests	Shares in subsidiary undertakings	Total
	£	£	£	£
Cost				
At 1 July 1999	314,321	139,589	163,932	617,842
Revaluation	(5,009)	(4,492)	(5,275)	(14,776)
Disposals	(27,884)	-	-	(27,884)
	<u>281,428</u>	<u>135,097</u>	<u>158,657</u>	<u>575,182</u>
At 30 June 2000	281,428	135,097	158,657	575,182
At 30 June 1999	<u>314,322</u>	<u>139,588</u>	<u>163,932</u>	<u>617,842</u>

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			
Arbustos Y Vivaces SA	Spain	Ordinary	100
Cultivos del Henares S.L.	Spain	Ordinary	100
Participating interests			
Auxiliar de Jardines Y Riegos S.L.	Spain	Ordinary	20
Sociedad De Gestion Vegetal S.A.	Spain	Ordinary	20

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
Arbustos Y Vivaces SA	Trading in Plants	151,748	(15,836)
Cultivos del Henares S.L.	Trading in Plants	2,263	63
Auxiliar de Jardines Y Riegos S.L.	Plant nursery	(1,204)	(1,898)
Sociedad De Gestion Vegetal S.A.	Agriculture and plant nursery	229,252	18,707

The unlisted investments consist of the following holdings as at 30 June 2000: 16% in Zarzalia S.L., a company incorporated in Spain, 18.90% in Viveros Aimara Peninsular, a company incorporated in Spain, and a 6.49% interest in Corpin Capital S.A., a company incorporated in Spain.

All investments are stated at cost and in the opinion of the directors the value of each holding as at the balance sheet date is at least equal to and not less than the original cost.

The results of Sociedad De Gestion Vegetal S.A. are for the year ended 31 December 1998, whilst the results reflected for the other investments are as at 31 December 2000.

The disposal reflected for the year represent a capital reduction.

Arbustos y Vivaces S.A. has a 100% participation in Cultivos del Henares S.L. .

YELLOW SPARROW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000**

8 Debtors	2000	1999
	£	£
Trade debtors	17,395	5,195
Other debtors	112,732	-
Prepayments and accrued income	375	475
	<u>130,502</u>	<u>5,670</u>

Amounts falling due after more than one year and included in the debtors above are:

	2000	1999
	£	£
Amounts owed by group undertakings	<u>112,732</u>	<u>-</u>

9 Creditors: amounts falling due within one year	2000	1999
	£	£
Other creditors	15,299	13,483
Other loans	705,637	681,790
Accruals and deferred income	6,600	9,124
	<u>727,536</u>	<u>704,397</u>

10 Share Capital

The authorised share capital of the Company comprises 1000 Ordinary Shares of £1.00 each of which 1000 have been issued and are fully paid up (1999 - 1000).

11 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 July 1999	(16,731)
Retained loss for the period	(4,553)
Currency translation differences on foreign currency investments	(14,776)
Currency translation differences on foreign currency loans	14,776
	<u>(21,284)</u>
Balance at 30 June 2000	<u>(21,284)</u>

YELLOW SPARROW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000**

12 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Loss for the financial year	(4,553)	(7,071)
Net depletion in shareholders' funds	(4,553)	(7,071)
Opening shareholders' funds	(15,731)	(8,660)
Closing shareholders' funds	(20,284)	(15,731)

13 Contingent liabilities

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

14 Capital commitments

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

15 Employees

Number of employees

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

16 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.