

Company Registration No. 3219245

YELLOW SPARROW LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1998

14644-B-1998

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



YELLOW SPARROW LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998

The directors present their report and financial statements for the year ended 30 June 1998.

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.

Fixed assets

The significant changes in fixed assets during the year are explained in note 7 to the financial statements.

Year 2000

The year 2000 issue had no effect on the company's operations or financial results for the year under review, including the extent to which the company was at risk from failure by other parties to remedy their year 2000 issues.

At the date of this report, there may be some further residual risk and uncertainty surrounding this issue. However, the Board have considered these potential risks and uncertainties. This included reviewing the company's business, operations and its relationships with customers, suppliers and other relevant bodies, as well as all key dates. The Board believes that it has achieved an acceptable state of readiness and will continue to monitor any year 2000 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 July 1997:

C Stewart	(Appointed 29 January 1999 and resigned 4 June 1999)
L.R. Taylor	(Appointed 1 June 1998)
A.M. Taylor	(Appointed 1 June 1998)
J.D. Parker	(Resigned 29 January 1999)
P.J. Devo	(Appointed 4 June 1999)
J Butterfield	(Resigned 1 June 1998)
F M Forrai	(Resigned 1 June 1998)

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

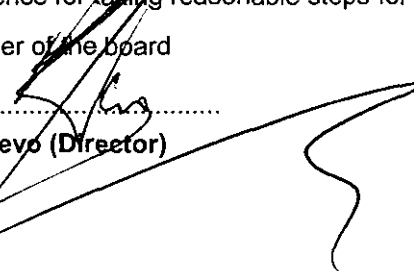
Directors' responsibilities

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


P.J. Devo (Director)

Date : 18 APR 2000

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
+44 (0) 171 950 9800 +44 (0) 171 437 9509
E-mail audit@matthew-edwards.com

**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE
ACCOUNTS OF YELLOW SPARROW LIMITED**

We report on the accounts for the year ended 30 June 1998.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 30 June 1998, set out on pages 3 to 9 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these accounts in order to assist you to fulfil your statutory responsibilities.

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.

..18/02/00...

Chartered Accountants

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

YELLOW SPARROW LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1998**

	Notes	1998 £	1997 £
Turnover	2	7,799	2,483
Administrative expenses		(10,520)	(8,878)
Operating loss	3	(2,721)	(6,395)
Other interest receivable and similar income	4	2,014	925
Interest payable and similar charges	5	(3,013)	(97)
Loss on ordinary activities before taxation		(3,720)	(5,567)
Tax on loss on ordinary activities	6	-	(373)
Loss on ordinary activities after taxation	11	(3,720)	(5,940)
(Loss)/profit brought forward at 1 July 1997		(5,940)	-
Loss carried forward at 30 June 1998		(9,660)	(5,940)

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.

YELLOW SPARROW LIMITED

**BALANCE SHEET
AS AT 30 JUNE 1998**

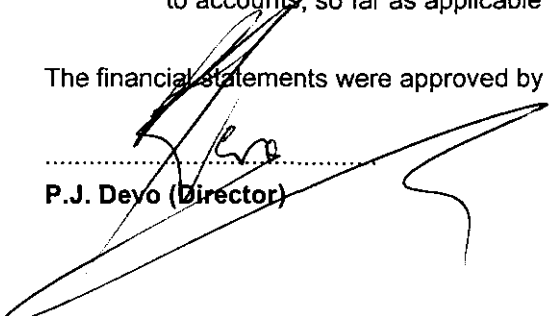
		1998		1997 as restated	
	Notes	£	£	£	£
Fixed assets					
Investments	7		586,267		225,146
Current assets					
Debtors	8	7,799		569	
Cash at bank and in hand		70,999		3,263	
		<u>78,798</u>		<u>3,832</u>	
Creditors: amounts falling due within one year	9	<u>(673,725)</u>		<u>(233,918)</u>	
Net current liabilities			<u>(594,927)</u>		<u>(230,086)</u>
Total assets less current liabilities			<u>(8,660)</u>		<u>(4,940)</u>
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account	11		<u>(9,660)</u>		<u>(5,940)</u>
Shareholders' funds - equity interests	12		<u>(8,660)</u>		<u>(4,940)</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

18 APR 2000


P.J. Devo (Director)

YELLOW SPARROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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.

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 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 Restatement of 1997 figures

The 1997 accounts have been restated to reflect the correct holding in the unlisted investments and to reflect correctly the loan made to Gerposa, S.A. This adjustment has no effect on the results for the period.

1.6 Exemption from FRS9

The company has taken advantage of the exemption in Financial Reporting Standard No 9 not to disclose amounts relating to the associate 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

Operating loss is stated after charging:

Auditors' remuneration

1998

£

1,750

1997

£

500

YELLOW SPARROW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1998**

4	Other interest receivable and similar income	1998	1997
		£	£
	Loan interest	876	-
	Bank interest	1,138	925
		<u>2,014</u>	<u>925</u>
		<u><u>2,014</u></u>	<u><u>925</u></u>
5	Interest payable and similar expenses	1998	1997
		£	£
	On bank loans and overdrafts	-	33
	Loss on foreign exchange	3,013	64
		<u>3,013</u>	<u>97</u>
		<u><u>3,013</u></u>	<u><u>97</u></u>
6	Taxation	1998	1997
		£	£
	Prior years		
	Spanish withholding tax 15%	-	373
		<u><u>-</u></u>	<u><u>373</u></u>

YELLOW SPARROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

7 Fixed asset investments

	Unlisted investments	Shares in participating interests	Loans in participating interests	Shares in subsidiary undertakings	Total
	£	£	£	£	£
Cost					
At 1 July 1997	44,981	158,708	21,457	-	225,146
Additions	317,139	-	-	126,143	443,282
Revaluation	(11,859)	(19,727)	-	(3,898)	(35,484)
Disposals	(25,220)	-	(21,457)	-	(46,677)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1998	325,041	138,981	-	122,245	586,267
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The unlisted investments consist of the following holdings as at 30 June 1998:

16% in Zarzalia S.L., a company incorporated in Spain

16.67% in Viveros Aimara Peninsular, a company incorporated in Spain.

6.22% interest in Corpin Capital S.A., a company incorporated in Spain

The participating interest represents the following holdings as at 30 June 1998:

20% interest in Sociedad De Gestion Vegetal S.A. a company incorporated in Spain

20% in Auxiliar de Jardines Y Riegos S.L. a company incorporated in Spain.

The shares in the subsidiary undertakings represent the following as at 30th June 1998:

100% interest in Arbustos Y Vivaces S.A. (formerly Viveros Aimara S.A.), a company incorporated in Spain

The company sold the holding of 0.61% in Gerposa, a Spanish company on 03 July 1997 and also assigned its loan.

The 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. No audited accounts were available for the above companies.

8 Debtors	1998 £	1997 £
Trade debtors	7,799	-
Prepayments and accrued income	-	569
	<hr/>	<hr/>
	7,799	569
	<hr/>	<hr/>

YELLOW SPARROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

9 Creditors: amounts falling due within one year	1998	1997
	£	£
Other creditors	671,975	230,156
Accruals and deferred income	1,750	3,762
	<u>673,725</u>	<u>233,918</u>

10 Share Capital

The authorised share capital of the Company comprises 1000 Ordinary Shares of £1.00 each all of which have been issued and are fully paid up (1997 - 1000)

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 1997	(5,940)
Retained loss for the year	(3,720)
	<u>(9,660)</u>
Balance at 30 June 1998	<u>(9,660)</u>

12 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Loss for the financial year	(3,720)	(5,940)
Proceeds from issue of shares	-	1,000
	<u>(3,720)</u>	<u>(4,940)</u>
Net depletion in shareholders' funds	(4,940)	-
Opening shareholders' funds	<u>(8,660)</u>	<u>(4,940)</u>
Closing shareholders' funds	<u>(8,660)</u>	<u>(4,940)</u>

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.

YELLOW SPARROW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1998**

15 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.

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.