

YELLOW SPARROW LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 1997

14644-pe1997

Registered Office
2nd Floor, 13 New Burlington
Street
London
W1X 1FF



YELLOW SPARROW LIMITED

'DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 1997

The directors present their report and financial statements for the period ended 30 June 1997.

Principal Activities and Review of the Business

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

The company commenced activities on 1st July 1996.

Results and Dividends

The results for the period are set out on page 4.

It is proposed that the retained loss of £ 5,940 is transferred to reserves.

Directors

The following directors have held office since the beginning of the period

F M Forrai	(Appointed 30 April 1997)
J Butterfield	(Appointed 30 April 1997)
A.J Weir	(Resigned 30 April 1997)
J.D. Parker	(Resigned 30 April 1997)

The Directors had no interest in the issued share capital of the company.

Auditors

Matthew Edwards & Co. were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed 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



F M Forrai

Date 6/5/98

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 edwards@bentinnck.com

YELLOW SPARROW LIMITED

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF YELLOW SPARROW LIMITED**

We have audited the financial statements on pages 4 to 9 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 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, except that the scope of our work was limited as explained below. 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. However, the evidence available to us was limited because we were unable to obtain independent confirmation of the bank accounts and related information and have relied solely on bank statements provided to us to confirm bank balances held by the company. In addition, we have been unable to independently verify the valuation of the fixed asset investments, stated at £225,146 as at the balance sheet date. There were no other satisfactory audit procedures that we could adopt to confirm these details.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

YELLOW SPARROW LIMITED

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF YELLOW SPARROW LIMITED**

Qualified opinion arising from opinion in audit scope.

Except for any adjustments or additional disclosures that may have been found to be necessary had we obtained independent confirmation of the bank balances and fixed asset investments, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our audit work relating to the above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

In all other respects, we have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

Matthew Edwards & Co
Matthew Edwards & Co.

Chartered Accountants
Registered Auditor

6-5-98

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

YELLOW SPARROW LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 1997**

	Notes	Period ended 30 June 1997 £
Turnover	2	2,483
Administrative expenses		(8,878)
Operating loss	3	(6,395)
Other interest receivable and similar income	4	925
Interest payable and similar charges	5	(97)
Loss on ordinary activities before taxation		(5,567)
Taxation	6	(373)
Loss on ordinary activities after taxation	11	(5,940)

The profit and loss account has been prepared on the basis that all operations are 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 1997**

	Notes	1997 £	£
Fixed Assets			
Investments	7		225,146
Current Assets			
Debtors	8	569	
Cash at bank and in hand		3,263	
		<u>3,832</u>	
Creditors: amounts falling due within one year	9	<u>(233,918)</u>	
Net Current Liabilities			(230,086)
Total Assets Less Current Liabilities			<u>(4,940)</u>
Capital and Reserves			
Called up share capital	10		1,000
Profit and loss account	11		(5,940)
Shareholders' Funds - equity interests	12		<u>(4,940)</u>

The financial statements were approved by the Board on 6/5/98

F. M. Forrai
F M Forrai
Director

YELLOW SPARROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

1 Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis. This is considered appropriate as the shareholders will continue to provide financial support to the company for the foreseeable future.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 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.

1.5 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.

2 Turnover

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

3 Operating Loss

1997

£

Operating loss is stated after charging:

Auditors' remuneration

500

4 Other Interest Receivable and Similar Income

1997

£

Bank interest

925

5 Interest Payable and Similar Charges

1997

£

On bank loans and overdrafts

33

Loss on exchange

64

97

YELLOW SPARROW LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997**

6	Taxation	1997
		£
	15% withholding tax on dividend received from Gerposa SA	373

Due to the incurred losses in the year, no provision has been made for corporation tax.

7 Fixed Asset Investments

	Unlisted investments
	£
Cost	
At 1 July 1996	-
Additions	225,146
At 30 June 1997	225,146

The investment consists of the following holdings:

16% in Zazalia, a company incorporated in Spain

20% in Auxiliar de Jardines a company incorporated in Spain.

20% in Gestion Vegetal a company incorporated in Spain.

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

0.61% in Gerposa a company incorporated in Spain

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.

8	Debtors	1997
		£
	Prepayments and accrued income	569

YELLOW SPARROW LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997**

9 Creditors: amounts falling due within one year	1997
	£
Shareholders loan	6,252
Other creditors	223,904
Accruals and deferred income	3,762
	<u>233,918</u>

The shareholder loan is interest free, unsecured and has no fixed repayment date.

10 Share Capital

The authorised share capital of the Company comprises 1000 Ordinary £1 shares of which 1000 have been issued and are fully paid up.

11 Statement of Movements on Profit and Loss Account

	Profit and loss account
	£
Retained loss for the period	(5,940)
Balance at 30 June 1997	<u>(5,940)</u>

12 Reconciliation of Movements in Shareholders' Funds

	1997
	£
Loss for the financial period	(5,940)
Proceeds from issue of shares	1,000
Net depletion in shareholders' funds	<u>(4,940)</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>(4,940)</u>

13 Contingent liabilities

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

14 Capital Commitments

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

YELLOW SPARROW LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997**

15 Employees

Number of employees

There were no employees during the period apart from the directors

16 Ultimate Controlling Party

The directors are not aware of the identity of the ultimate controlling party.