

Company Registration No. 3341341

**HEADWAY INVESTMENTS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**



18039-A-2003

**Registered Office**  
6th Floor, 94 Wigmore Street  
London

## HEADWAY INVESTMENTS LIMITED

### DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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The director presents his report and financial statements for the year ended 31 December 2003.

#### Principal activity

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

#### Review of the business and future developments

The director considers that the results of the company are satisfactory and that the company is expected to continue at its present levels in the future.

#### Results and dividends

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

Dividends of €46,000 have been paid during the period (2002: €39,276).

#### Post balance sheet events

On 28th May 2004 the share capital of the company was reduced by €2,582,500 and that such reduction was effected by cancelling and extinguishing all the existing 5,000,000 ordinary €0.5165 shares each in issue at the balance sheet date. The company also changed its legal status to that of a private unlimited company.

#### Directors

The following directors have held office since 1 January 2003:

Annan Limited	(Appointed 13 August 2004)
A M Taylor	(Resigned 13 August 2004)

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.


#### Director's responsibilities

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

On behalf of the board

  
Annan Limited (Director)

Date: 27/1/5.....



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E-mail: audit@matthew-edwards.com

## **HEADWAY INVESTMENTS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HEADWAY INVESTMENTS LIMITED**

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We have audited the financial statements of Headway Investments Limited on pages 4 to 10 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the director and auditors**

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

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#### **PARTNERS**

N MORRIS B.A.(Hons) F.C.A. M WICKERS LL.B. F.C.A.

Registered to carry on audit work and regulated for a range of investment business activities by The Institute of Chartered Accountants in England & Wales.

**HEADWAY INVESTMENTS LIMITED**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF HEADWAY INVESTMENTS LIMITED**

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**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 director 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 the company's affairs as at 31 December 2003 and of its profit 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**

*27/1/15*

86 Jermyn Street

St. James

London, England

# HEADWAY INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 €	2002 €
Turnover	2	103,534	138,895
Administrative expenses		(37,045)	(30,831)
<b>Operating profit</b>	<b>3</b>	<b>66,489</b>	<b>108,064</b>
Other interest receivable and similar income	4	221	883
Amounts written off investments	5	-	(5,865)
<b>Profit on ordinary activities before taxation</b>		<b>66,710</b>	<b>103,082</b>
Tax on profit on ordinary activities	6	(36,102)	(41,374)
<b>Profit on ordinary activities after taxation</b>		<b>30,608</b>	<b>61,708</b>
Dividends	7	(46,000)	(39,276)
<b>Retained (loss)/profit for the year</b>	<b>12</b>	<b>(15,392)</b>	<b>22,432</b>
<b>Profit brought forward at 1 January 2003</b>		<b>45,834</b>	<b>23,402</b>
<b>Profit carried forward at 31 December 2003</b>		<b>30,442</b>	<b>45,834</b>

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.

# HEADWAY INVESTMENTS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 €	€	2002 €	€
<b>Fixed assets</b>					
Tangible assets	8	2,582,000		2,582,000	
<b>Current assets</b>					
Debtors	9	54,340		66,744	
Cash at bank and in hand		24,924		30,295	
		<u>79,264</u>		<u>97,039</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(46,907)</u>		<u>(49,290)</u>	
<b>Net current assets</b>		<u>32,357</u>		<u>47,749</u>	
<b>Total assets less current liabilities</b>		<u>2,614,357</u>		<u>2,629,749</u>	
<b>Capital and reserves</b>					
Called up share capital	11	2,583,915		2,583,915	
Profit and loss account	12	30,442		45,834	
<b>Shareholders' funds - equity interests</b>	13	<u>2,614,357</u>		<u>2,629,749</u>	

The financial statements were approved by the Board on 27/1/05....



Amran Limited  
Director

# HEADWAY INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

### 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 company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

#### 1.2 Tangible fixed assets and depreciation

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

#### 1.3 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.4 Foreign currency translation

The company's accounting records are maintained in Euros.

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.

### 2 Turnover

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

<b>3 Operating profit</b>	<b>2003</b>	<b>2002</b>
	€	€
Operating profit is stated after charging:		
Auditors' remuneration	1,915	2,938
	<u>          </u>	<u>          </u>
<b>4 Other interest receivable and similar income</b>	<b>2003</b>	<b>2002</b>
	€	€
Bank interest received	-	769
Other interest	4	-
Profit on foreign exchange	217	114
	<u>          </u>	<u>          </u>
	221	883
	<u>          </u>	<u>          </u>

HEADWAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2003

<b>5</b>	<b>Amounts written off investments</b>	<b>2003</b>	<b>2002</b>
		€	€
	Amounts written off fixed asset investments:		
	- temporary diminution in value	-	5,865
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Taxation</b>	<b>2003</b>	<b>2002</b>
		€	€
	<b>Domestic current year tax</b>		
	Corporation tax at 30.00% (2002 - 30.00%)	20,311	32,419
	Double Taxation Relief	(20,311)	(32,419)
		<u>          </u>	<u>          </u>
		-	-
	<b>Foreign corporation tax</b>		
	Foreign corporation tax	36,102	41,374
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<u>36,102</u>	<u>41,374</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	66,710	103,082
		<u>          </u>	<u>          </u>
	Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30.00% (2002: 30.00%)	20,013	30,925
		<u>          </u>	<u>          </u>
	Effects of:		
	Expenses not allowed for tax purposes	298	1,760
	Double taxation relief	(20,311)	(32,419)
	Tax losses utilised	-	(266)
	Foreign corporation tax	36,102	41,374
		<u>          </u>	<u>          </u>
		16,089	10,449
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<u>36,102</u>	<u>41,374</u>
	The tax charge relates to Italian taxation payable by the company's Italian branch.		
<b>7</b>	<b>Dividends</b>	<b>2003</b>	<b>2002</b>
		€	€
	Ordinary interim paid	46,000	39,276
		<u>          </u>	<u>          </u>



# HEADWAY INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 8 Tangible fixed assets

Investment  
properties  
€

#### Cost

At 1 January 2003 & at 31 December 2003

2,582,000

The investment represents land and buildings in Rome, Amatrice, and Terracina, Italy. These were revalued as at 28th March 2003 by Geom. Fausto Mandolei a member of the Provincial College of Surveyors in the Province of Rome. The valuation on an open market basis was €2,582,000.

### 9 Debtors

2003

2002

€

€

Trade debtors

49,482

66,744

Other debtors

4,858

-

54,340

66,744

### 10 Creditors: amounts falling due within one year

2003

2002

€

€

Taxes and social security costs

255

-

Other creditors

38,101

40,028

Accruals and deferred income

8,551

9,262

46,907

49,290

### 11 Share capital

2003

2002

No.

No.

#### Authorised

10,000 Ordinary £1 shares

10,000

10,000

5,000,000 Ordinary €0.5165 shares

5,000,000

5,000,000

5,010,000

5,010,000

#### Allotted, called up and fully paid

€

€

1,000 Ordinary £1 shares

1,415

1,415

5,000,000 Ordinary €0.5165 shares

2,582,500

2,582,500

2,583,915

2,583,915

The ordinary £1 shares rank pari passu in all respects with the ordinary €0.5165 shares.

# HEADWAY INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 12 Statement of movements on profit and loss account

Profit and  
loss  
account  
€

Balance at 1 January 2003	45,834
Retained loss for the year	(15,392)
Balance at 31 December 2003	<u>30,442</u>

### 13 Reconciliation of movements in shareholders' funds

2003

2002

€

€

Profit for the financial year	30,608	61,708
Dividends	(46,000)	(39,276)
Net (depletion in)/addition to shareholders' funds	(15,392)	22,432
Opening shareholders' funds	<u>2,629,749</u>	<u>2,607,317</u>
Closing shareholders' funds	<u>2,614,357</u>	<u>2,629,749</u>

### 14 Contingent liabilities

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

### 15 Capital commitments

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

### 16 Employees

#### Number of employees

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

### 17 Immediate parent company

We are unaware of the immediate parent company as at the date of this report (2002 - Hellas International Corporation Limited, a company incorporated in the British Virgin Islands)

### 18 Ultimate Controlling Party and Related Party Transactions

The director is aware of the identity of the ultimate controlling party. However, they are under a duty of confidentiality that prevents them from disclosing certain information otherwise required by Financial Reporting Standard 8. Therefore they have taken the exemption offered by the Standard in respect of confidentiality.

**HEADWAY INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2003**

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**19 Post balance sheet events**

On 28th May 2004 the share capital of the company was reduced by €2,582,500 and that such reduction was effected by cancelling and extinguishing all the existing 5,000,000 ordinary €0.5165 shares each in issue at the balance sheet date. The company also changed its legal status to that of a private unlimited company.