

HEADWAY INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



18039-A-2001

Registered Office
6th Floor, 94 Wigmore Street
London

HEADWAY INVESTMENTS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The director presents his report and financial statements for the year ended 31 December 2001.

Principal activities and review of the business

The principal activity of the company is investment property company.

Results and dividends

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

Directors

The following directors have held office since 1 January 2001:

S.J. Townsend	(Resigned 2 January 2001)
A.M Taylor	
L.R. Taylor	(Resigned 2 July 2002)

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.

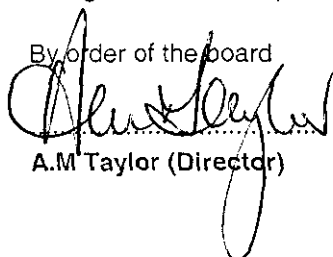
Director's responsibilities

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;
- 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.

By order of the board



A.M Taylor (Director)

Date : **23 JAN 2003**

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
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E-mail audit@matthew-edwards.com

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

We have audited the financial statements of Headway Investments Limited on pages 3 to 8 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are 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 directors' 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 directors' remuneration and transactions with the company is not disclosed.

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

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 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 the company's affairs as at 31 December 2001 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

23 JAN 2003

Clinch's House, Lord Street
Douglas.

HEADWAY INVESTMENTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 ITL'000	2000 ITL'000
Turnover	2	224,170	256,793
Cost of sales		(28,885)	(27,138)
Gross profit		195,285	229,655
Administrative expenses		(29,092)	(36,843)
Operating profit	3	166,193	192,812
Other interest receivable and similar income	4	153	132
Interest payable and similar charges	5	(290)	(106)
Profit on ordinary activities before taxation		166,056	192,838
Tax on profit on ordinary activities	6	(79,522)	(87,800)
Profit on ordinary activities after taxation		86,534	105,038
Dividends	7	(100,579)	(65,441)
Retained (loss)/profit for the year	12	(14,045)	39,597
Profit brought forward at 1 January 2001		59,771	20,174
Profit carried forward at 31 December 2001		45,726	59,771

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

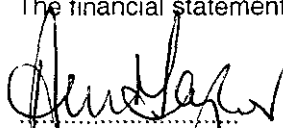
There are no recognised gains and losses other than those passing through the profit and loss account.

HEADWAY INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001		2000	
		ITL'000	ITL'000	ITL'000	ITL'000
Fixed assets					
Tangible assets	8		5,010,805		5,010,805
Current assets					
Debtors	9	42,124		-	
Cash at bank and in hand		90,493		159,091	
		<u>132,617</u>		<u>159,091</u>	
Creditors: amounts falling due within one year	10	<u>(94,956)</u>		<u>(107,385)</u>	
Net current assets			37,661		51,706
Total assets less current liabilities			<u>5,048,466</u>		<u>5,062,511</u>
Capital and reserves					
Called up share capital	11		5,002,740		5,002,740
Profit and loss account	12		45,726		59,771
Shareholders' funds - equity interests	13		<u>5,048,466</u>		<u>5,062,511</u>

The financial statements were approved by the Board on **23 JAN 2003**


A.M Taylor
Director

HEADWAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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 cashflow 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 Foreign currency translation

The company's accounting records are maintained in Italian Lire.

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.

3	Operating profit	2001	2000
		ITL'000	ITL'000
	Operating profit is stated after charging:		
	Auditors' remuneration	3,564	2,863
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	2001	2000
		ITL'000	ITL'000
	Bank interest received	153	132
		<u> </u>	<u> </u>
		153	132
		<u> </u>	<u> </u>
5	Interest payable and similar expenses	2001	2000
		ITL'000	ITL'000
	Loss on foreign exchange	290	106
		<u> </u>	<u> </u>
		290	106
		<u> </u>	<u> </u>

HEADWAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001

6	Taxation	2001 ITL'000	2000 ITL'000
	Overseas tax	79,522	87,800
		<u>79,522</u>	<u>87,800</u>

Due to the tax allowable losses incurred no provision has been made for current year UK corporation tax. The tax charge relates to Italian taxes paid by the companies Italian representative office.

7	Dividends	2001 ITL'000	2000 ITL'000
	Ordinary interim paid	100,579	65,441
		<u>100,579</u>	<u>65,441</u>

8	Tangible fixed assets	Investment properties ITL'000
	Cost	
	At 1 January 2001 & at 31 December 2001	5,010,805
		<u>5,010,805</u>

The investment represents land and buildings in Rome, Amatrice, and Terracina, Italy. These were valued as at 4th July 1997 by Dr. Eng A. Boni a member of the Engineers' Association of the Province of Rome. The valuation was on an open market basis and approximated to cost.

9	Debtors	2001 ITL'000	2000 ITL'000
	Trade debtors	37,931	-
	Corporation tax	4,193	-
		<u>42,124</u>	<u>-</u>

10	Creditors: amounts falling due within one year	2001 ITL'000	2000 ITL'000
	Trade creditors	45,753	45,753
	Corporation tax	-	13,766
	Other creditors	30,785	30,785
	Accruals and deferred income	18,418	17,081
		<u>94,956</u>	<u>107,385</u>

HEADWAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

11 Share Capital

The authorised share capital of the Company comprises 10,000 ordinary £1 shares of which 1,000 have been issued and are fully paid up (2000 - 1,000) and 5,000,000 ordinary ITL1,000 shares of which all have been issued and are fully paid up (2000 - 5,000,000).

The ordinary £1 shares rank pari passu in all respects with the ordinary ITL1,000 shares.

12 Statement of movements on profit and loss account

	Profit and loss account ITL'000
Balance at 1 January 2001	59,771
Retained loss for the year	(14,045)
	<hr/>
Balance at 31 December 2001	45,726
	<hr/>

13 Reconciliation of movements in shareholders' funds

	2001 ITL'000	2000 ITL'000
Profit for the financial year	86,534	105,038
Dividends	(100,579)	(65,441)
	<hr/>	<hr/>
Net (depletion in)/addition to shareholders' funds	(14,045)	39,597
Opening shareholders' funds	5,062,511	5,022,914
	<hr/>	<hr/>
Closing shareholders' funds	5,048,466	5,062,511
	<hr/>	<hr/>

14 Contingent liabilities

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

15 Capital commitments

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

16 Employees

Number of employees

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

17 Control

The immediate parent company is Hellas International Corporation Limited a company incorporated in the British Virgin Islands.

HEADWAY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001

18 Ultimate Controlling Party and Related party transactions

The director is not aware of the ultimate controlling party, transactions related thereto and any other related party transactions.