

Company Registration No. 3423143

STONEHORSE PROPERTIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999

18592-A-1999

Registered Office
Suite 205, Moghul House
57 Grosvenor Street
Mayfair
London
W1X 9DA



STONEHORSE PROPERTIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 1999**

The directors present their report and financial statements for the year ended 31 December 1999.

Principal activities and review of the business

The principal activity of the company is that 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 January 1999:

L.R. Taylor

A.M. Taylor

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


.....
L.R. Taylor (Director)

Date : 22 NOV 2000

**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE
ACCOUNTS OF STONEHORSE PROPERTIES LIMITED**

We report on the accounts for the year ended 31 December 1999.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 1999, set out on pages 3 to 7 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.

Bentinck & Co.

Bentinck & Co.

Chartered Accountants

22.11.2000

2 Babmaes Street
London
SW1Y 6HD

STONEHORSE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	Year ended 31 December 1999 FFR	Period ended 31 December 1998 FFR
Administrative expenses		(27,200)	(15,044)
Operating loss	2	(27,200)	(15,044)
Investment income	3	116,648	3,869
Profit/(loss) on ordinary activities before taxation		89,448	(11,175)
Tax on profit/(loss) on ordinary activities	4	(27,058)	-
Profit/(loss) on ordinary activities after taxation	9	62,390	(11,175)
(Loss)/profit brought forward at 1 January 1999		(11,175)	-
Profit/(loss) carried forward at 31 December 1999		51,215	(11,175)

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.

STONEHORSE PROPERTIES LIMITED

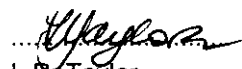
**BALANCE SHEET
AS AT 31 DECEMBER 1999**

	Notes	1999 FFR	FFR	1998 FFR	FFR
Fixed assets					
Investments	5		2,926,200		2,926,200
Current assets					
Debtors	6	120,517		10,840	
		<u>120,517</u>		<u>10,840</u>	
Creditors: amounts falling due within one year	7	<u>(2,985,665)</u>		<u>(2,938,378)</u>	
Net current liabilities			<u>(2,865,148)</u>		<u>(2,927,538)</u>
Total assets less current liabilities			<u>61,052</u>		<u>(1,338)</u>
Capital and reserves					
Called up share capital	8		9,837		9,837
Profit and loss account	9		51,215		(11,175)
Shareholders' funds - equity interests	10		<u>61,052</u>		<u>(1,338)</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 NOV 2000


L.R. Taylor
Director

STONEHORSE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

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 French Francs.

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.

2 Operating loss

	1999 FFR	1998 FFR
Operating loss is stated after charging:		
Audit and accountancy fees	6,328	4,182
	<u>6,328</u>	<u>4,182</u>

3 Income from investments

	1999 FFR	1998 FFR
Income from subsidiary undertakings	116,648	3,869
	<u>116,648</u>	<u>3,869</u>

4 Taxation

	1999 FFR	1998 FFR
Current year taxation		
U.K. corporation tax at 30.25% (1998 - 31.00%)	27,058	-
	<u>27,058</u>	<u>-</u>

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

STONEHORSE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1999

5 Fixed asset investments

	Shares in subsidiary undertakings FFR	Loans in subsidiary undertakings FFR	Total FFR
Cost			
At 1 January 1999 & at 31 December 1999	10,000	2,916,200	2,926,200
At 31 December 1998	10,000	2,916,200	2,926,200

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			
SCI Voltaire Immobilier	France	Ordinary	98

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
SCI Voltaire Immobilier	Property Developer	(189,779)	(181,381)

The loan to SCI Voltaire Immobilier attracts interest of 4% per annum.

6 Debtors

	1999 FFR	1998 FFR
Other debtors	120,517	3,869
Prepayments and accrued income	-	6,971
	120,517	10,840

7 Creditors: amounts falling due within one year

	1999 FFR	1998 FFR
Corporation tax	27,058	-
Other creditors	2,944,211	2,916,363
Accruals and deferred income	14,396	22,015
	2,985,665	2,938,378

STONEHORSE PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1999****8 Share Capital**

The authorised share capital of the Company comprises 100000 ordinary £1 shares of which 1000 have been issued and are fully paid up (1998 - 1000).

9 Statement of movements on profit and loss account

	Profit and loss account FFR
Balance at 1 January 1999	(11,175)
Retained profit for the period	62,390
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Balance at 31 December 1999	51,215
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10 Reconciliation of movements in shareholders' funds

	1999 FFR	1998 FFR
Profit/(Loss) for the financial year	62,390	(11,175)
Proceeds from issue of shares	-	9,837
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	62,390	(1,338)
Opening shareholders' funds	(1,338)	-
	<hr/>	<hr/>
Closing shareholders' funds	61,052	(1,338)
	<hr/>	<hr/>

11 Contingent liabilities

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

12 Capital commitments

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

13 Employees**Number of employees**

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

14 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.