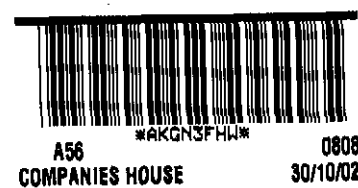


12
Company Registration No. 3423143

STONEHORSE PROPERTIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



18592-A-2000

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

STONEHORSE PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors' present their report and financial statements for the year ended 31 December 2000.

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 4.

Directors'

The following directors' have held office since 1 January 2000:

L.R. Taylor
A.M. Taylor

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

Auditors

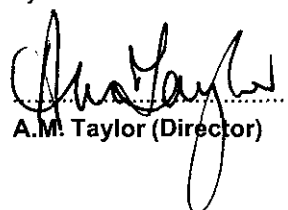
Directors' responsibilities

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


A.M. Taylor (Director)

Date : 15-01-02

MATTHEW EDWARDS & CO

CHARTERED ACCOUNTANTS

2 Babmaes Street, London, SW1Y 6NT

Telephone: +44 (0) 207 950 9800 Facsimile: +44 (0) 207 437 9509

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

We report on the accounts for the year ended 31 December 2000.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 2000, 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.

Matthew Edwards, Co

Matthew Edwards & Co.

15.01.02

Chartered Accountants

2 Babmaes Street
London
England
SW1Y 6NT

STONEHORSE PROPERTIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

| | Notes | 2000 FFR | 1999 FFR |
|--|--------------|---------------------|---------------------|
| Administrative expenses | | (23,002) | (27,200) |
| Operating loss | 2 | (23,002) | (27,200) |
| Investment income | 3 | 205,938 | 116,648 |
| Profit on ordinary activities before taxation | | 182,936 | 89,448 |
| Tax on profit on ordinary activities | 4 | (55,880) | (27,058) |
| Profit on ordinary activities after taxation | 9 | 127,056 | 62,390 |
| Profit/(loss) brought forward at 1 January 2000 | | 51,215 | (11,175) |
| Profit carried forward at 31 December 2000 | | 178,271 | 51,215 |

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 2000**

| | Notes | 2000 FFR | FFR | 1999 FFR | FFR |
|---|-------|-------------|-------------|-------------|-------------|
| Fixed assets | | | | | |
| Investments | 5 | | 2,952,598 | | 2,926,200 |
| Current assets | | | | | |
| Debtors | 6 | 326,455 | | 120,517 | |
| | | 326,455 | | 120,517 | |
| Creditors: amounts falling due within one year | 7 | (3,090,945) | | (2,985,665) | |
| Net current liabilities | | | (2,764,490) | | (2,865,148) |
| Total assets less current liabilities | | | 188,108 | | 61,052 |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 9,837 | | 9,837 |
| Profit and loss account | 9 | | 178,271 | | 51,215 |
| Shareholders' funds - equity interests | 10 | | 188,108 | | 61,052 |

The financial statements were approved by the Board on 15.01.02....


A.M. Taylor
Director

STONEHORSE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

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

| | 2000 FFR | 1999 FFR |
|--|-------------|-------------|
| Operating loss is stated after charging: | | |
| Audit and accountancy fees | 6,466 | 6,328 |

3 Income from investments

| | 2000 FFR | 1999 FFR |
|-------------------------------------|----------------|----------------|
| Income from subsidiary undertakings | 205,938 | 116,648 |
| | <u>205,938</u> | <u>116,648</u> |

4 Taxation

| | 2000 FFR | 1999 FFR |
|--|---------------|---------------|
| Current year taxation | | |
| U.K. corporation tax at 30.00% (1999 - 30.25%) | 55,880 | 27,058 |
| | <u>55,880</u> | <u>27,058</u> |

STONEHORSE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000**

5 Fixed asset investments

| | Shares in subsidiary undertakings FFR | Loans in subsidiary undertakings FFR | Total FFR |
|---------------------|--|---|------------------|
| Cost | | | |
| At 1 January 2000 | 10,000 | 2,916,200 | 2,926,200 |
| Additions | - | 26,398 | 26,398 |
| | <u>10,000</u> | <u>2,942,598</u> | <u>2,952,598</u> |
| At 31 December 2000 | 10,000 | 2,942,598 | 2,952,598 |
| | <u>10,000</u> | <u>2,916,200</u> | <u>2,926,200</u> |
| At 31 December 1999 | 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 | (381,682) | (191,903) |

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

| | | |
|---|---------------------|---------------------|
| 6 Debtors | 2000 FFR | 1999 FFR |
| Other debtors | <u>326,455</u> | <u>120,517</u> |
| 7 Creditors: amounts falling due within one year | 2000 FFR | 1999 FFR |
| Corporation tax | 82,938 | 27,058 |
| Other creditors | 2,996,746 | 2,944,211 |
| Accruals and deferred income | 11,261 | 14,396 |
| | <u>3,090,945</u> | <u>2,985,665</u> |

STONEHORSE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000**

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 (1999 - 1000).

9 Statement of movements on profit and loss account

| | Profit and loss account FFR |
|------------------------------|-----------------------------------|
| Balance at 1 January 2000 | 51,215 |
| Retained profit for the year | 127,056 |
| Balance at 31 December 2000 | <u>178,271</u> |

10 Reconciliation of movements in shareholders' funds

| | 2000 FFR | 1999 FFR |
|-------------------------------|----------------|---------------|
| Profit for the financial year | 127,056 | 62,390 |
| Opening shareholders' funds | 61,052 | (1,338) |
| Closing shareholders' funds | <u>188,108</u> | <u>61,052</u> |

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.

STONEHORSE PROPERTIES LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

| | | 2000 | 1999 |
|--|---------|-----------------------|----------------------|
| | | FFR | FFR |
| Administrative Expenses | | | |
| Company Secretarial Work | 4,580 | 686 | |
| Tax Compliance Work | 3,933 | 7,383 | |
| UK Management Expenses | 8,023 | 8,585 | |
| Other UK Administrative Charges | - | 4,218 | |
| Audit and accountancy fees | 6,466 | 6,328 | |
| | | <u>(23,002)</u> | <u>(27,200)</u> |
| Operating loss | | <u>(23,002)</u> | <u>(27,200)</u> |
| Other interest receivable and similar income | | | |
| Other income from investments | 205,938 | 116,648 | |
| | | <u>205,938</u> | <u>116,648</u> |
| Profit on ordinary activities before taxation | | <u><u>182,936</u></u> | <u><u>89,448</u></u> |

This page is supplementary to and does not form part of the statutory financial statements.