

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2001  
FOR  
TARUMA HOLDINGS LIMITED**



**TARUMA HOLDINGS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

<b>DIRECTORS:</b>	Mr. D R Rychner Mr. L E Fox
<b>SECRETARY:</b>	Wilton Secretaries Limited
<b>REGISTERED OFFICE:</b>	26 Grosvenor Street Mayfair London W1K 4QW
<b>REGISTERED NUMBER:</b>	3611028 (England and Wales)
<b>AUDITORS:</b>	W G Audit Limited 26 Grosvenor Street Mayfair London W1K 4QW

**TARUMA HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

The directors present their report with the financial statements of the company for the year ended 31 December 2001.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a holding and investment company.

**DIRECTORS**

The directors during the year under review were:

Mr. D R Rychner  
Mr. L E Fox

The directors holding office at 31 December 2001 did not hold any beneficial interest in the issued share capital of the company at 1 January 2001 or 31 December 2001.

**STATEMENT OF 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

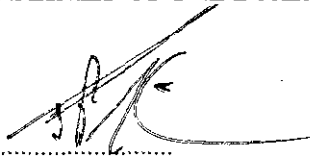
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

**AUDITORS**

The auditors, W G Audit Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

  
.....  
G P Wilson  
Wilton Secretaries Limited  
SECRETARY

Dated: 23 December 2002

## TARUMA HOLDINGS LIMITED

### REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF TARUMA HOLDINGS LIMITED

We have audited the financial statements of Taruma Holdings Limited for the year ended 31 December 2001 on pages four to nine. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

As described on page two the company's directors are responsible for the preparation of 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.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our 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 auditors 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.

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 Report of the Directors 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 Report of the Directors 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.

*WG Audit Ltd*

W G Audit Limited  
Chartered Accountants &  
Registered Auditors  
26 Grosvenor Street  
Mayfair  
London  
W1K 4QW

Dated: *11 December 2003*

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

		<u>2001</u>	<u>2000</u>
	Notes	£	£
<b>TURNOVER</b>		508,966	384,514
Cost of sales		<u>389,893</u>	<u>362,679</u>
<b>GROSS PROFIT</b>		119,073	21,835
Administrative expenses		<u>45,870</u>	<u>36,477</u>
		73,203	(14,642)
Other operating income		<u>14,639</u>	<u>4,695</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	87,842	(9,947)
Interest payable and similar charges	4	<u>(42,589)</u>	<u>(113,098)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		130,431	103,151
Tax on profit on ordinary activities	5	<u>58,890</u>	<u>990</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		71,541	102,161
Retained profit brought forward		<u>109,492</u>	<u>7,331</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u>£181,033</u>	<u>£109,492</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current and previous years.

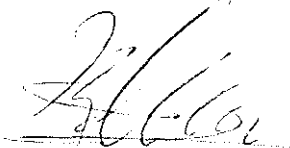
The notes form part of these financial statements

**TARUMA HOLDINGS LIMITED**

**BALANCE SHEET  
31 DECEMBER 2001**

		<u>2001</u>		<u>2000</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Investments	6		273,984		273,984
<b>CURRENT ASSETS:</b>					
Debtors	7	6,678,927		6,726,376	
Cash at bank		<u>682,037</u>		<u>355,580</u>	
		7,360,964		7,081,956	
<b>CREDITORS:</b> Amounts falling due within one year	8	<u>7,453,815</u>		<u>7,246,348</u>	
<b>NET CURRENT LIABILITIES:</b>			<u>(92,851)</u>		<u>(164,392)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>£181,133</u>		<u>£109,592</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	10		100		100
Profit and loss account			<u>181,033</u>		<u>109,492</u>
<b>SHAREHOLDERS' FUNDS:</b>	13		<u>£181,133</u>		<u>£109,592</u>

**ON BEHALF OF THE BOARD:**



Mr. D R Rychner  
DIRECTOR

Approved by the Board on 23 DECEMBER 2002

The notes form part of these financial statements

## TARUMA HOLDINGS LIMITED

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

#### 1. ACCOUNTING POLICIES

##### Basis of preparing the financial statements

The company has obtained an extension of one year on the loan granted by HSBC Bank plc which is due for repayment by the company on 30 December 2002. The ability of the company to repay this loan is dependent upon the recovery of a loan advanced by the company to Attivita Turistiche Imprenditorlat (ATI) which is due for repayment before 30 December 2002.

ATI have significantly reduced the loan balance after the year end with repayment of 71% of the original loan. The directors have made enquiries of the financial status of ATI and are of the opinion that, at the date of approval of these accounts, the remaining loan would be repaid in full to the company by the due date. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

##### Accounting convention

The financial statements have been prepared under the historical cost convention.

##### Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

##### Turnover

Turnover represents gross interest earned in the year (including withholding tax suffered).

##### Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

##### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### 2. STAFF COSTS

There were no staff costs for the year ended 31 December 2001 nor for the year ended 31 December 2000.

The average monthly number of employees during the year was as follows:

2001	2000
==	==

#### 3. OPERATING PROFIT/(LOSS)

The operating profit (2000 - operating loss) is stated after charging:

	2001	2000
	£	£
Auditors' remuneration	<u>2,800</u>	<u>2,800</u>
Directors' emoluments	<u>-</u>	<u>-</u>

**TARUMA HOLDINGS LIMITED**

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

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2001 £	2000 £
Foreign exchange (unrealised)	<u>-</u>	<u>(113,098)</u>

**5. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2001 £	2000 £
Current tax:		
UK Corporation tax	26,353	-
Underprovision prior years (offset by withholding tax suffered)	<u>32,537</u>	<u>990</u>
Total current tax	<u>58,890</u>	<u>990</u>

UK corporation tax has been charged at 20% (2000 - 30%).

**6. FIXED ASSET INVESTMENTS**

**COST:**

At 1 January 2001  
and 31 December 2001

£

273,984

**NET BOOK VALUE:**

At 31 December 2001

273,984

At 31 December 2000

273,984

	2001 £	2000 £
Unlisted investments	<u>273,984</u>	<u>273,984</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

**Attività Turistiche Imprenditoriali**

Country of incorporation: Italy  
Nature of business: Construction

Class of shares:  
Ordinary

%  
holding  
48.00

	2001 €	2000 ITL
Aggregate capital and reserves	954,596	1,848,349,321
Profit for the year	<u>601,190</u>	<u>1,164,065,288</u>



**TARUMA HOLDINGS LIMITED**

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

**7. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2001 £	2000 £
Withholding tax - recoverable	105,532	74,903
Prepayments & accrued income	255,007	170,589
Sundry debtors	100	100
Related party debtors	<u>6,318,288</u>	<u>6,480,784</u>
	<u><u>6,678,927</u></u>	<u><u>6,726,376</u></u>

**8. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2001 £	2000 £
Bank loans and overdrafts (see note 9)	7,236,221	7,026,220
Other creditors	174,021	196,457
Taxation	26,353	-
Accrued expenses	<u>17,220</u>	<u>23,671</u>
	<u><u>7,453,815</u></u>	<u><u>7,246,348</u></u>

**9. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	2001 £	2000 £
Amounts falling due within one year or on demand:		
Bank loans	<u><u>7,236,221</u></u>	<u><u>7,026,220</u></u>

**10. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	2001 £	2000 £
100,000	Ordinary	£1	<u><u>100,000</u></u>	<u><u>100,000</u></u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2001 £	2000 £
100	Ordinary	£1	<u><u>100</u></u>	<u><u>100</u></u>

**11. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the ultimate controlling party is Tarpony Commercial S.A., a company incorporated in the British Virgin Islands.

# TARUMA HOLDINGS LIMITED

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

### 12. RELATED PARTY DISCLOSURES

During the year the following transactions took place with Attivita Turistiche Imprenditoriat, in which the company owns a 48% holding (see note 6).

	2001 £	2000 £
Income:		
Interest income	508,966	384,514
Debtors:		
Loan to ATI	6,318,288	6,480,783

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	71,541	102,161
Issued share capital		
<b>Net addition to shareholders' funds</b>	<b>71,541</b>	<b>102,161</b>
Opening shareholders' funds	<u>109,592</u>	<u>7,431</u>
<b>Closing shareholders' funds</b>	<b><u>181,133</u></b>	<b><u>109,592</u></b>
Equity interests	<u>181,133</u>	<u>109,592</u>

### 14. DEBENTURE AND SECURITY CHARGES

HSBC Bank PLC hold an all monies and liabilities Debenture dated 24 December 1998. In addition the investment referred to at note 4 above is held as security on the 3 year bank loan recorded in the financial statements. It was intended by the company to satisfy this debenture on 31 December 2001 however a one-year extension has been granted by HSBC Bank PLC who continue to hold the debenture.