

WOLVING LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2001

26456-A-2001

Registered Office
6th Floor, 94 Wigmore Street
London



WOLVING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the period ended 31 December 2001.

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 period are set out on page 3.

Directors

The following directors have held office since 1 January 2001:

J Bradshaw

L.I. MacDougall

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

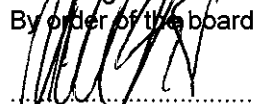
Directors' responsibilities

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


J Bradshaw (Director)

Date: **06 MAR 2003**

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
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**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE
ACCOUNTS OF WOLVING LIMITED**

We report on the accounts for the period ended 31 December 2001.

As described on the balance sheet you are responsible for the preparation of the accounts for the period ended 31 December 2001, set out on pages 3 to 9 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.

Chartered Accountants

06 MAR 2003

Clinch's House, Lord Street
Douglas
Isle of Man
IM99 1RZ

WOLVING LIMITED

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

	Notes	Year ended 31 December 2001 €	Period ended 31 December 2000 €
Administrative expenses		(7,784)	(9,856)
Operating loss	2	(7,784)	(9,856)
Other interest receivable and similar income	3	22,500	5,659
Interest payable and similar charges	4	(25,097)	-
Loss on ordinary activities before taxation		(10,381)	(4,197)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	10	(10,381)	(4,197)
(Loss)/profit brought forward at 1 January 2001		(4,197)	-
Loss carried forward at 31 December 2001		(14,578)	(4,197)

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.

WOLVING LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2001**

	Notes	2001 €	2000 €
Fixed assets			
Investments	6	136,000	541,000
Current assets			
Debtors	7	19,436	6,405
Cash at bank and in hand		11,632	249
		<u>31,068</u>	<u>6,654</u>
Creditors: amounts falling due within one year	8	<u>(165,574)</u>	<u>(551,848)</u>
Net current liabilities		<u>(134,506)</u>	<u>(545,194)</u>
Total assets less current liabilities		<u>1,494</u>	<u>(4,194)</u>
Capital and reserves			
Called up share capital	9	16,072	3
Profit and loss account	10	<u>(14,578)</u>	<u>(4,197)</u>
Shareholders' funds - equity interests	11	<u>1,494</u>	<u>(4,194)</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 period and of its profit or loss for the financial period 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 **06 MAR 2003**


J. Bradshaw
Director

WOLVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 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 financial reporting and 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 cash flow 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 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 directors, 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.

1.5 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

	2001	2000
	€	€
Operating loss is stated after charging:		
Accountancy	810	810

3 Other interest receivable and similar income

	2001	2000
	€	€
Bank interest received	121	-
Other interest	21,832	5,659
Profit on foreign exchange	547	-
	<u>22,500</u>	<u>5,659</u>

WOLVING LIMITED

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

4	Interest payable and similar expenses	2001	2000
		€	€
	On other loans wholly repayable within 5 years	25,097	-
		<u>25,097</u>	<u>-</u>
5	Taxation		
	Corporation tax at 30.00% (2000 - 30.00%)	-	-
	Current tax charge	<u>-</u>	<u>-</u>
	Factors affecting the tax charge for the period		
	Loss on ordinary activities before taxation	(10,381)	(4,197)
		<u>(10,381)</u>	<u>(4,197)</u>
	Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30.00% (2000 : 30.00%)	(3,114)	(1,259)
		<u>(3,114)</u>	<u>(1,259)</u>
	Effects of:		
	Non deductible expenses	-	382
	Tax losses utilised	3,114	877
		<u>3,114</u>	<u>1,259</u>
	Current tax charge	<u>-</u>	<u>-</u>

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

WOLVING LIMITED

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

6 Fixed asset investments

	Shares in subsidiary undertakings €	Loans in subsidiary undertakings €	Total €
Cost			
At 1 January 2001	136,000	405,000	541,000
Additions	-	100,000	100,000
Repayments	-	(505,000)	(505,000)
	<u>136,000</u>	<u>-</u>	<u>136,000</u>
At 31 December 2001	136,000	-	136,000
	<u>136,000</u>	<u>-</u>	<u>136,000</u>
Net book value			
At 31 December 2001	136,000	-	136,000
	<u>136,000</u>	<u>-</u>	<u>136,000</u>
At 31 December 2000	136,000	405,000	541,000
	<u>136,000</u>	<u>405,000</u>	<u>541,000</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Comercial Inversora Cabrera De Mar SL	Spain	Ordinary	72

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2001 €	Profit for the year 2001 €
Comercial Inversora Cabrera De Mar SL	<u>117,564</u>	<u>(10,709)</u>

The loans above have been assigned at book value to Vetex Limited, a company registered in England & Wales. Wolving Limited has pledged the economic and voting rights over 28.33% of the shares in Comercial Inversora Cabrera De Mar SL to Vetex Limited in accordance with a funding agreement. Wolving Limited's holding in Comercial Inversora Cabrera De Mar SL has been reduced from 100% to 71.67%.

7 Debtors	2001 €	2000 €
Other debtors	17,354	5,659
Prepayments and accrued income	2,082	746
	<u>19,436</u>	<u>6,405</u>

WOLVING LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2001**

8 Creditors: amounts falling due within one year	2001	2000
	€	€
Other creditors	327,908	1,092,529
Accruals and deferred income	1,620	810
	<u>165,574</u>	<u>551,848</u>

9 Share Capital

The authorised share capital of the Company comprises 10000 Ordinary £1 shares of which 10000 have been issued and are fully paid up (2000 - 2).

During the year the company issued a further 9,998 £1 ordinary shares at par and the shares rank pari passu with the existing shares.

10 Statement of movements on profit and loss account

	Profit and loss account €
Balance at 1 January 2001	(4,197)
Retained loss for the period	<u>(10,381)</u>
Balance at 31 December 2001	<u>(14,578)</u>

11 Reconciliation of movements in shareholders' funds

	2001	2000
	€	€
Loss for the financial period	(10,381)	(4,197)
Proceeds from issue of shares	16,069	3
Net addition to/(depletion in) shareholders' funds	<u>5,688</u>	<u>(4,194)</u>
Opening shareholders' funds	(4,194)	-
Closing shareholders' funds	<u>1,494</u>	<u>(4,194)</u>

12 Contingent liabilities

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

13 Capital commitments

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

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

14 Employees

Number of employees

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

15 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.