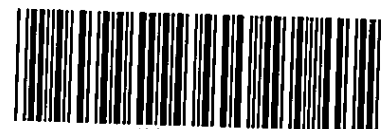


OLD & MODERN MASTERS LIMITED
FINANCIAL STATEMENTS
31 JANUARY 2007

TUESDAY



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COMPANIES HOUSE

SLAVEN JEFFCOTE LLP
Chartered Certified Accountants & Registered Auditors
1 Lumley Street
Mayfair
London
W1K 6TT

OLD & MODERN MASTERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2007

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OLD & MODERN MASTERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The director	Lumley Management Limited
Company secretary	JD Secretariat Limited
Registered office	1 Lumley Street Mayfair London W1K 6TT
Auditor	Slaven Jeffcote LLP Chartered Certified Accountants & Registered Auditors 1 Lumley Street Mayfair London W1K 6TT
Bankers	HSBC Bank 90 Baker Street London W1U 6AX

OLD & MODERN MASTERS LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 JANUARY 2007

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 January 2007

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a dealer in works of art and antiques and acting as an agent on behalf of other dealers in works of art and antiques

DIRECTOR

The director who served the company during the year was as follows

Lumley Management Limited

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the director is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint Slaven Jeffcote LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

OLD & MODERN MASTERS LIMITED

THE DIRECTOR'S REPORT *(continued)*

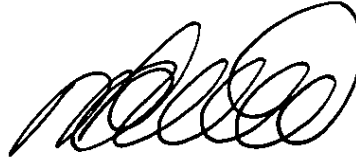
YEAR ENDED 31 JANUARY 2007

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
1 Lumley Street
Mayfair
London
W1K 6TT

Signed by order of the director



JD SECRETARIAT LIMITED
Company Secretary

Approved by the director on 26/10/07

OLD & MODERN MASTERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OLD & MODERN MASTERS LIMITED

YEAR ENDED 31 JANUARY 2007

We have audited the financial statements of Old & Modern Masters Limited for the year ended 31 January 2007 on pages 6 to 13, which have been prepared on the basis of the accounting policies set out on pages 8 to 9

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Director's Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed

We read the Director's 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below

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 director 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 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

We were not able to verify the physical existence of the stock of antiques and works of art amounting to £2,297,924 (2006 £1,692,965), which is mainly held abroad. Any adjustment to this figure would have a consequential effect on the results for the year

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

OLD & MODERN MASTERS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OLD & MODERN MASTERS LIMITED *(continued)***

YEAR ENDED 31 JANUARY 2007

QUALIFIED OPINION ARISING FROM A LIMITATION IN SCOPE

Except for any adjustment that might have been found to be necessary had we been able to obtain sufficient evidence concerning stock, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st January 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985

In respect alone of the limitation on our work relating to stock, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit



SLAVEN JEFFCOTE LLP
Chartered Certified Accountants
& Registered Auditors

1 Lumley Street
Mayfair
London
W1K 6TT

26/02/07

OLD & MODERN MASTERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2007

	Note	2007 £	2006 £
TURNOVER		3,726,463	6,048,877
Cost of sales		<u>3,541,064</u>	<u>5,566,562</u>
GROSS PROFIT		185,399	482,315
Distribution costs		119,834	125,197
Administrative expenses		293,226	306,555
Other operating income	2	<u>(348,224)</u>	<u>(72,281)</u>
OPERATING PROFIT	3	120,563	122,844
Interest receivable		1,562	3,276
Interest payable and similar charges		<u>(53,585)</u>	<u>—</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		68,540	126,120
Tax on profit on ordinary activities	4	<u>145,344</u>	<u>48,378</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(76,804)</u>	<u>77,742</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 13 form part of these financial statements.

OLD & MODERN MASTERS LIMITED

BALANCE SHEET

31 JANUARY 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	5	<u>32,543</u>	<u>35,753</u>
CURRENT ASSETS			
Stocks		2,297,924	1,692,965
Debtors	6	1,177,447	1,196,703
Cash at bank		<u>76,332</u>	<u>505,358</u>
		3,551,703	3,395,026
CREDITORS: Amounts falling due within one year	7	<u>3,186,651</u>	<u>1,865,010</u>
NET CURRENT ASSETS		365,052	1,530,016
TOTAL ASSETS LESS CURRENT LIABILITIES		397,595	1,565,769
CREDITORS: Amounts falling due after more than one year	8	<u>12,294</u>	<u>1,109,638</u>
		385,301	456,131
PROVISIONS FOR LIABILITIES			
Deferred taxation	9	<u>5,974</u>	<u>—</u>
		379,327	456,131
CAPITAL AND RESERVES			
Called-up equity share capital	12	100	100
Profit and loss account	13	<u>379,227</u>	<u>456,031</u>
SHAREHOLDERS' FUNDS	14	379,327	456,131

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved and signed by the director and authorised for issue on 26/10/07


LUMLEY MANAGEMENT LIMITED

The notes on pages 8 to 13 form part of these financial statements

OLD & MODERN MASTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings - over 15 years
Equipment - over 3 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

OLD & MODERN MASTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2007

1. ACCOUNTING POLICIES *(continued)*

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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 the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. OTHER OPERATING INCOME

	2007	2006
	£	£
Commission receivable	<u>348,224</u>	<u>72,281</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	2007	2006
	£	£
Director's emoluments	—	—
Depreciation of owned fixed assets	3,210	3,210
Auditor's fees	3,000	3,000
Net loss on foreign currency translation	<u>35,805</u>	<u>7,279</u>

OLD & MODERN MASTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2007

4. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	30,097	48,378
Over/under provision in prior year	109,273	-
Total current tax	139,370	48,378
Deferred tax		
Origination and reversal of timing differences (note 9)		
Capital allowances	5,974	-
Tax on profit on ordinary activities	145,344	48,378

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	68,540	126,120
Profit/(loss) on ordinary activities by rate of tax	20,562	37,836
Expenses not deductible for tax purposes	9,835	13,002
Capital allowances for period in excess of depreciation	(300)	-
Adjustments to tax charge in respect of previous periods	109,273	-
Depreciation in excess of capital allowances	-	(2,460)
Total current tax (note 4(a))	139,370	48,378

OLD & MODERN MASTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2007

5. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Equipment £	Total £
COST			
At 1 February 2006 and 31 January 2007	<u>40,000</u>	<u>1,630</u>	<u>41,630</u>
DEPRECIATION			
At 1 February 2006	5,334	543	5,877
Charge for the year	<u>2,666</u>	<u>544</u>	<u>3,210</u>
At 31 January 2007	<u>8,000</u>	<u>1,087</u>	<u>9,087</u>
NET BOOK VALUE			
At 31 January 2007	<u>32,000</u>	<u>543</u>	<u>32,543</u>
At 31 January 2006	<u>34,666</u>	<u>1,087</u>	<u>35,753</u>

6. DEBTORS

	2007 £	2006 £
Trade debtors	1,165,047	1,189,303
Other debtors	<u>12,400</u>	<u>7,400</u>
	<u>1,177,447</u>	<u>1,196,703</u>

7. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	1,626,452	779,501
Corporation tax	182,410	48,382
Other taxation	26,878	81,671
Other creditors	<u>1,350,911</u>	<u>955,456</u>
	<u>3,186,651</u>	<u>1,865,010</u>

8. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Other creditors	<u>12,294</u>	<u>1,109,638</u>

9. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
Profit and loss account movement arising during the year	<u>5,974</u>	-
Provision carried forward	<u>5,974</u>	-

OLD & MODERN MASTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2007

9. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007	2006
	£	£
Excess of taxation allowances over depreciation on fixed assets	5,974	-
	<u>5,974</u>	<u>-</u>

10. COMMITMENTS UNDER OPERATING LEASES

At 31 January 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings	
	2007	2006
	£	£
Operating leases which expire		
After more than 5 years	<u>52,000</u>	<u>52,000</u>

The operating lease is held in the name of Mr M Voena on behalf of the company

11. RELATED PARTY TRANSACTIONS

The creditor balance due after one year of £12,294 (2006 - £1,109,638) relates to amounts owed to the Artinvest Foundation

12. SHARE CAPITAL

Authorised share capital:

	2007	2006
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

13. PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
Balance brought forward	456,031	378,289
(Loss)/profit for the financial year	<u>(76,804)</u>	<u>77,742</u>
Balance carried forward	<u>379,227</u>	<u>456,031</u>

OLD & MODERN MASTERS LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31 JANUARY 2007

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
(Loss)/Profit for the financial year	(76,804)	77,742
Opening shareholders' funds	456,131	378,389
Closing shareholders' funds	<u>379,327</u>	<u>456,131</u>

15. CONTROLLING PARTY

During the year under review the company was under the control of the Artinvest Foundation