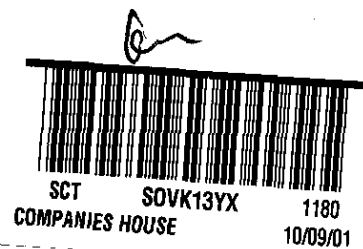


HAVERSTOCK HOMES PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2000



Company Number SC123618

HAVERSTOCK HOMES PLC

COMPANY INFORMATION

Directors	Mr Alexander N Zorbas Mr Thamyris Zorbas
Secretary	Mr Alexander N Zorbas
Company number	SC123618
Registered office	90 St Vincent Street Glasgow G2 5UB
Auditors	Mazars Neville Russell Chartered Accountants and Registered Auditors 90 St Vincent Street Glasgow G2 5UB
Bankers	National Westminster Bank plc 169 Victoria Street London SW1E 5BT Lloyds Bank Hampstead Branch 40 Rosslyn Hill London NW3 1NL

HAVERSTOCK HOMES PLC

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HAVERSTOCK HOMES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MAY 2000

The directors present their report and the audited financial statements for the company for the year ended 31st May 2000.

Principal activities and review of business

The company's principal activity continued to be that of the letting of property on assured tenancies.

The company did not receive any rental income during the year due to utilising financial resources on upgrading properties for letting or resale. The directors were actively seeking suitable properties during the year to buy to let, but were not successful in doing so. The directors sold three properties during the year that had been acquired during the previous two years and were refurbished. The directors also invested in shares in quoted companies on the Greek stock exchange.

Results and dividends

The results for the year are set out in the profit and loss account on page 4.

The directors do not recommend a dividend and the retained loss of £83,642 will be deducted from reserves.

Future developments

The Directors are continuously looking to acquire residential investments and/or vacant properties suitable for conversion and refurbishment into residential units for letting. However, the residential property market has been affected by rapid price inflation over the last few years and the Directors are very reluctant to commit the company to purchase new properties, unless and until suitable opportunities arise.

Fixed assets

Details of movements in fixed assets are set out in the notes to the accounts. The significant changes in fixed assets were the improvements to and disposals of leasehold properties.

Directors and their interests

The directors who served during the year and their beneficial interests in the company's issued share capital were:

Name of director	Ordinary Shares of £0.50 each	
	At 31st May 2000	At 1st June 1999
Mr Robert J Horne (resigned on 15th December 2000)	-	-
Mr Alexander N Zorbas	100,120	84,620
Mr Thamyris Zorbas	-	-

Mr Thamyris Zorbas retired by rotation at the Annual General Meeting and was reappointed.

HAVERSTOCK HOMES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MAY 2000

Policy and Practice on Payment of Creditors

The company aims to pay all of its creditors promptly.

It is the company's policy to:

- i) settle the terms of payment when agreeing the terms of each transaction with each supplier;
- ii) ensure that all suppliers are made aware of the terms of payment, and;
- iii) abide by the terms of payment in accordance with contractual and other legal obligations.

The ratio expressed in days, between amounts invoiced to the company by suppliers for the year ended 31st May 2000 and the amounts owed to its trade creditors at the end of the year was zero.

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 for that year. 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;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 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

A resolution to reappoint Mazars Neville Russell as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 17th August 2001 and signed on its behalf.



Mr Alexander N Zorbas, Secretary

Date:

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAVERSTOCK HOMES PLC

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, 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.

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. We also report to you if, in our opinion, the directors' report 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of 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 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 the 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 31st May 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Mazars Neville Russell

MAZARS NEVILLE RUSSELL
Chartered Accountants and Registered Auditors
90 St. Vincent Street
Glasgow
G2 5UB

Date: *4 September 2001*

HAVERSTOCK HOMES PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 2000

	Notes	2000 £	1999 £
Administrative expenses		(30,239)	(27,844)
Operating (Loss)	3	(30,239)	(27,844)
Loss on fixed asset investment	4	(25,200)	-
Loss on sale of fixed assets	4	(32,193)	(24,517)
		(87,632)	(52,361)
Interest receivable		3,940	2,121
Interest payable and similar charges	5	(1,310)	(8,385)
Loss on ordinary activities before taxation		(85,002)	(58,625)
Tax on loss on ordinary activities	6	1,360	(23,882)
Loss for the financial year	13	(83,642)	(82,507)

All amounts relate to continuing activities.

HAVERSTOCK HOMES PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST MAY 2000

	2000 £	1999 £
Statement of total recognised gains and losses		
Loss for the financial year	(83,642)	(82,507)
Unrealised deficit/surplus on revaluations of freehold land and buildings	(11,400)	179,961
Total recognised losses/gains relating to the year	<u>(95,042)</u>	<u>97,454</u>
Historical costs profits and losses		
Loss on ordinary activities before taxation	(85,002)	(58,625)
Realisation of revaluation profit of previous periods	120,799	-
Historical cost profit/losses on ordinary activities before taxation	<u>35,797</u>	<u>(58,625)</u>
Historical cost profit/losses for the year retained after taxation, dividends and other appropriations	<u>37,157</u>	<u>(82,507)</u>

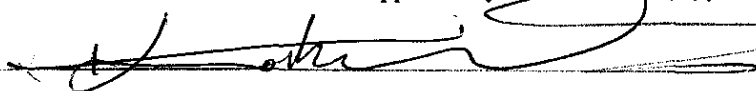
HAVERSTOCK HOMES PLC

BALANCE SHEET

AS AT 31ST MAY 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	7		189,950		625,000
Investments	8		15,213		-
			<u>205,163</u>		<u>625,000</u>
Current assets					
Debtors	9	63,337		879	
Cash at bank and in hand		<u>188,942</u>		<u>3,159</u>	
		252,279		4,038	
Creditors: amounts falling due within one year	10	<u>(27,254)</u>		<u>(90,431)</u>	
Net current assets/liabilities			<u>225,025</u>		<u>(86,393)</u>
Total assets less current liabilities			<u>430,188</u>		<u>538,607</u>
Provisions for liabilities and charges					
Deferred taxation	11		<u>(10,505)</u>		<u>(23,882)</u>
			<u>419,683</u>		<u>514,725</u>
Capital and reserves					
Share capital	12		229,983		229,983
Share premium account	13		165,201		165,201
Revaluation reserve	13		47,762		179,961
Profit and loss account	13		<u>(23,263)</u>		<u>(60,420)</u>
Shareholders' funds	18		<u>419,683</u>		<u>514,725</u>

These financial statements were approved by the board on 17th August 2001 and signed on its behalf by:



Mr Thamyris Zorbas
Director

HAVERSTOCK HOMES PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MAY 2000

	Notes	2000 £	1999 £
Reconciliation of operating loss to net cash flow from operating activities			
Operating loss		(30,239)	(27,844)
Increase/Decrease in debtors		(62,458)	32,943
Increase in creditors		11,157	5,830
Net cash outflow/inflow from operating activities		(81,540)	10,929
CASH FLOW STATEMENT			
Net cash outflow/inflow from operating activities		(81,540)	10,929
Returns on investments and servicing of finance	16	2,630	(6,264)
Taxation		(12,017)	-
Capital expenditure and financial investment	16	351,044	(287,134)
Other exceptional items		(25,200)	-
Cash inflow/outflow before use of liquid resources and financing		234,917	(282,469)
Financing	16	(68,132)	68,132
Increase/Decrease in cash		166,785	(214,337)
Reconciliation of net cash flow to movement in net debt			
Increase/Decrease in cash in the year		166,785	(214,337)
Cash outflow from decrease/inflow from increase in net debt and lease financing	17	68,132	(68,132)
Decrease/Increase in net debt		234,917	(282,469)
Net debt/funds at 1st June 1999	17	(71,175)	211,294
Net funds/debt at 31st May 2000		163,742	(71,175)

HAVERSTOCK HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2000

1 Accounting policies

Basis of accounting

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of investment properties.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or revaluation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors, compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2 Turnover

The turnover and operating loss for the year were derived from the company's principal activity which was carried out wholly in the UK and is that of letting property on assured tenancies.

HAVERSTOCK HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2000

3 Operating loss

The operating loss is stated after charging or crediting:

	2000	1999
	£	£
Directors' fees	9,000	1,000
Auditors' remuneration	2,561	2,409

4 Exceptional items

	2000	1999
	£	£
Loss on fixed asset investment	(25,200)	-
Loss on sale of fixed assets	(32,193)	(24,517)
	<u>(57,393)</u>	<u>(24,517)</u>

During the year, the company disposed of three leasehold properties and after allowing for cost and selling costs, there was a loss on disposal of £32,193.

5 Interest payable and similar charges

	2000	1999
	£	£
Interest payable on bank loans and overdrafts	<u>1,310</u>	<u>8,385</u>

6 Taxation

	2000	1999
	£	£
UK corporation tax at 20% (1999:20%)	12,017	-
Deferred tax charge (see note 11)	(13,377)	23,882
	<u>(1,360)</u>	<u>23,882</u>

7 Tangible fixed assets

	Leasehold Land and Buildings £
Cost or valuation	
At 1st June 1999	625,000
Additions	40,700
Disposals	(464,350)
Revaluations	(11,400)
At 31st May 2000	<u>189,950</u>
Net book value	
At 31st May 2000	<u>189,950</u>
At 31st May 1999	<u>625,000</u>

The long leasehold land and buildings are shown at their market value of £189,950.

HAVERSTOCK HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2000

8	Fixed Asset Investments	2000 £	1999 £
	Shares acquired in quoted companies	40,413	-
	Diminution in value	(25,200)	-
		<u>15,213</u>	<u>-</u>

The market value of listed investments at 31st May 2000 was £15,213 (1999: Nil).

9	Debtors	2000 £	1999 £
	Trade debtors	3,122	879
	Directors Loan Account	60,084	-
	Prepayments and accrued income	131	-
		<u>63,337</u>	<u>879</u>

The company made a loan to the directors, namely Alexander N Zorbas and Thamyris Zorbas, during the year. The loan was interest free. At the beginning of the year the balance was nil, at the end of the year the balance was £60,084 and the maximum loan outstanding during the year was £60,084. £54,500 of the loan was repaid on 31st May 2001.

10	Creditors: amounts falling due within one year	2000 £	1999 £
	Bank loans and overdrafts	-	74,334
	Trade creditors	-	3,317
	Other creditors	15,460	-
	Accruals and deferred income	11,794	9,047
	Directors' loans (Note 14)	-	3,733
		<u>27,254</u>	<u>90,431</u>

Other creditors include £12,017 (1999: £nil), in respect of taxation.

HAVERSTOCK HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2000

11 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2000 £	1999 £
At 1st June 1999	23,882	-
Movement in the year	(13,377)	23,882
At 31st May 2000	<u>10,505</u>	<u>23,882</u>

Deferred taxation provided and unprovided for in the financial statements is set out below.

	Amount provided	
	2000 £	1999 £
Property revaluation	<u>10,505</u>	<u>23,882</u>

12 Share capital

Authorised Equity shares

15,000,000 Ordinary shares of £0.50 each

2000 £	1999 £
<u>7,500,000</u>	<u>7,500,000</u>

Allotted Equity shares

459,965 Allotted, called up and fully paid ordinary shares of £0.50 each

<u>229,983</u>	<u>229,983</u>
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13 Reserves

	Share premium account £	Property Revaluation Reserve £	Profit and loss account £
At 1st June 1999	165,201	179,961	(60,420)
Loss for the year	-	-	(83,642)
Unrealised deficit on revaluations of land and buildings	-	(11,400)	-
Transfer from revaluation reserve	-	(120,799)	120,799
At 31st May 2000	<u>165,201</u>	<u>47,762</u>	<u>(23,263)</u>

14 Transactions with directors

Mr T Zorbas received a fee of £1,400, Mr R Horne received a fee of £4,000 and Mr A Zorbas received a fee of £3,600. These fees totalling £9,000 were in respect of management services provided to the company during the year. These were all fully paid at the year end.

HAVERSTOCK HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2000

15 Post balance sheet events

The property shown within leasehold land and buildings at 31st May 2000 was sold in July 2000 for £189,950.

16	Gross cash flows	2000 £	1999 £
	Returns on investments and servicing of finance		
	Interest received	3,940	2,121
	Interest paid	(1,310)	(8,385)
		<u>2,630</u>	<u>(6,264)</u>
	Capital expenditure and financial investment		
	Payments to acquire tangible fixed assets	(40,700)	(377,514)
	Proceeds from the sale of tangible fixed assets	432,157	90,380
	Purchase of investments	(40,413)	-
		<u>351,044</u>	<u>(287,134)</u>
	Financing		
	Decrease/Increase in other bank loans due within one year	(68,132)	68,132
		<u>(68,132)</u>	<u>68,132</u>

17 Analysis of changes in net debt

	1999 £	Cash flow £	2000 £
Cash at bank and in hand	3,159	185,783	188,942
Overdrafts	(6,202)	6,202	-
	<u>(3,043)</u>	<u>191,985</u>	<u>188,942</u>
Debt due within one year	(68,132)	68,132	-
	<u>(71,175)</u>	<u>260,117</u>	<u>188,942</u>

18 Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Loss for the financial year	(83,642)	(82,507)
Other recognised gains and losses (see note 13)	(132,199)	179,961
Transfer from Revaluation Reserve	120,799	-
Decrease in the shareholders' funds	<u>(95,042)</u>	<u>97,454</u>
Opening shareholders' funds	514,725	417,271
Closing shareholders' funds	<u>419,683</u>	<u>514,725</u>