

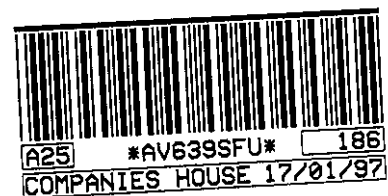
NORMANDIE ESTATES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1996

Company Number: 1835708 (England & Wales)



NORMANDIE ESTATES LIMITED

Company Information

Directors	A. A. Al-Hassawi (Chairman) N.K. Jaffar
Secretary	Mrs B.N. Hornby
Company Number	1835708
Registered Office	51 South Audley Street London W1Y 6AA
Auditors	Rawi & Co Chartered Accountants and Registered Auditors 128 Ebury Street London SW1W 9QQ

NORMANDIE ESTATES LIMITED

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The following page does not form part of the statutory accounts:

Income and expenditure account

NORMANDIE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1996

The directors submit their report and the financial statements for the year ended 31 March 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for the company for that period. In preparing those accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 accounts 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 or other irregularities.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company during the year was that of short term furnished lettings.

The loss on ordinary activity for the year before taxation was £150,100 (1995: Loss £111,476). The full details of the results for the year are set out on page 1.

The directors consider the results achieved on the ordinary activity before taxation to be significantly disappointing compared with the previous year. The market continues to be difficult and the directors are not hopeful of the results in the forthcoming year.

DIVIDENDS

In view of the current and future requirements of the company the directors do not recommend the payment of a dividend.

FIXED ASSETS

Details of movements in fixed assets are set out in note 7 to the financial statements.

NORMANDIE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1996

DIRECTORS AND THEIR INTERESTS

Mr.A. Al-Hassawi and Mr.N.K. Jaffar, who served during the year as directors did not have any beneficial interests in the company's issued ordinary share capital.

CLOSE COMPANY STATUS

In the opinion of the directors the company is a close company as defined by the Income and Corporation Taxes Act, 1988.

AUDITORS

The auditors, Rawi & Co, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members.

SMALL COMPANY EXEMPTION

In preparing the Director's Report the directors have taken advantage of the special exemptions applicable to small companies on the grounds that the company is small.

This report was approved by the board on 15th January 1997 and signed on its behalf.


.....
B.N. Hornby (Mrs)
Secretary

AUDITORS' REPORT
TO THE SHAREHOLDERS OF NORMANDIE ESTATES LIMITED

We have audited the accounts on pages 1 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 3.

Respective responsibilities of directors and auditors

As described on the Directors' Report the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 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.

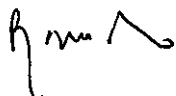
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Fundamental Uncertainty: going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the current and future finances available to the company. The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of its parent and fellow subsidiary undertakings and that adequate cash facilities will continue to be made available. The financial statements do not include any adjustments that would result from a failure to receive continued financial support. Details of the circumstances relating to this fundamental uncertainty are described in note 1.1(b) to the financial statements. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rawi & Co
Chartered Accountants and Registered Auditors
128 Ebury Street
London
SW1W 9QQ

Date: 16 January 1997

NORMANDIE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1996

	Note	£	1995 £
Turnover	2	185,930	165,039
less:			
Administrative expenses		(333,613)	(273,322)
Operating loss before interest	3	(147,683)	(108,283)
Interest receivable	5(a)	1,596	1,288
Interest payable	5(b)	(4,013)	(4,481)
Loss on ordinary activity before taxation		(150,100)	(111,476)
Taxation	6	-	-
Loss for the year		(150,100)	(111,476)
 Adverse Balance brought forward		(1,186,477)	(1,075,001)
 Adverse Balance carried forward		£(1,336,577)	£(1,186,477)

NOTE

Continuing Operations

During 1996 the company commenced to act as a Property Managing Agent. None of the company's activities were discontinued during the above two financial years.

Total recognised Gains and Losses

There were no recognised gains or losses for 1996 and 1995 other than those included in the profit and loss account.

The notes on pages 3 to 6 form part of these financial statements.

NORMANDIE ESTATES LIMITED

BALANCE SHEET

As at 31 March 1996

	Note	£	1995 £
FIXED ASSETS			
Tangible fixed assets	7	7151	1
		<u> </u>	<u> </u>
CURRENT ASSETS			
Debtors	8	83,220	67,525
Cash at bank		47,588	23,916
		<u> </u>	<u> </u>
		130,808	91,441
CREDITORS: Amounts falling due within one year	9	(1,474,436)	(1,277,819)
		<u> </u>	<u> </u>
NET CURRENT LIABILITIES		(1,343,628)	(1,186,378)
		<u> </u>	<u> </u>
NET LIABILITIES		£(1,336,477)	£(1,186,377)
		<u>=====</u>	<u>=====</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account		(1,336,577)	(1,186,477)
		<u> </u>	<u> </u>
EQUITY SHAREHOLDERS' DEFICIENCY	11	£(1,336,477)	£(1,186,377)
		<u>=====</u>	<u>=====</u>

In preparing these Financial Statements the directors have taken advantage of the special exemptions applicable to small companies on the grounds that the company is small.

The financial statements were approved by the board on *15th January 1997* and signed on its behalf:


.....
Director
N.K. Jaffar

The notes on pages 3 to 6 form part of these financial statements.

NORMANDIE ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

(a) Accounting conventions

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

(b) Going concern

The company meets its day to day working capital requirements through internal funding from its parent undertaking and subsidiary undertakings thereof.

The directors have indicated that it is reasonable to rely on the continuation, into the foreseeable future, of financial support of its parent and fellow group undertakings. On the basis of this information and the conduct of its financial affairs subsequent to the balance sheet date, the directors consider it appropriate to prepare the financial statements on the going concern basis.

(c) Cash Flow Statement

The company has adopted Financial Reporting Standard No 1 "Cash Flow Statements". As the company is a small reporting entity as defined by the standard it is exempt from including a cash flow statement as part of its financial statements.

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant, machinery, fixtures, fittings & office equipment	-	20% straight line
--	---	-------------------

A full year's depreciation charge is provided on tangible fixed assets acquired during the year and none is provided in the year of disposal.

1.3 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

NORMANDIE ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

2. Turnover

Turnover comprises rents receivable from short term lettings and commission receivable, net of Value Added Tax.

3. Operating loss before interest

The operating loss is stated after charging:

	1996	1995
	£	£
Auditors' remuneration	4,000	4,000
Hire of equipment	-	264
Depreciation	1,786	-
	=====	=====

4. Staff Costs

Staff costs, were as follows:

	£	£
Wages and salaries	62,469	52,127
Social security costs	5,127	4,205
	-----	-----
	67,596	56,332
	=====	=====

The directors did not receive any remuneration during the year (1995:nil)

The average weekly number of employees, including directors, during the year was as follows:

Office and administration	9	8
	==	==

5. Interest

(a) Interest receivable

From banks	1,596	1,288
	=====	=====

(b) Interest payable

On amount owed to immediate parent undertaking	4,013	4,481
	=====	=====

NORMANDIE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

6. Taxation

In view of the company's loss for the year, as adjusted for tax purposes, no provision for corporation tax is considered necessary. (1995: £ Nil). The company also has substantial unrelieved tax losses brought forward from previous years.

7. Tangible fixed assets

(a) Summary	Furniture, fixtures & equipment
	£
Cost or valuation:	
At 1 April 1995	10,773
Additions	8,936
At 31 March 1996	19,709
Depreciation:	
At 1 April 1995	10,772
Charge for the year	1,786
At 31 March 1996	12,558
Net book value:	
At 31 March 1996	7,151
At 31 March 1995	1

(b) Capital commitments

At 31 March 1996 there were no capital expenditure commitments either authorised but not committed or against which orders had been placed.

8. Debtors

	1996	1995
	£	£
Trade debtors	4,001	189
Amounts owed by parent and fellow subsidiary undertakings	58,047	53,047
Other debtors	21,172	14,289
	83,220	67,525

NORMANDIE ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

9. Creditors: Amounts falling due within one year

	1996	1995
	£	£
Trade Creditors	116	-
Amounts owed to fellow subsidiary undertakings	1,408,832	1,215,279
Other creditors	65,488	62,540
	<u>1,474,436</u>	<u>1,277,819</u>
	<u>=====</u>	<u>=====</u>

10. Share capital

	£	£
Equity		
£1 ordinary		
- Authorised	1,000	1,000
	<u>=====</u>	<u>=====</u>
- Allotted, called up and fully paid	100	100
	<u>=====</u>	<u>=====</u>

11. Reconciliation of movements in shareholders' deficiency

	1996	1995
	£	£
Loss for the financial year	(150,100)	(111,476)
Opening shareholders' deficit	(1,186,377)	(1,074,901)
	<u>=====</u>	<u>=====</u>
Closing shareholders' deficit	(1,336,477)	(1,186,377)
	<u>=====</u>	<u>=====</u>

12. Parent undertakings

The company's immediate parent undertaking is Messila House Limited, a company incorporated in England, however the directors regard Alsabahia Incorporated, a company incorporated in Panama, as the company's ultimate parent undertaking.

NORMANDIE ESTATES LIMITED**Income and expenditure account****For the year ended 31 March 1996**

	1996	1995
	£	£
INCOME		
Rental Income	166,446	147,416
Commission receivable	3,803	-
Telephone	15,681	17,623
Interest receivable	1,596	1,288
	<u>187,526</u>	<u>166,327</u>
ADMINISTRATIVE EXPENSES		
Staff salaries and social security costs	67,596	56,332
Rent and rates	151,400	151,241
Insurance	410	317
Light and heat	8,391	7,610
Laundry and cleaning	7,954	7,436
Advertising	1,691	-
Repairs and maintenance	7,461	9,821
Equipment rental	-	264
Travelling	629	85
Printing, postage and stationery	4,586	823
Telephone and fax	12,218	13,250
Legal and professional	959	243
Audit and accountancy	4,000	4,150
Bank charges	41	141
Loan Interest	4,013	4,481
Management charge	50,559	13,086
Bad debts	-	651
Office expenses	938	769
Commission	3,265	4,703
Miscellaneous expenses	41	109
TV rentals and licence	2,201	2,291
Depreciation	1,786	-
Loss of office costs	7,487	-
	<u>337,626</u>	<u>277,803</u>
Loss for the year before tax	(150,100)	(111,476)
	<u>=====</u>	<u>=====</u>