BELRUN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2002



LD8
COMPANIES HOUSE
0431
31/10/03

Company No. 2132321

BELRUN LIMITED

COMPANY INFORMATION

Directors	Mr BLK Heng Mr VK Sodhy
Secretary	Ms GCV Morris
Company Number	2132321
Registered Office	2nd Floor Pemberton House 15 Wrights Lane London W8 5SL
Auditors	Baker Tilly 2 Bloomsbury Street London WC1B 3ST
Solicitors	Denton Wilde Sapte 5 Chancery Lane Cliffords Inn London EC4A 1BU
Bankers	Oversea - Chinese Banking Corporation London Stonehouse 111 Cannon Street London EC4N 5AS

BELRUN LIMITED

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BELRUN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2002

The directors present their report together with the audited financial statements for the year ended 31st December 2002.

Principal Activities, Review of Business and Future Developments

The company's principal activity is the renting out of apartments at Monarch House, 241 Kensington High Street, London W8 as luxury furnished accommodation. The company traded at a profit during the year and the directors expect a similar result in the ensuing year.

Results and Dividends

The results for the year are set out in the profit and loss account on page 3.
The directors do not recommend a dividend .

Directors

The directors of the company during the year, neither of whom had an interest in the ordinary share capital of the company, were:

Mr BLK Heng
Mr VK Sodhy

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 the company's affairs and of the profit or loss for that year. In preparing these 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 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

BDO Stoy Hayward resigned as auditors on 14 May 2003 and Baker Tilly were appointed by the Directors in their place.

This report was approved by the board on 29th August 2003, and signed on its behalf by:

Mr BLK Heng, Director
29th August 2003

INDEPENDENT AUDITORS' REPORT TO THE

MEMBERS OF BELRUN LIMITED

We have audited the financial statements of Belrun Limited for the year ended 31st December 2002 on pages 3 to 10 which have been prepared under the accounting policies set out on page 5 and 6.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 1985. 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

Baker Tilly
Registered Auditor and Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Date: 27 OCT 03

BELRUN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

	Notes	2002	*2001 As restated*
		£	£
Turnover	2	**1,272,959**	*1,275,024*
Direct expenses		**789,614**	*784,264*
Gross Profit		**483,345**	*490,760*
Administrative Expenses		**299,596**	*285,441*
		183,749	*205,319*
Exceptional Item	3	**-**	*(1,596,957)*
Operating Profit/(Loss)	4	**183,749**	*(1,391,638)*
Interest Payable and Similar Charges	5	**(45,190)**	*(73,599)*
Profit/(Loss) on Ordinary Activities before Taxation		**138,559**	*(1,465,237)*
Tax on profit/(loss) on ordinary activities	7	**(26,025)**	*(24,948)*
Profit/(Loss) for the Financial Year	13	**112,534**	*(1,490,185)*

All amounts relate to continuing activities.
All recognised gains and losses are included in the profit and loss account.

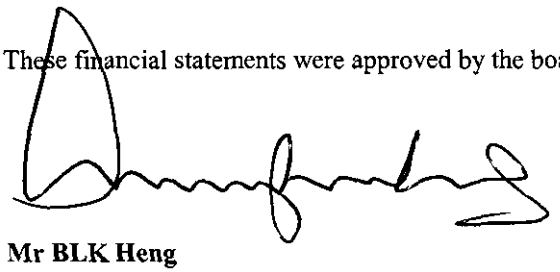
BELRUN LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2002

	Notes	£	2002 £	£	*2001 £*
Fixed Assets					
Tangible assets	8		**199,499**		*306,102*
Current Assets					
Debtors	9	**448,202**		*553,537*	
Cash at bank and in hand		**5,207**		*304*	
		453,409		*553,841*	
Creditors: Amounts Falling Due Within One Year	10	**3,958,108**		*4,277,677*	
Net Current Liabilities			**(3,504,699)**		*(3,723,836)*
Total Assets Less Current Liabilities			**(3,305,200)**		*(3,417,734)*
Capital and Reserves - equity					
Share capital	12		**100**		*100*
Profit and loss account	13		**(3,305,300)**		*(3,417,834)*
Shareholders' Funds	15		**(3,305,200)**		*(3,417,734)*

These financial statements were approved by the board on 29th August 2003 and signed on its behalf by:



Mr BLK Heng
Director

The notes on pages 5 to 10 form part of these financial statements.

1 Accounting Policies

Basis of Accounting

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

All accounting policies are consistent with those applied in prior periods, with the exception of Deferred Tax, which has been amended following the introduction of Financial Reporting Standard 19 "Deferred Tax". The effect on the financial statements was to decrease the profit after tax by £26,025 (2001: £24,948 increase the loss) and to increase other debtors and net assets by £368,279 (2001: £394,304).

Turnover

Turnover represents rental income receivable.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following annual rates:

Furniture and equipment	- 20%
Soft furnishings	- 50%
Computer equipment	- 33%

Going Concern

The financial statements have been prepared on a going concern basis which assumes the continuing support of the company's fellow group companies and certain other creditors.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Contribution to Pension Funds

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Exceptional Item

	2002	*2001*
	£	*£*
Waiver of irrecoverable loan	-	*1,297,500*
Waiver of irrecoverable loan interest receivable	-	*299,457*
	-	*1,596,957*

4 Operating Profit

The operating profit is arrived at after charging:	2002	*2001*
	£	*£*
Depreciation of owned assets	**115,034**	*92,142*
Operating leases	**350,000**	*350,000*
Auditors' remuneration	**1,550**	*3,629*

5 Interest Payable and Similar Charges

	2002	*2001*
	£	*£*
Bank overdrafts and loans	**45,190**	*73,599*

6 Directors and Employees

Staff costs were as follows:

	2002	*2001*
	£	*£*
Wages and salaries	**188,578**	*187,070*
Social security costs	**13,897**	*14,038*
Other costs	**3,766**	*4,199*
	206,241	*205,307*

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

	2002	*2001*
	Number	*Number*
Administration	**2**	*1*
Operational	**14**	*14*
Management	**2**	*2*
	18	*17*

The directors received no remuneration during the year.

7 Taxation

Analysis of charge in the period	2002	*2001*
	£	*£*
Current tax:		
UK corporation tax on profits/(loss) of the period	-	*-*
Deferred tax:		
Origination and reversal of timing differences	**26,025**	*24,948*
Tax on profit/(loss) on ordinary activities	**26,025**	*24,948*

Factors affecting tax charge for the period:	2002	*2001*
	£	*£*
Profit/(Loss) on ordinary activities before tax	**138,559**	*(1,465,237)*
Profit/(Loss) on ordinary activities multiplied by the small companies rate of corporation tax in the UK 19% (2001: 19%)	**26,326**	*(278,395)*
Effects of:		
Expenses not deductible for tax purposes/(Income not taxable)	**(302)**	*303,242*
Depreciation in excess of capital allowances	**21,856**	*17,507*
Revenue expenditure capitalised	**-**	*(3,691)*
Utilisation of tax losses brought forward	**(47,880)**	*(38,663)*
Current tax charge for the period	**-**	*-*

8 Tangible Fixed Assets

	Furniture and Soft Equipment	Furnishings	Computer Equipment	Total
Cost	£	£	£	£
At 1st January 2002	538,646	247,928	27,585	814,159
Additions	8,431	-	-	8,431
At 31st December 2002	**547,077**	**247,928**	**27,585**	**822,590**
Depreciation				
At 1st January 2002	259,951	238,386	9,720	508,057
Charge for the year	98,620	9,542	6,872	115,034
At 31st December 2002	**358,571**	**247,928**	**16,592**	**623,091**
Net Book Value				
At 31st December 2002	**188,506**	**-**	**10,993**	**199,499**
At 31st December 2001	*278,695*	*9,542*	*17,865*	*306,102*

9 Debtors

	2002	2001
	£	£
Trade debtors	**41,215**	*124,134*
Other debtors	**368,279**	*395,804*
Prepayments and accrued income	**38,708**	*33,599*
	448,202	*553,537*

10 Creditors: Amounts Falling Due Within One Year

	2002	2001
	£	£
Bank overdraft	**753,464**	*1,175,183*
Trade creditors	**62,466**	*68,567*
Amounts owed to group undertakings	**3,087,699**	*2,917,699*
Other taxes and social security	**8,776**	*6,398*
Other creditors	**30,522**	*28,463*
Accruals and deferred income	**15,181**	*81,367*
	3,958,108	*4,277,677*

The parent undertaking has confirmed that it will not seek repayment of amounts due to it until all other indebtedness has been discharged.

11 Deferred Taxation

Deferred taxation provided for in the financial statements is set out below. The amount provided at the balance sheet date is calculated using a tax rate of 19% for both years.

	Amount Provided	
	2002	*2001*
	£	*£*
Accumulated depreciation in excess of writing down allowances	**(144,921)**	*(123,064)*
	(144,921)	*(123,064)*
Trading losses	**(223,358)**	*(271,240)*
	(368,279)	*(394,304)*

The deferred tax asset is included in other debtors (See Note 9)

12 Share Capital

	2002	*2001*
	£	*£*
Authorised		
Equity Shares		
100 Ordinary shares of £1.00 each	**100**	*100*
Allotted		
Equity Shares		
100 Allotted, called up and fully paid ordinary shares of £1.00 each	**100**	*100*

13 Reserves

	Profit and Loss Account
	£
At 1st January 2001 (As restated)	(1,927,649)
Loss for the year (Restated)	(1,490,185)
At 1st January 2002	(3,417,834)
Profit for the year	112,534
At 31st December 2002	**(3,305,300)**

14 Prior Year Adjustments

	2002	*2001*
	£	*£*
Retained loss as previously reported	**(3,812,138)**	*(2,346,901)*
Restatement	**394,304**	*419,252*
As restated	**(3,417,834)**	*(1,927,649)*

15 Reconciliation of Shareholders' Funds

	2002	*2001 Restated*
	£	£
Profit/(Loss) for the financial year	**112,534**	*(1,490,185)*
Increase/(Decrease) in shareholders' funds	**112,534**	*(1,490,185)*
Opening shareholders' funds		
As previously stated	**(3,812,038)**	*(2,346,801)*
Prior period adjustment	**394,304**	*419,252*
Closing shareholders' funds	**(3,305,200)**	*(3,417,734)*

16 Operating Lease Commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2002	*2001*
	£	£
Operating leases which expire:		
Between two and five years	**350,000**	*350,000*

17 Related Party Transactions

The following companies were related parties during the year as their directors are common with Belrun Limited, and had the following transactions:

Costs recharged to related parties :-	2002	*2001*
	£	£
Como Holdings (UK) Limited	**17,610**	*14,636*
Comojo (UK) Limited	**-**	*1,989*

Costs recharged from related parties :-	2002	*2001*
	£	£
Como Holdings (UK) Limited	**52,510**	*56,925*
Comojo (UK) Limited	**2,637**	*13,694*

As at 31st December 2002, the amounts due to /(from) Belrun Limited are listed below:

	2002	*2001*
	£	£
Como Holdings (UK) Limited	**(295)**	*(12,773)*
Comojo (UK) Limited	**(361)**	*(4,495)*

18 Ultimate parent company

Amerland Inc., a company incorporated in Panama, is regarded by the directors as the company's ultimate parent company.