

Company Registration No. 3225639

SWANSIDE PROPERTIES LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997



15684-PE-1997

Registered Office
Suite 205, Moghul House,
57 Grosvenor St.,
London.

SWANSIDE PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1997

The directors present their report and financial statements for the period ended 31 December 1997.

Principal Activities and Review of the Business

The principal activity of the company is that of a property company.

The company was incorporated in England and Wales on 16 July 1996 and commenced activities on 18 November 1996.

Results and Dividends

The results for the period are set out on page 3.

It is proposed that the retained loss of £ 53,518 is transferred to reserves.

Directors

The following directors have held office since the beginning of the period

J.D. Parker	(Appointed 16 July 1996 and resigned 29 April 1997)
D. Rudge	(Appointed 16 July 1996)
F M Forrai	(Appointed 29 April 1997 and resigned 1 June 1998)
J Butterfield	(Appointed 29 April 1997 and resigned 1 June 1998)
A M Taylor	(Appointed 1 June 1998)
L R Taylor	(Appointed 1 June 1998)

The Directors had no interest in the issued share capital of the company.

Auditors

Matthew Edwards & Co. were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

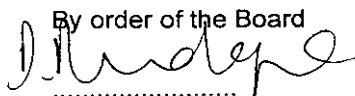
Directors' Responsibilities

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



D. Rudge

11 NOV 1998

Date:

MATTHEW EDWARDS & CO
C H A R T E R E D A C C O U N T A N T S

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SWANSIDE PROPERTIES LIMITED

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF SWANSIDE PROPERTIES LIMITED**

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 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 31 December 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Matthew Edwards & Co

Matthew Edwards & Co.

Chartered Accountants
Registered Auditor

11.11.98

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

SWANSIDE PROPERTIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1997**

	Notes	Period ended 31 December 1997 £
Administrative expenses		(53,518)
Loss on ordinary activities before taxation		(53,518)
Tax on loss on ordinary activities	3	-
Loss on ordinary activities after taxation	8	(53,518)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SWANSIDE PROPERTIES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 1997**

	Notes	1997 £	£
Fixed Assets			
Tangible assets	4	2,309,940	
Current Assets			
Debtors	5	1,265	
Creditors: amounts falling due within one year	6	<u>(6,641)</u>	
Net Current Liabilities			(5,376)
Total Assets Less Current Liabilities			<u>2,304,564</u>
Capital and Reserves			
Called up share capital	7	2,358,082	
Profit and loss account	8	(53,518)	
Shareholders' Funds - equity interests	9		<u>2,304,564</u>

11 NOV 1998

The financial statements were approved by the Board on



D. Rudge
Director

SWANSIDE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

1 Accounting Policies

1.1 Accounting conventions and Compliance with accounting standards

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

1.2 Tangible fixed assets and depreciation

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

Land and buildings Freehold	2% per annum.
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1.3 Foreign currency translation

The company's accounting records are maintained in Pounds Sterling.

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.

1.4 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

2 Operating Loss

1997

£

Operating loss is stated after charging:

Depreciation of tangible assets	47,142
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Auditors' remuneration	650
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3 Taxation

Due to the taxable losses incurred no provision has been made for UK Corporation Tax.

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997**

4 Tangible Fixed Assets

**Land and
buildings
Freehold**

£

Cost

At 16 July 1996

-

Additions

2,357,082

At 31 December 1997

2,357,082

Depreciation

At 16 July 1996

-

Charge for the period

47,142

At 31 December 1997

47,142

Net book value

At 31 December 1997

2,309,940

5 Debtors

1997

£

Prepayments and accrued income

1,265

6 Creditors: amounts falling due within one year

1997

£

Other creditors

1,204

Accruals and deferred income

5,437

6,641

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997**

7	Share capital	1997
		£
	Authorised	
	10,000 Ordinary Shares of £1 each	10,000
	6,000,000 Ordinary Shares of ITL1,000 each	2,357,082
		<u>2,367,082</u>
	Allotted, called up and fully paid	
	1,000 Ordinary Shares of £1 each	1,000
	6,000,000 Ordinary Shares of ITL1,000 each	2,357,082
		<u>2,358,082</u>
8	Statement of Movements on Profit and Loss Account	
		Profit and loss account
		£
	Retained loss for the period	(53,518)
	Balance at 31 December 1997	<u>(53,518)</u>
9	Reconciliation of Movements in Shareholders' Funds	1997
		£
	Loss for the financial period	(53,518)
	Proceeds from issue of shares	2,358,082
	Net addition to shareholders' funds	<u>2,304,564</u>
	Opening shareholders' funds	-
	Closing shareholders' funds	<u>2,304,564</u>
10	Contingent liabilities	
	There were no contingent liabilities as at the balance sheet date.	
11	Capital Commitments	
	There were no major capital commitments as at the balance sheet date.	

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997**

12 Employees

Number of employees, wages and salaries

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

13 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.