

SWANSIDE PROPERTIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



15684-A-2001

Registered Office
Suite 23, Park Royal House
23 Park Royal Road
London

SWANSIDE PROPERTIES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The director presents his report and financial statements for the year ended 31 December 2001.

Principal activities and review of the business

The principal activity of the company continued to be that of a property company.

Results and dividends

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

Directors

The following directors have held office since 1 January 2001:

A.M Taylor

L.R Taylor

K Yates

(Resigned 2 July 2002)

(Resigned 2 July 2002)

The directors have no interest in the issued share capital of the company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Matthew Edwards & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

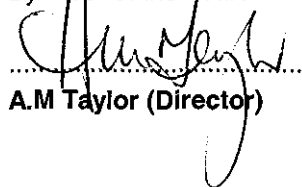
Director's responsibilities

Company law requires the director 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 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

By order of the board



A.M Taylor (Director)

Date : 30/01/2003

SWANSIDE PROPERTIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 ITL'000	2000 ITL'000
Administrative expenses		462,039	(149,258)
Operating profit/(loss)	2	462,039	(149,258)
Amounts written off investments	3	(125,937)	-
Interest payable and similar charges	4	(142)	(121)
Profit/(loss) on ordinary activities before taxation		335,960	(149,379)
Tax on profit/(loss) on ordinary activities	5	(12,957)	(13,317)
Profit/(loss) on ordinary activities after taxation	9	323,003	(162,696)
Loss brought forward at 1 January 2001		(676,221)	(513,525)
Loss carried forward at 31 December 2001		(353,218)	(676,221)

All of the company's activities are derived from continuing operations.

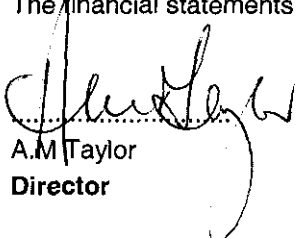
There are no recognised gains and losses other than those passing through the profit and loss account.

SWANSIDE PROPERTIES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2001**

		2001		2000	
	Notes	ITL'000	ITL'000	ITL'000	ITL'000
Fixed assets					
Tangible assets	6		5,874,063		5,520,000
Creditors: amounts falling due within one year	7	(224,735)		(193,675)	
Net current liabilities			(224,735)		(193,675)
Total assets less current liabilities			5,649,328		5,326,325
Capital and reserves					
Called up share capital	8		6,002,546		6,002,546
Profit and loss account	9		(353,218)		(676,221)
Shareholders' funds - equity interests	10		5,649,328		5,326,325

The financial statements were approved by the Board on 30.01.2003


A.M Taylor
Director

SWANSIDE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

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

The financial statements have been prepared on the going concern basis. This is considered appropriate as the ultimate beneficial shareholders will continue to provide financial support to the company for the foreseeable future.

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.

1.2 Tangible fixed assets and depreciation

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 director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.3 Foreign currency translation

The company's accounting records are maintained in Italian Lira.

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.

2 Operating profit/(loss)

	2001 ITL'000	2000 ITL'000
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	(480,000)	120,000
Auditors' remuneration	3,045	2,259
	<u> </u>	<u> </u>

3 Amounts written off investments

	2001 ITL'000	2000 ITL'000
Amounts written off fixed asset investments:		
- temporary diminution in value	125,937	-
	<u> </u>	<u> </u>

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

4	Interest payable and similar expenses	2001 ITL'000	2000 ITL'000
	Loss on foreign exchange	142	121
		<u>142</u>	<u>121</u>
5	Taxation	2001 ITL'000	2000 ITL'000
	Domestic current year tax		
	Corporation tax at 30.00% (2000 - 30.00%)	-	-
	Foreign corporation tax		
	Foreign corporation tax	12,957	13,317
	Current tax charge	<u>12,957</u>	<u>13,317</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	335,960	(149,379)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of U.K. corporation tax of 30.00% (2000 : 30.00%)	<u>100,788</u>	<u>(44,814)</u>
	Effects of:		
	Depreciation	(144,000)	36,000
	Losses not recognised for accounting purposes	53,742	8,814
	Foreign tax adjustments	6,892	13,317
		<u>(83,366)</u>	<u>58,131</u>
	Current tax charge	<u>17,422</u>	<u>13,317</u>

The tax charge relates to Italian taxes payable by the companies Italian branch.

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

6 Tangible fixed assets

	Investment properties ITL'000
Cost	
At 1 January 2001	6,000,000
Revaluation	(125,937)
At 31 December 2001	5,874,063
Depreciation	
At 1 January 2001	480,000
Charge for the year	(480,000)
At 31 December 2001	-
Net book value	
At 31 December 2001	5,874,063
At 31 December 2000	5,520,000

The investment represents land and buildings in Rome, Italy.

The properties were valued on 12 May 2002 by Francesco Gioscia an architect in the City of Rome. The properties were valued on an open market basis at €3,033,700 (ITL5,874,062,000).

7 Creditors: amounts falling due within one year

	2001 ITL'000	2000 ITL'000
Italian taxes payable	23,582	66,026
Other creditors	191,747	123,197
Accruals and deferred income	9,406	4,452
	224,735	193,675

8 Share Capital

The authorised share capital of the Company comprises 10,000 ordinary £1 shares of which 1,000 have been issued (2000 - 1,000) and 6,000,000 ordinary ITL1,000 shares all of which have been issued and are fully paid up (2000 - 6,000,000).

The ordinary £1 shares rank pari passu in all respects with the ITL1,000 shares.

SWANSIDE PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001****9 Statement of movements on profit and loss account****Profit and
loss
account
ITL'000**

Balance at 1 January 2001	(676,221)
Retained profit for the year	323,003
Balance at 31 December 2001	<u>(353,218)</u>

10 Reconciliation of movements in shareholders' funds**2001
ITL'000****2000
ITL'000**

Profit/(Loss) for the financial year	323,003	(162,696)
Opening shareholders' funds	5,326,325	5,489,021
Closing shareholders' funds	<u>5,649,328</u>	<u>5,326,325</u>

11 Contingent liabilities

There were no known contingent liabilities at the balance sheet date.

12 Capital commitments

There were no major capital commitments at the balance sheet date.

13 Employees**Number of employees**

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

14 Ultimate Controlling Party and Related party transactions

The director is not aware of the ultimate controlling party, transactions related thereto and any other related party transactions.