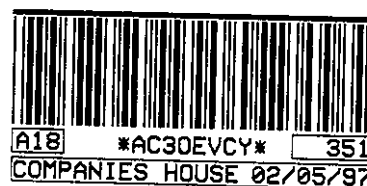


GRENDON SECURITIES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1996

Registered Number 118482



GRENDON SECURITIES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 1996.

Review of the Business

The Company did not trade during the year under review.

There has been no change in this respect since the end of that year.

Accounts and Dividends

The Company made no profit for the year under review (1995: Nil).

The state of the Company's affairs at the end of the year under review is shown in the accompanying financial statements.

No dividends were declared or paid during the year under review and the Directors are not recommending the payment of any dividend in respect of that year.

Directors

Messrs P F Doye and J H Williamson served as Directors of the Company throughout the year under review.

No other person was a Director at any time during that year.

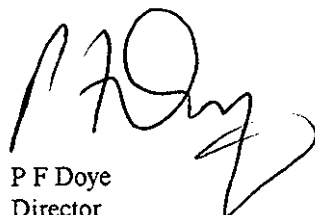
Directors' Interests

Neither Director had, at the end of the year under review, any interests in the shares in the Company or in the securities of any other company in the Group of which it is a member.

Auditors

Unless a resolution is duly passed by the Company in General Meeting to the effect that their appointment be brought to an end, the Company's auditors, Coopers & Lybrand, are deemed to be reappointed for the next financial year.

By Order of the Board



P F Doye
Director

20 January 1997

GRENDON SECURITIES LIMITED

DIRECTORS' RESPONSIBILITIES

The Directors are required by law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss, if any, for the period. The financial statements must be prepared in accordance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards.

In addition, the Directors are required:-

- * to adopt suitable accounting policies and then apply them consistently, supported by judgements and estimates that are reasonable and prudent;
- * to prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

GRENDON SECURITIES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF GRENDON SECURITIES LIMITED

We have audited the financial statements on pages 4 to 6.

Respective Responsibilities of Directors and Auditors

As described on page 2, 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 affairs of the Company at 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

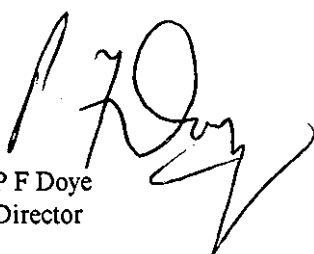
23 January 1997

GRENDON SECURITIES LIMITED

BALANCE SHEET as at 31 December 1996

	Notes	1996 £	1995 £
Current Assets			
Debtors	5	728,156	728,156
Investments	6	1	1
Net Current Assets		<u>728,157</u>	<u>728,157</u>
Net Assets		<u>728,157</u>	<u>728,157</u>
Capital and Reserves			
Called up share capital	8	885,000	885,000
Share Premium Account	9	1,815,000	1,815,000
Profit and Loss Account	10	(1,971,843)	(1,971,843)
Equity Shareholders' Funds	11	<u>728,157</u>	<u>728,157</u>

The financial statements on pages 4 to 6 were approved by the Board of Directors on 20 January 1997, and signed on its behalf by:-


P F Doye
Director

GRENDON SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

1. Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable to the United Kingdom.

(b) Cash Flow Statement

These financial statements do not contain a cash flow statement by virtue of the exemptions available to the Company within Financial Reporting Standard No. 1. The cash flows of the Company are included in the consolidated cash flow statement which forms part of the consolidated financial statements of the Company's intermediate parent undertaking, Charterhouse plc.

2. Directors' Emoluments

The Directors received no emoluments in respect of the current or previous years.

3. Auditors' Remuneration

The auditors' remuneration for the current and the previous financial year has been borne by the immediate parent undertaking.

4. Employees

The Company had no employees during the financial period (1995: nil).

5. Debtors - Amounts Falling Due Within One Year

	1996 £	1995 £
Amounts due from immediate parent undertaking	<u>728,156</u>	<u>728,156</u>

6. Investments

	1996 £	1995 £
Unlisted investments at cost, less amounts written off	<u>1</u>	<u>1</u>

In the opinion of the Directors, these investments are worth not less than the amount stated.

7. Taxation

The Company has losses of £502,000 for the purposes of corporation tax on chargeable gains brought forward from earlier years.

GRENDON SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

8. Share Capital

	1996 £	1995 £
Authorised 10,000,000 Ordinary Shares of 10p each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid 8,850,000 Ordinary Shares of 10p each	<u>885,000</u>	<u>885,000</u>

9. Share Premium Account

	1996 £	1995 £
Share Premium Account	<u>1,815,000</u>	<u>1,815,000</u>

10. Profit and Loss Account and Reconciliation of Movement in Shareholders' Funds

The Company did not trade and made neither a profit nor a loss during the year under review. No profit and loss account or reconciliation of movement in shareholders' funds has been prepared because there were no movements during the year.

11. Parent Undertakings

The Company is a wholly owned subsidiary undertaking of Shield Properties & Investments (Holdings) Limited which in turn is a wholly owned subsidiary undertaking of Charterhouse Bank Limited, which is registered in England and Wales and is the parent undertaking of the smallest group of which the Company is a member and for which group accounts are drawn up. Copies of those accounts can be obtained from the Company Secretary, Charterhouse Bank Limited, 1 Paternoster Row, St Paul's, London, EC4M 7DH.

The parent undertaking of the largest group of which the Company is a member and for which group accounts are drawn up is European Corporate Finance Holding SA, the company regarded by the Directors as being the Company's ultimate parent undertaking as at 31 December 1996, which is incorporated in Luxembourg and is directly or indirectly jointly owned by BHF-BANK AG and Credit Commercial de France SA. Copies of the accounts of European Corporate Finance Holding SA are available from that company at 8, Avenue Marie-Thérèse, L2132 Luxembourg.