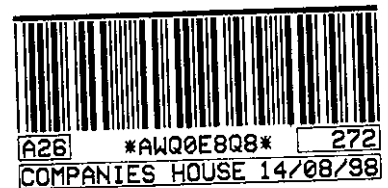


TENIWOOD SECURITIES LIMITED

FINANCIAL STATEMENTS

31st MARCH 1998



COMPANY NO: 1054920

TENIWOOD SECURITIES LIMITED

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TENIWOOD SECURITIES LIMITED

COMPANY INFORMATION

Directors

P H Lawson
C S R Stroyan
E Y Whittingdale

Secretary

R W Toye

Registered office

Bridge House
181 Queen Victoria Street
London EC4V 4DD

Registered number

1054920

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House
Warwick Lane
London EC4P 4BN

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements of the company for the year ended 31st March 1998.

Principal activities

The company is an investment holding company, and in addition supplies secretarial and administrative services within the group.

Results and dividend

The profit for the year after tax was £200,780 (1997: £84,270).

The directors do not recommend the payment of a dividend (1997: £Nil).

Review of the business

Income from investments declined from the previous year's figure as a result of a number of factors including switches made within the UK portfolio, the effect of the strength of Sterling on the income flow from foreign investments and a reduction in the gilt portfolio. However, the company did return to a profit on foreign exchange which brought total income from continuing operations back to the level of last year.

Administrative expenses were again reduced in comparison with the previous year, allowing the Company to report a 10.5% increase in profits from continuing operations.

The Directors will continue to seek investment opportunities consistent with the cautious policies adopted in recent years.

Directors

The directors who held office during the year were:

P H Lawson
C S R Stroyan
E Y Whittingdale

The interests of the directors in the share capital of the company are set out below:

	Ordinary shares of £1 each	
	31st March 1998	31st March 1997
P H Lawson	1	1

This share is held as a nominee holding on behalf of Iowa Land Company Limited.

REPORT OF THE DIRECTORS
(Continued)

Directors (continued)

The interests of the directors in the shares of the ultimate parent undertaking, Iowa Land Company Limited, are disclosed in the accounts of that company.

Directors' responsibilities for financial statements

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 these financial statements, the directors have:

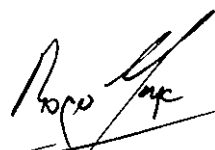
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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.

Auditors

The auditors, Moore Stephens are willing to continue in office and are deemed to be reappointed in accordance with the elective resolution dispensing with the requirement to appoint auditors annually.

The report of the directors was approved by the Board on 30th July 1998 and signed on its behalf by:



Roger William Toye
Secretary

TENIWOOD SECURITIES LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS OF TENIWOOD SECURITIES LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 as at 31st March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Moore Stephens
Chartered Accountants and Registered Auditor

London
30th July 1998

TENIWOOD SECURITIES LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st March 1998

	Note	1998 £	1997 £
Income: Continuing operations			
Income from investments	2	167,915	199,066
Investment interest receivable		75,423	71,280
Other operating income		4,215	4,000
(Loss)/gain on exchange		5,018	(21,918)
		<hr/>	<hr/>
		252,571	252,428
Administrative expenses		(151,215)	(160,704)
Interest payable		-	(12)
		<hr/>	<hr/>
Operating profit: continuing operations	3	101,356	91,712
Profit on disposal of fixed asset investments	6	211,766	46,018
		<hr/>	<hr/>
Profit on ordinary activities before taxation		313,122	137,730
Tax on profit on ordinary activities	7	(112,342)	(53,460)
		<hr/>	<hr/>
Profit for the year	15	200,780	84,270
		<hr/>	<hr/>

The company has no recognised gains or losses other than the profit for the two years ended 31st March 1998.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 31st March 1998

	1998 £	1997 £
Total recognised gains	200,780	84,270
Opening shareholders' funds	(1,681,479)	(1,765,749)
	<hr/>	<hr/>
Closing shareholders' funds	(1,480,699)	(1,681,479)
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED

BALANCE SHEET at 31st March 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	8	2,637	3,593
Investments	9	3,860,090	4,439,356
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		3,921,941	4,502,163
		<hr/>	<hr/>
Current assets			
Debtors due within one year	11	2,256,039	1,966,896
Debtors due after one year	11	314,000	430,000
Cash at bank and in hand		583,216	567,995
		<hr/>	<hr/>
		3,153,255	2,964,891
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	(1,808,361)	(2,400,999)
		<hr/>	<hr/>
Net current assets		1,344,894	563,892
		<hr/>	<hr/>
Total assets less current liabilities		5,266,835	5,066,055
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	(6,747,534)	(6,747,534)
		<hr/>	<hr/>
		(1,480,699)	(1,681,479)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	8,110	8,110
Profit and loss account	15	(1,488,809)	(1,689,589)
		<hr/>	<hr/>
Shareholders' funds (including non-equity)	16	(1,480,699)	(1,681,479)
		<hr/>	<hr/>

The financial statements were approved by the Board on 30th July 1998 and signed on its behalf by:

C. S. R. Stroyan

Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 1998

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention. The financial statements are prepared on a going concern basis as the ultimate parent undertaking has confirmed it will not seek repayment of its long term debt (see note 13).

Depreciation

Depreciation is provided so as to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments at the following rates:-

Fixtures and fittings:	10%
Electronic equipment and software:	33%

Investments

Investments are stated at cost less provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

Income from investments

Income from investment in equities is included when received. Interest income from fixed interest and index linked stock is accrued to the end of the financial year.

Investment interest receivable

Interest on cash deposits is accrued to the end of the financial year.

Foreign exchange

Foreign exchange is dealt with under the closing rate method of accounting.

Cash flow statement

The company is exempt from publishing a cash flow statement.

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 1998

2. INCOME FROM INVESTMENTS

	1998 £	1997 £
Listed investments	167,915	199,066

3. OPERATING PROFIT

	1998 £	1997 £
Operating profit is arrived at after charging:		
Auditors remuneration	7,138	3,760
Depreciation	1,324	2,690
and after crediting:		
Bank interest receivable	40,326	41,447
Interest receivable from a subsidiary company	35,097	29,833

4. EMPLOYEE AND STAFF COSTS (including directors)

	1998 £	1997 £
Wages and salaries	83,275	80,216
Social Security costs	7,350	7,156
	90,625	87,372

	1998 No.	1997 No.
The average weekly number of employees (including directors) during the period was as follows:		
Office and management	5	5

TENIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 1998****5. DIRECTORS**

	1998	1997
	£	£
Directors emoluments	25,250	23,500

6. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS

	1998	1997
	£	£
Net profit on sale of listed and unlisted investments	390,542	155,941
Amounts written off against permanent diminution in value of listed and unlisted investments	(178,776)	(109,923)
	<u>211,766</u>	<u>46,018</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998	1997
	£	£
Based on the profit for the year:		
Corporation tax	104,000	32,500
Tax suffered on UK investment income	19,770	20,960
Prior year adjustment	(11,428)	-
	<u>112,342</u>	<u>53,460</u>

NOTES TO THE FINANCIAL STATEMENTS
31st March 1998

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
Cost				
At 1 st April 1997	9,621	6,244	6,763	22,628
Additions	-	-	368	368
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1998	9,621	6,244	7,131	22,996
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 st April 1997	9,621	3,989	5,425	19,035
Charge for the year	-	358	966	1,324
Depreciation on disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1998	9,621	4,347	6,391	20,359
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 1998	-	1,897	740	2,637
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1997	-	2,255	1,338	3,593
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31st March 1998

9. INVESTMENTS

	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
Cost				
At 1 st April 1997	1,993,271	1,903,629	841,557	4,738,457
Less: Adjustment	-	-	(14,100)	(14,100)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,993,271	1,903,629	827,457	4,724,357
Additions	353,481	602,037	-	955,518
Disposal	(937,458)	(370,184)	(48,366)	(1,356,008)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1998	1,409,294	2,135,482	779,091	4,323,867
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
At 1 st April 1997	79,795	105,458	113,848	299,101
Less: Adjustment	-	-	(14,100)	(14,100)
	<hr/>	<hr/>	<hr/>	<hr/>
	79,795	105,458	99,748	285,001
Movement in the year	49,693	120,399	8,684	178,776
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1998	129,488	225,857	108,432	463,777
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 1998	1,279,806	1,909,625	670,659	3,860,090
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1997	1,913,476	1,798,171	727,709	4,439,356
	<hr/>	<hr/>	<hr/>	<hr/>
Market value of investments				
At 31 st March 1998	2,796,580	2,489,327	711,870	5,997,777
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1997	3,101,703	2,181,117	768,920	6,051,740
	<hr/>	<hr/>	<hr/>	<hr/>

The market value for listed investments is based upon mid-market published prices.

The market value of unlisted investments has been estimated by the directors on the basis of the most recent financial information.

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 1998

9. INVESTMENTS (continued)

Investments representing more than 20% of the issued equity capital are held in the following companies:

	Country of registration	Description of shares/stock	Percentage held
Murray Campbell & Co Ltd	England	Ordinary	50%
		Deferred	50%
Pelican Estates Inc	U.S.A.	Common	40%
Quail Estates Inc	U.S.A.	Common	29%

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	1998 £	1997 £
The London Commercial and Mercantile Company Limited		
35,007 £1 ordinary shares at cost	51,264	51,264
Scottish Trust Managers Limited		
150 "A" ordinary shares of £1 each and 7,800 £1 deferred shares at cost	7,950	7,950
	<hr/>	<hr/>
	59,214	59,214
	<hr/>	<hr/>

The London Commercial and Mercantile Company Limited is a wholly-owned investment dealing subsidiary and Scottish Trust Managers Limited is a 75% investment property subsidiary. Both companies are incorporated in England and Wales.

11. DEBTORS

	1998 £	1997 £
Due within one year		
Amounts owed by group undertakings	1,731,711	1,651,376
Disbursements made on behalf and recoverable from pension fund	-	4,697
Tax recoverable	-	6,240
Other debtors	511,498	291,183
Prepayments and accrued income	12,830	13,400
	<hr/>	<hr/>
	2,256,039	1,966,896
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 1998****11. DEBTORS (continued)**

	1998 £	1997 £
Due after one year		
Amounts owed by a subsidiary undertaking	314,000	430,000

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Amount owed to group undertakings	1,648,407	2,315,152
Other taxes and social security costs	4,813	5,061
Other creditors	45,059	45,059
Accruals	20,201	21,394
Corporation Tax	89,881	14,333
	<u>1,808,361</u>	<u>2,400,999</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Loan from parent undertaking:- Iowa Land Company Limited	<u>6,747,534</u>	<u>6,747,534</u>

In connection with certain facilities granted by its bankers, the Company together with Iowa Land Company Limited, the company's ultimate parent undertaking, have entered into a Deed of Subordination with the bank agreeing that this loan will not be repaid until such time as the company's other obligations have been met in full.

NOTES TO THE FINANCIAL STATEMENTS

31st March 1998

14. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised		
Ordinary shares of £1 each	8,390	8,390
7% Non cumulative non participating preference shares of £1 each	1,610	1,610
	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid		
Ordinary shares of £1 each	6,500	6,500
7% Non cumulative non participating preference shares of £1 each	1,610	1,610
	<u>8,110</u>	<u>8,110</u>

The preference shareholders are entitled to a fixed preferential dividend at the rate of 7% per annum payable out of the profits which the directors determine to distribute.

On a winding up, the preference shares rank pari passu with the ordinary shares as to the repayment of paid up capital, but do not participate in the distribution of any further surplus of assets.

The preference shares are non-voting shares.

15. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
At 1 st April	(1,689,589)	(4,268,539)
Profit retained for the year	200,780	84,270
	<u>(1,488,809)</u>	<u>(4,184,269)</u>
Transfer from capital reserve	-	2,494,680
	<u>(1,488,809)</u>	<u>(1,689,589)</u>
At 31 st March		

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 1998

16. SHAREHOLDERS' FUNDS

	1998 £	1997 £
Equity shareholders' interests	(1,479,089)	(1,679,869)
Non-equity shareholders' interests	(1,610)	(1,610)
	<hr/>	<hr/>
	(1,480,699)	(1,681,479)
	<hr/>	<hr/>

17. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, a company incorporated in England and Wales. At 31st March 1998, Iowa Land Company owned all the share capital of the company. Group accounts for Iowa Land Company Limited are available to the public on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Cardiff, CF4 3UZ.