

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

ZIFF PROPERTIES LIMITED

(Registered Number 1155466)

30 June 1997

5



ZIFF PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1997

The directors have pleasure in submitting the balance sheet at 30 June 1997.

ACTIVITIES

During the year the company has not traded, has not incurred any liabilities and, consequently, has made neither profit nor loss.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

IA Ziff
MA Ziff
EM Ziff

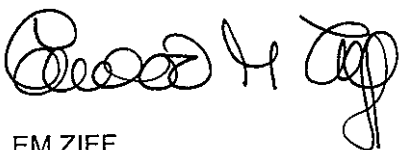
In accordance with the provisions of the Articles of Association, Mr EM Ziff retires and, being eligible, will offer himself for re-election at the annual general meeting.

Messrs IA Ziff and EM Ziff each own one £1 ordinary share in the company.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed.

By Order of the Board

A handwritten signature in black ink, appearing to be 'EM Ziff', written over a series of horizontal lines.

EM ZIFF
Secretary

15 October 1997

Registered Office

Town Centre House
The Merrion Centre
Leeds
LS2 8LY

ZIFF PROPERTIES LIMITED

STATEMENT OF 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 at the balance sheet date and of the result 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF ZIFF PROPERTIES LIMITED

We have audited the financial statements on page 4 which has been prepared under the historical cost convention and the accounting policies set out on page 4.

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 gives a true and fair view of the state of the company's affairs at 30 June 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors

15 October 1997

ZIFF PROPERTIES LIMITED

BALANCE SHEET - 30 JUNE 1997

1996 and 1997

CURRENT ASSET

Other debtor £2

REPRESENTING

SHARE CAPITAL-EQUITY INTERESTS

Authorised:

100 Ordinary shares of £1 each £100

Allotted and fully paid:

2 Ordinary shares of £1 each £2

IA Ziff

DIRECTOR

APPROVED BY THE BOARD
ON 15 OCTOBER 1997

NOTES

- 1 The balance sheet has been prepared under the historical cost convention and in accordance with applicable accounting standards.
- 2 During the year the company has not traded, has not incurred any liabilities and, consequently, has made neither profit nor loss.
- 3 None of the directors received any emoluments in respect of his services to the company.