

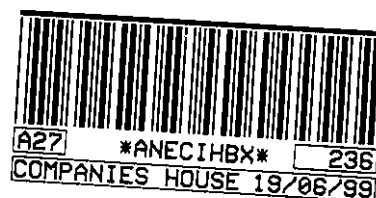
REGISTRAR'S
COPY

CORVAN (PROPERTIES) LIMITED

COMPANY NUMBER: 1404104

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1998



Corvan (Properties) Limited**Directors**

C. Van Zadelhoff (Chairman)
A.W.J. Van der Heijden (Appointed 1st July 1998)

Secretary and Registered Office

Cornhill Secretaries Limited
St. Paul's House, Warwick Lane, London, EC4P 4BN

Auditors

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

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31st December 1998.

Review of Activities

The principal activity of the Company during the year continued to be that of dealing in properties. Rental and sales activities are expected to continue for the foreseeable future.

Results and Dividends

The profit after taxation for the year was £366,251 (1997 : £53,309). The Company paid a dividend of £50,000 during the year in respect of the year ended 31st December 1997 being £0.10 per ordinary share and £0.20 per preference share and is declaring a final dividend for the year ended 31st December 1998 of £350,000, being £1.30 per ordinary share and £1.40 per preference share. The balance of £16,251 (1997: £3,309) will be transferred to reserves.

Directors**Retirement of Directors**

In accordance with the Articles of Association, the Directors will not retire at the Annual General Meeting.

Directors' Interests

The Directors had no interest in the share capital of the Company at any time during the year.

Mr C. Van Zadelhoff owns the whole of the issued share capital of the ultimate parent undertaking, Goedland N.V.

Corvan (Properties) Limited**Report of the Directors (Continued)****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 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;
- 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 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.

Year 2000

The directors are continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. They are satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

Auditors

The auditors, Messrs. Moore Stephens are willing to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be submitted to the Annual General Meeting.

By Order of the Board

CORNHILL SECRETARIES LIMITED

Secretary

**Auditor's Report to the Shareholders of
Corvan (Properties) Limited**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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.

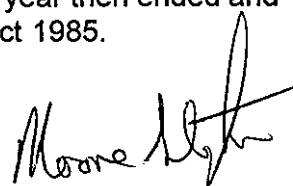
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 the Company's affairs as at 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
Warwick Lane
London, EC4P 4BN

4th May 1999


MOORE STEPHENS

Registered Auditors
Chartered Accountants

Corvan (Properties) Limited**Profit and Loss Account
For the year ended 31st December 1998**

	<u>Note</u>	<u>1998</u>	<u>1997</u>
Turnover	2	996,818	445,932
Cost of sales and rental expenses		(278,765)	(202,357)
Gross Profit		718,053	243,575
Administrative expenses		(121,832)	(104,916)
Operating Profit	3	596,221	138,659
Interest receivable and similar income		8,493	2,686
Interest payable and similar charges	4	(78,620)	(66,766)
Profit on Ordinary Activities before Taxation	2	526,094	74,579
Taxation on profit on ordinary activities	6	(159,843)	(21,270)
Profit on Ordinary Activities after Taxation		366,251	53,309
Dividends	7	(350,000)	(50,000)
Profit for the Year		16,251	3,309
Retained Profits brought forward		13,516	10,207
Retained Profits carried forward		£ 29,767	£ 13,516

There are no recognised gains or losses other than those included above.

Corvan (Properties) Limited

Balance Sheet - 31st December 1998

	Note	1998	1997
Fixed Assets			
Tangible assets	8	1	1
Current Assets			
Stocks	9	1,105,989	1,131,569
Debtors	10	501,505	485,136
Cash at bank and in hand		42,958	43,071
		<u>1,650,452</u>	<u>1,659,776</u>
Creditors: amounts falling due within one year	11	<u>(1,281,158)</u>	<u>(1,306,733)</u>
Net Current Assets		<u>369,294</u>	<u>353,043</u>
Total Assets less Current Liabilities		<u>£ 369,295</u>	<u>£ 353,044</u>
Capital and Reserves			
Called up equity share capital	12	250,000	250,000
Capital redemption reserve		89,528	89,528
Profit and loss account		29,767	13,516
Equity shareholders' funds		<u>£ 369,295</u>	<u>£ 353,044</u>

These financial statements were approved by the Board on 4th May 1999

C. VAN ZADELHOFF - Director

Corvan (Properties) Limited

Cash Flow Statement
For the year ended 31st December 1998

	Note	<u>1998</u>	<u>1997</u>
Operating Activities:			
Cash received from managing agents		205,095	145,150
Cash received from disposal of properties and lease extensions		545,971	71,196
Other cash receipts		9,423	12,751
Cash paid to and on behalf of employees		(20,000)	(20,000)
Cash paid to fellow subsidiary undertaking		(20,000)	(20,000)
Exceptional item	16	-	127,756
Other cash payments		<u>(153,964)</u>	<u>(88,788)</u>
Net Cash Inflow from Operating Activities	13	566,525	228,065
Returns on Investments and Servicing of Finance:			
Interest received		8,530	2,686
Interest paid		<u>(82,220)</u>	<u>(64,766)</u>
Net Cash Outflow from Returns on Investments and Servicing of Finance		(73,690)	(62,080)
Taxation:			
UK corporation tax paid		(17,787)	(126,269)
ACT refunded/(paid)		86,879	(81,250)
Net Cash Inflow/(Outflow) from Taxation		69,092	(207,519)
Net Cash Flow from Capital Expenditure and Financial Investment		-	-
Equity Dividends Paid		<u>(50,000)</u>	<u>(325,000)</u>
Net Cash Inflow/(Outflow) before Financing		511,927	(366,534)
Net Cash Flow from Financing		<u>-</u>	<u>-</u>
Increase/(Decrease) in Cash in the Period	14	£ <u>511,927</u>	£ <u>(366,534)</u>

Corvan (Properties) Limited**Financial Statements for the year ended 31st December 1998****Notes****1. Principal Accounting Policies****(a) Basis of accounting**

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

(b) Turnover

Turnover represents gross income from property sales and rentals.

(c) Tangible fixed assets and depreciation

Depreciation has been calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned at the rate of 20% per annum on cost.

(d) Dealing properties

Dealing properties are valued at the lower of cost and net realisable value.

2. Turnover and Profit before Tax

	<u>1998</u>	<u>1997</u>
Turnover:		
Property sales income	596,000	60,000
Rental income	400,818	385,932
	<hr/>	<hr/>
	£ 996,818	£ 445,932
	<hr/>	<hr/>
Profit before tax:		
Property sales income	496,947	56,446
Rental income	99,274	82,213
Net interest payable	(70,127)	(64,080)
	<hr/>	<hr/>
	£ 526,094	£ 74,579
	<hr/>	<hr/>

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 1998

Notes (Continued)

3. Operating Profit

	<u>1998</u>	<u>1997</u>
Operating profit is stated after charging/(crediting):	£	£
Directors' emoluments (note 5)	10,000	-
Auditor's remuneration	6,000	6,000
Hire of equipment	377	754
Landlord's contribution to service charges	105,660	132,387
Surplus on property rentals	(221,106)	(187,129)
	<u> </u>	<u> </u>

4. Interest Payable and Similar Charges

	<u>1998</u>	<u>1997</u>
Bank loans and overdrafts repayable within five years	78,620	66,033
Other interest	-	733
	<u> </u>	<u> </u>
	£ 78,620	£ 66,766
	<u> </u>	<u> </u>

5. Directors and Employees

Directors' emoluments

Staff costs include the following emoluments in respect of the Directors of the Company:-

	<u>1998</u>	<u>1997</u>
Salaries	£ 10,000	£ -
	<u> </u>	<u> </u>

Staff costs

Staff costs during the year were as follows:

	<u>1998</u>	<u>1997</u>
Wages and salaries	£ 20,000	£ 20,000
	<u> </u>	<u> </u>

The average weekly number of persons employed by the Company during the year was:

	<u>1998</u> <u>Number</u>	<u>1997</u> <u>Number</u>
Administration	2	2
	<u> </u>	<u> </u>

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 1998

Notes (Continued)

6. Taxation on Profit on Ordinary Activities

	<u>1998</u>	<u>1997</u>
United Kingdom corporation tax based on the profit for the year, at 31.0% (1997: 31.5%)	160,000	25,000
Adjustment in respect of prior years	(157)	(3,730)
	<u>£ 159,843</u>	<u>£ 21,270</u>

7. Dividends

	<u>1998</u>	<u>1997</u>
Proposed:		
Ordinary shares £1.30 (1997 : £0.10) per share	130	10
Redeemable preference shares £1.40 (1997: £0.20) per share	349,870	49,990
	<u>£ 350,000</u>	<u>£ 50,000</u>

8. Tangible Fixed Assets

	<u>Furniture, Fixtures and Fittings</u>
Cost	
1st January 1998 and 31st December 1998	£ 9,991
Depreciation	
1st January 1998 and 31st December 1998	£ 9,990
Net book value	
At 31st December 1998	£ 1
At 31st December 1997	£ 1

9. Stocks

	<u>1998</u>	<u>1997</u>
Stocks comprise:		
Dealing properties	£ 1,105,989	£ 1,131,569

The replacement cost of dealing properties is considered to be significantly higher than the balance sheet values.

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 1998

Notes (Continued)

10. Debtors

	Amounts falling due within one year	
	<u>1998</u>	<u>1997</u>
Rental debtors	89,493	44,167
Other debtors	292,158	311,609
Prepayments and accrued income	14,057	28,337
Advance Corporation Tax recoverable	-	88,523
	<hr/>	<hr/>
	£ 395,708	£ 472,636
	<hr/>	<hr/>
	Amounts falling due after more than one year	
Advance Corporation Tax recoverable	87,500	12,500
Accrued income	18,297	-
	<hr/>	<hr/>
	£ 105,797	£ 12,500
	<hr/>	<hr/>

11. Creditors

	Amounts falling due within one year	
	<u>1998</u>	<u>1997</u>
Bank loans and overdrafts	575,320	1,087,360
Rentals received in advance	81,837	80,027
Corporation tax	147,500	10,650
Advance Corporation Tax payable	87,500	12,500
Proposed dividend	350,000	50,000
Accruals and deferred income	39,001	66,196
	<hr/>	<hr/>
	£1,281,158	£1,306,733
	<hr/>	<hr/>

Included in bank loans and overdrafts is a bank loan at an interest rate of bank base rate plus 1¼% per annum which is repayable in full on demand. The Company has signed a joint and several liability agreement with Goedland N.V. and its affiliated companies in respect of bank borrowings of the Goedland N.V. group.

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 1998

Notes (Continued)

12. Called up Share Capital

	<u>1998</u>	<u>1997</u>
Authorised		
100 ordinary shares of £1 each	100	100
999,900 redeemable preference shares of £1 each	999,900	999,900
	<hr/>	<hr/>
	£1,000,000	£1,000,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
249,900 redeemable preference shares of £1 each	249,900	249,900
	<hr/>	<hr/>
	£ 250,000	£ 250,000
	<hr/>	<hr/>

All shares are accounted for as equity share capital. Holders of redeemable preference shares are entitled to a fixed non-cumulative preferential net cash dividend of 10p per share per annum, payable out of the profits for the financial year. The redeemable preference shares are to rank pari passu with ordinary shares on the distribution of any remaining profits. On a winding-up, the holders of redeemable preference shares will be re-paid first, and will rank pari passu with holders of ordinary shares on any balance after the holders of ordinary shares have been re-paid. There are no voting rights attached to the redeemable preference shares.

The redeemable preference shares are redeemable at the option of the Company and no terms exist regarding the earliest and latest date for which this option exists, or whether any premium is payable on redemption.

13. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	<u>1998</u>	<u>1997</u>
Operating profit	596,221	138,659
Decrease in property stocks	25,580	-
(Increase) in debtors	(29,891)	(43,516)
Exceptional items (note 16)	-	121,636
(Decrease)/increase in creditors	(25,385)	11,286
	<hr/>	<hr/>
Net cash inflow from operating activities	£ 566,525	£ 228,065
	<hr/>	<hr/>

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 1998

Notes (Continued)

14. Reconciliation of Net Cash Flow to Movement in Net Debt

	<u>1998</u>	<u>1997</u>
Increase/(decrease) in cash in the period	511,927	(366,534)
Net debt at 1st January 1998	(1,044,289)	(677,755)
	<hr/>	<hr/>
Net debt at 31st December 1998	£ (532,362)	£ (1,044,289)
	<hr/>	<hr/>

15. Analysis of Net Debt

	<u>1st January 1998</u>	<u>Cash Flow</u>	<u>31st December 1998</u>
Cash at bank and in hand	43,071	(113)	42,958
Bank loans and overdrafts	(1,087,360)	512,040	(575,320)
	<hr/>	<hr/>	<hr/>
	£ (1,044,289)	£ 511,927	£ (532,362)
	<hr/>	<hr/>	<hr/>

16. Cash Flows Relating to Exceptional Items

The operating cash flows in 1997 includes £145,000 in respect of settlement of a claim, less £23,364 in respect of legal costs relating thereto.

17. Operating Leases

The Company has commitments under operating leases in connection with land and buildings and equipment. Under these agreements, the payments to which the Company is committed in the next financial year are as follows:

	<u>Land and Buildings 1998</u>	<u>Equipment 1998</u>	<u>Land and Buildings 1997</u>	<u>Equipment 1997</u>
	£	£	£	£
Payable on leases that expire:				
Within one year	-	-	-	754
Between two and five years	-	-	-	-
After five years	33,495	-	33,495	-
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	£ 33,495	£ -	£ 33,495	£ 754
	<hr/>	<hr/>	<hr/>	<hr/>

Corvan (Properties) Limited**Financial Statements for the year ended 31st December 1998****Notes (Continued)****18. Parent and Ultimate Parent Undertakings**

The parent undertaking of Corvan (Properties) Limited as at 31st December 1998 was Goedland Beheer B.V., a company incorporated in The Netherlands.

The ultimate parent undertaking of Corvan (Properties) Limited as at 31st December 1998 was Goedland N.V., a company incorporated in The Netherlands.

19. Contingent Liabilities

The Company has signed a joint and several liability agreement with Goedland N.V. and its affiliated companies in respect of bank borrowings of the Goedland N.V. group of companies. As at 31st December, 1998, net bank borrowings of the Goedland N.V. group of companies were £Nil (1997: £Nil)

20. Capital Commitments

As at 31st December 1998 the Directors had not authorised, nor contracted for any capital commitments (31st December 1997: Nil).

21. Reconciliation of Movements in Equity Shareholders' Funds.

There have been no movements in equity shareholders' funds other than the profit for the year.

22. Related Party Transactions

- i) During the year, the Company paid rent and service charges totalling £10,451 (1997: £16,736) on behalf of Mr. C. Van Zadelhoff, in respect of a flat owned by him.
- ii) During the year, the Company paid £20,000 (1997: £20,000) to a fellow subsidiary undertaking, Beheer Brouwershoff B.V., in respect of management charges.