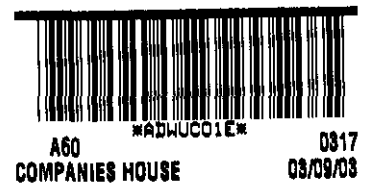

CRP LEISURE PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2002



CRP LEISURE PLC

Company Information

Directors	G Lotto H Franks J Hope
Secretary	M N Cox
Company Number	1800158
Registered Office	c/o Price Firman Prince Consort House, Albert Embankment London SE1 7TJ
Auditors	Messrs Andrew, Steale Chartered Certified Accountants and Registered Auditors 48 Albemarle Street London W1S 4JP

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2002

The directors present their report and the financial statements for the year ended 31 October 2002.

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.

Results and dividends

The loss for the year after taxation, amounted to £(2,078) (2001 - £(910)).

Principal activities and review of business

The company's principal activity continues to be that of designing, engineering and constructing theatre and opera sets, as well as sets for product launches and exhibitions. The company has had no turnover under the year of review.

The directors are considering ways of revitalising the company and are seeking ways to raise funds.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	<u>Ordinary shares of £0.02p each</u>		<u>Convertible Preference shares of £1</u>	
<u>each</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
G Lotto	-	-	-	-
H Franks	-	-	-	-
J Hope	-	-	-	-

Share Capital- Substantial Holdings

The company is aware of the following holdings of 3% or more of the issued ordinary share capital.

	Ordinary Shares 2p each.	% of issued share capital as at 8/10/98
MSS Nominees Limited*	4,350,000	12.0
MSTC Nominees Limited*	2,930,373	8.0
Jamar Creative Limited	2,796,531	7.7
Mattson Holdings Limited	2,191,565	6.0
Abasan Investments Limited	2,086,000	5.7
State Street Nominees Limited**	1,573,075	4.3
Anchor Trustees Limited	1,500,000	4.1

The directors are aware of the following information relating to the above shareholdings:

* The beneficial owner of the shares registered in the names of MSS Nominees Ltd and MSTC Nominees Ltd is Fineight International Inc., which is also the beneficial owner of 304,925 ordinary shares (0.8%) registered in the name of Ebback Nominees Ltd as well as 250,000 ordinary shares (0.7%) registered in the name of Abasan Investments Limited.

**The trustees of the Mars UK Pension Fund are the beneficial owners of the shares registered in the name of State

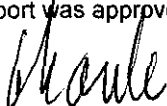
DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2002

Street Nominees Limited.

Auditors

The auditors, Messrs Andrew, Steale, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 11 June 2003 and signed on its behalf.



~~M. N. Cox~~
~~Secretary~~

H FRANKS
DIRECTOR

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CRP LEISURE PLC

We have audited the financial statements of CRP Leisure plc, which comprise the profit and loss account, the balance sheet and cash flow statement and the related notes, set out on pages 5 to 12, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on page 9.

Respective responsibilities of directors and auditors

The Directors' Responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors Responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

Uncertainty relating to Going Concern

In forming our opinion we have considered the adequacy of the disclosure made in note 14 concerning the Going Concern. Nevertheless the financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of the Loan Stockholders and Directors. The financial statements do not include any adjustments which would result from a failure to maintain such support

Basis of audit 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 31 October 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Messrs Andrew, Steale

Chartered Certified Accountants and Registered Auditors

48 Albemarle Street
London
W1S 4JP

11 June 2003

PROFIT AND LOSS ACCOUNT
For the year ended 31 October 2002

	Note	2002 £	2001 £
Administrative expenses		(1,963)	(890)
OPERATING LOSS	3	(1,963)	(890)
Loss on disposal of tangible fixed assets		(115)	-
Interest payable	5	(2,078)	(890)
LOSS FOR THE YEAR		-	(20)
LOSS BROUGHT FORWARD		(2,078)	(910)
LOSS CARRIED FORWARD		(1,197,779)	(1,196,869)
		<u>£ (1,199,857)</u>	<u>£ (1,197,779)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2002 or 2001 other than those included in the profit and loss account.


The notes on pages 9 to 12 form part of these financial statements.

CRP LEISURE PLC

BALANCE SHEET
As at 31 October 2002

	Note	£	2002 £	£	2001 £
CURRENT ASSETS					
Debtors	6	160,164		65,000	
Cash at bank and in hand		14,706		1,823	
		<u>174,870</u>		<u>66,823</u>	
CREDITORS: amounts falling due within one year	7	<u>(245,331)</u>		<u>(135,206)</u>	
NET CURRENT LIABILITIES			<u>(70,461)</u>		<u>(68,383)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(70,461)</u>		<u>(68,383)</u>
CREDITORS: amounts falling due after more than one year	8		<u>(300,000)</u>		<u>(300,000)</u>
NET LIABILITIES			<u>£ (370,461)</u>		<u>£ (368,383)</u>
CAPITAL AND RESERVES					
Called up share capital	9		727,508		727,508
Share premium account			101,888		101,888
Profit and loss account			<u>(1,199,857)</u>		<u>(1,197,779)</u>
SHAREHOLDERS' FUNDS - All equity	10		<u>£ (370,461)</u>		<u>£ (368,383)</u>

The financial statements were approved by the board on 11 June 2003 and signed on its behalf.

G Lotto  Director

H Franks  Director

The notes on pages 9 to 12 form part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 October 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities (Page 8)		12,998	1,843
Returns on investments and servicing of finance	11	-	(20)
Capital expenditure and financial investment	11	(115)	-
 Cash inflow before use of liquid resources and financing		 <u>12,883</u>	 <u>1,823</u>
Financing:	11		
Increase in debt		-	-
 Increase in cash in the period		 <u><u>£ 12,883</u></u>	 <u><u>£ 1,823</u></u>

The notes on pages 9 to 12 form part of these financial statements.

CASH FLOW STATEMENT INFORMATION
For the year ended 31 October 2002

	Note	£	2002 £	£	2001 £
RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES					
Operating loss			(1,963)		(890)
Increase in debtors			(95,164)		(65,000)
Increase in creditors			110,125		67,733
Net cash inflow from operating activities			£ 12,998		£ 1,843
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
	12				
Increase in cash in the period			12,883		1,823
Change in net debt resulting from cash flows			12,883		1,823
Net debt at 1 November 2001			(298,177)		(300,000)
Net debt at 31 October 2002			£ (285,294)		£ (298,177)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2002

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax.

1.3 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being designing, engineering and constructing theatre and opera sets, as well as sets for product launches and exhibitions. The company has had no turnover under the year of review.

All turnover arose within the United Kingdom

3. OPERATING LOSS

The operating loss is stated after charging:

	2002	2001
	£	£
Audit fees	881	881
No director received any emoluments (2001 - £Nil)		

4. STAFF COSTS

The average monthly number of employees, including directors, during the year was as follows:

2002	2001
<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2002

5. INTEREST PAYABLE

	2002 £	2001 £
On bank loans and overdrafts	£ -	£ 20

6. DEBTORS

	2002 £	2001 £
Due within one year		
Other debtors	160,164	65,000
	£ 160,164	£ 65,000

7. CREDITORS:**Amounts falling due within one year**

	2002 £	2001 £
Other creditors	240,926	130,801
Accruals and deferred income	4,405	4,405
	£ 245,331	£ 135,206

8. CREDITORS:**Amounts falling due after more than one year**

	2002 £	2001 £
Bank loans and overdrafts	300,000	300,000
	£ 300,000	£ 300,000

Included within the above are amounts falling due as follows:

In 2 - 5 years:

Loan instalments	300,000	300,000
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2002

9. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised		
100,000,000 ordinary shares of £0.02p each	2,000,000	2,000,000
2,700,000 shares of £1 each	2,700,000	2,700,000
	<u>£ 4,700,000</u>	<u>£ 4,700,000</u>
Allotted, called up and fully paid		
36,375,417 ordinary shares of £0.02 each	£ 727,508	£ 727,508
	<u>£ 727,508</u>	<u>£ 727,508</u>

10. SHAREHOLDERS' FUNDS**Reconciliation of movements on shareholders' funds**

	2002 £	2001 £
Loss for the year	(2,078)	(910)
Opening shareholders' funds	(368,383)	(367,473)
Closing shareholders' funds	<u>£ (370,461)</u>	<u>£ (368,383)</u>

**11. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT**

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest paid	-	(20)
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>£ -</u>	<u>£ (20)</u>

**11. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT (Continued)****Capital expenditure and financial investment**

Sale of tangible fixed assets	(115)	-
Net cash (outflow)/inflow for capital expenditure	<u>£ (115)</u>	<u>£ -</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2002

	2002 £	2001 £		
11. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (Continued)				
Financing				
Net cash inflow from financing	£ -	£ -		
12. ANALYSIS OF NET DEBT				
	At 1 Nov 2001 £	Cash flow £	Other changes £	At 31 Oct 2002 £
Net cash:				
Cash at bank and in hand	1,823	12,883		14,706
Debt:				
Debt due after 1 year	(300,000)	-	-	(300,000)
	(300,000)	-	-	(300,000)
Net debt	£ (298,177)	£ 12,883	£ -	£ (285,294)

13 RELATED PARTIES

CRP Leisure is the holding company of Stateone Limited. Stateone Limited has remained dormant as at 31 October, 2002. The investment has been written off in 1997.

14. GOING CONCERN

As total liabilities exceed total assets by £370,461, the company's going concern is dependent on its loan stockholders and other creditors, who have agreed to extend their support up to 31 December, 2003.