

No. 2245708



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VANITY PROPERTIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997



GERALD EDELMAN

CHARTERED ACCOUNTANTS

25 HARLEY STREET · LONDON W1N 2BR

TELEPHONE 0171 299 1400 · FAX 0171 631 0917

VANITY PROPERTIES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

INDEX

<u>CONTENTS</u>	<u>PAGE</u>
REPORT OF THE DIRECTOR	1
REPORT OF THE AUDITORS	2
BALANCE SHEET AND NOTES	3

VANITY PROPERTIES LIMITED

REPORT OF THE DIRECTOR

The director submits his report and the audited financial statements of the company for the year ended 31st December 1997.

ACTIVITY

The company did not trade on its own account during the year, but acted in the capacity of nominee on behalf of property owning companies.

STATE OF AFFAIRS

The financial statements on page 3 reflect the state of the company's affairs as at 31st December 1997.

DIVIDEND

The director does not propose to declare a dividend in respect of the year.

HOLDING COMPANIES

The company is a wholly-owned subsidiary of Distantview Limited, whose ultimate holding company is Alkos Investment Syndicate SA, a company registered in Panama.

DIRECTOR AND HIS INTERESTS

The only member of the board during the year was Mr M.R. Turner. Mr Turner had no interest in the shares of the company.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the results for that year.

The director confirms that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The director is also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for preventing and detecting fraud and other irregularities.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to confirm the re-appointment of Gerald Edelman who have expressed their willingness to continue in office as auditors for the ensuing year.

30th January 1998

Dated.....

BY ORDER OF THE BOARD



(M.R. TURNER)  
CHAIRMAN

VANITY PROPERTIES LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF VANITY PROPERTIES LIMITED

We have audited the financial statements on page 3 which have been prepared under the historical cost convention and in accordance with applicable accounting standards.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described on page 1 the company's director is 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 director 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 mis-statement, 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 December 1997 and have been properly prepared in accordance with the Companies Act 1985.

25 Harley Street  
London W1N 2BR

  
GERALD EDELMAN  
REGISTERED AUDITOR AND  
CHARTERED ACCOUNTANTS

30th January 1998

VANITY PROPERTIES LIMITED

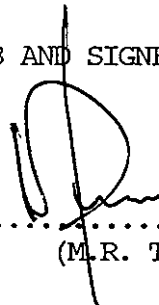
BALANCE SHEET AS AT 31ST DECEMBER 1997

<u>CURRENT ASSETS</u>	<u>1997</u>	<u>1996</u>
Sundry debtors	£ 2	£ 2
	=====	=====
<u>CALLLED UP SHARE CAPITAL</u>		
<u>Authorised</u>		
Ordinary shares of £1 each	£ 1,000	£ 1,000
	=====	=====
<u>Issued and fully paid</u>		
Ordinary shares of £1 each	£ 2	£ 2
	=====	=====

NOTES

1. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
2. The company did not trade on its own account during the year and made neither profits nor losses either on an historical cost or any other basis.
3. There were no movements in shareholders' funds during the year under review.
4. The company is a wholly-owned subsidiary of Distantview Limited, whose ultimate holding company is Alkos Investment Syndicate SA, a company registered in Panama.

APPROVED BY THE BOARD ON 30TH JANUARY 1998 AND SIGNED ON ITS BEHALF BY:

  
.....DIRECTOR  
(M.R. TURNER)