

BLACKBERRY LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
for the year ended 30 September 1993

BINDER HAMLIN

Company number 2329963



FINANCIAL STATEMENTS

The directors present their annual report and financial statements for the year ended 30 September 1993.

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 and 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; and
- 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 results for the year are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is property investment.

The directors are currently in negotiations to either sell the company or its principal asset. These negotiations have not as yet been concluded.

INVESTMENT PROPERTY

The company's investment property was revalued by the directors at £10,800,000 as at 30 September 1993 at its realisable value.

DIRECTORS

The directors during the year were as follows:

JE Bradley
JAC Lorimer

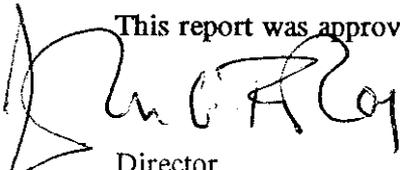
None of the directors had an interest in the share capital of the company.

AUDITORS

On 1 October 1994 our auditors, BDO Binder Hamlyn, joined the Arthur Andersen worldwide organisation and now practice in the name, Binder Hamlyn. They have signed their audit report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on

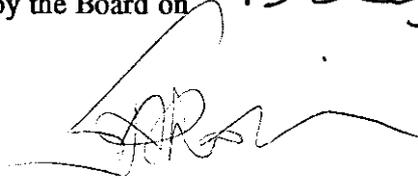
13 July 1995



Director

Registered office:

7 Old Park Lane
London
W1Y 3LY



AUDITORS' REPORT **to the members of Blackberry Limited**

We have audited the financial statements on pages 5 to 11 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 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 except that the scope of our work was limited as explained below. 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.

Going concern

The company incurred a loss of £4,938,418 during the period ended 30 September 1993 and, at that date, its liabilities exceeded its assets by £13,928,338. The company is dependent, in the absence of other funding, on the continued financial support of its bankers. The amount of the required support has not been quantified.

We consider that, in view of the matters referred to above, there is a significant level of concern as to whether the company will be able to continue in operational existence in the foreseeable future. Our opinion is not qualified in this respect since, at the balance sheet date, all assets are stated at the directors' estimate of their realisable value and the directors believe that no further liabilities would arise if continued financial support of sufficient amount were not to be forthcoming from the bank.

AUDITORS' REPORT *continued*
to the members of Blackberry Limited

Fundamental uncertainty: Investment property valuation

In forming our opinion, we have considered the adequacy of the disclosures made in note 6 to the financial statements concerning the value of the company's sole investment property. The value of the investment property, £10,800,000, is based on a valuation made by the directors. Given the current state of the UK property market in which the company operates there is a fundamental uncertainty in estimating the open market value of the property as at 30 September 1993 and in considering whether any adjustment to the valuation made by the directors might be required. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn

Chartered Accountants
Registered Auditors

13 July 1995

BLACKBERRY LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 30 September 1993**

	Notes	1993	1992
		£	£
Turnover		1,459,000	1,459,000
Operating costs		(28,445)	(290,351)
Operating profit	3	1,430,555	1,168,649
Amounts received in accordance with third party guarantee		-	1,083,721
Revaluation of investment property		(4,200,000)	-
Interest receivable		3,733	2,213
Interest payable	5	(2,172,706)	(2,929,819)
Loss on ordinary activities before taxation		(4,938,418)	(675,236)
Tax on loss on ordinary activities		-	-
Loss for the financial year	12	(4,938,418)	(675,236)

CONTINUING OPERATIONS

The results for both years, as stated above, represent the continuing activities of the company.

STATEMENT OF RECOGNISED GAINS AND LOSSES

All the company's gains and losses have been recognised in arriving at the loss for the financial year.

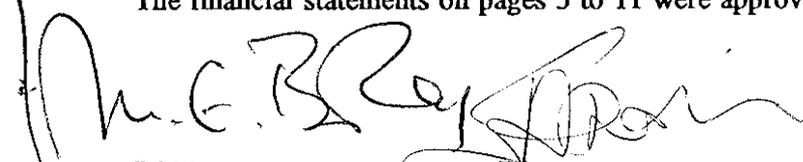
BLACKBERRY LIMITED

BALANCE SHEET
as at 30 September 1993

	Notes	1993		1992	
		£	£	£	£
FIXED ASSETS					
Investment property	6		10,800,000		15,000,000
CURRENT ASSETS					
Debtors	7	123,131		-	
Cash at bank		1,941		1,446	
		125,072		1,446	
CREDITORS: amounts falling due within one year	8	(24,853,410)		(86,377)	
Net current liabilities			(24,728,338)		(84,931)
Total assets less current liabilities			13,928,338		14,915,069
CREDITORS: amounts falling due after more than one year	9		-		(23,904,989)
Net liabilities			(13,928,338)		(8,989,920)
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Reserves	12		(13,928,438)		(8,990,020)
Shareholders' funds	13		(13,928,338)		(8,989,920)

The financial statements on pages 5 to 11 were approved by the Board on

13 July 1995


Director


Director

1 GOING CONCERN

The company incurred a loss of £4,938,418 during the year ended 30 September 1993 and, at that date, its liabilities exceeded its assets by £13,928,338. The company meets its day to day working capital requirements through the loans described in note 10. The company is dependent on the continued financial support of its bankers. On the assumption that further support will continue to be made available by the bankers to the company, these financial statements have been prepared on a going concern basis.

2 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Turnover

Turnover represents rental income derived from properties held for investment.

Investment property

In accordance with SSAP 19, the investment property is revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve and profit and loss account, and no depreciation is provided in respect of freehold or leasehold investment properties with over 20 years to run. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Provision is made for deferred taxation to the extent that it is likely to crystallise in the foreseeable future.

Compliance with accounting standards

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

3	OPERATING PROFIT is stated after charging:	1993	1992
		£	£
	Auditors' remuneration	2,750	2,753

4 INFORMATION REGARDING EMPLOYEES

The directors are the only employees of the company. None of the directors received remuneration from the company in respect of the year ended 30 September 1993 (1992: £Nil).

5 INTEREST PAYABLE

On bank loans repayable within five years not by instalments	2,089,284	2,807,269
On other loans repayable within five years not by instalments	83,422	122,550
	2,172,706	2,929,819

6 INVESTMENT PROPERTY

	Freehold land and buildings £
Valuation	
1 October 1992	15,000,000
Revaluation	(4,200,000)
30 September 1993	10,800,000

6 INVESTMENT PROPERTY *continued*

The investment property was revalued by the directors on 30 September 1993 at its realisable value. The investment property had an original cost of £18,388,121.

On disposal of the investment property, or on maturity of the loans:

- (1) Charterhouse Bank Limited will receive a fee equal to 25% of the amount calculated by deducting costs from income.
- (2) Bilston Estates Limited, a connected company, will receive a fee equal to 10% of the amount calculated by deducting costs from income.

Based on the valuation included in these financial statements, there would be no fees payable.

On maturity of the facility, or on disposal of the property Charterhouse Bank Limited will receive a facility fee of £55,000.

If the investment property was sold at the valuation in these financial statements no taxation liability would arise.

7 DEBTORS	1993 £	1992 £
Other debtors	123,131	-
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8 CREDITORS: amounts due within one year	1993 £	1992 £
Bank overdraft	-	601
Bank loans (note 10)	22,820,785	-
Amount owed to connected company	40,378	40,246
Connected company loan (note 10)	950,000	-
Accruals and deferred income	1,042,247	45,530
	<hr/> 24,853,410	<hr/> 86,377
<hr/>		
9 CREDITORS: amounts due after more than one year		
Bank loans repayable within five years (note 10)	-	22,468,693
Connected company loan repayable within five years (note 10)	-	950,000
Accruals	-	486,296
	<hr/> -	<hr/> 23,904,989
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10 LOANS

The bank loans are secured as follows:

- (1) by a first legal mortgage over the company's investment property;
- (2) by a first legal charge over the rental income account held at Charterhouse Bank Limited;
- (3) by a debenture over the remaining assets of the company.

The connected company loan repayable within five years is secured by a second fixed charge over the company's investment property.

11 CALLED UP SHARE CAPITAL	1993 £	1992 £
Authorised		
Ordinary shares of £1 each	10,000	10,000
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Allotted, issued and fully paid		
Ordinary shares of £1 each	100	100
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12 RESERVES		Profit and loss account £
1 October 1992		(8,990,020)
Loss for the year		(4,938,418)
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30 September 1993		(13,928,438)
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13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1993 £	1992 £
Loss for the financial year	(4,938,418)	(675,236)
Opening shareholders' funds	(8,989,920)	(8,314,684)
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	(13,928,338)	(8,989,920)
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14 PARENT UNDERTAKING

The directors regard Candle Line International Incorporated, a company registered in Panama, as the company's ultimate parent undertaking.

15 POST BALANCE SHEET EVENT

The directors are currently in negotiations to either sell the company or its principal asset. These negotiations have not as yet been concluded.