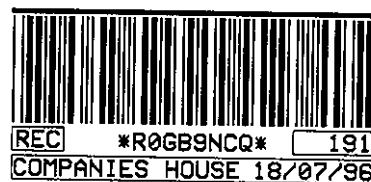


HARRODS AVIATION LIMITED
(Formerly Precis (1339) Limited)
REPORT AND FINANCIAL STATEMENTS
44 WEEKS ENDED 27 JANUARY 1996

Registered Number: 3037563



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HARRODS AVIATION LIMITED DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the 44 weeks ended 27 January 1996.

CHANGE OF NAME

On 19 April 1995, the Company changed its name from Precis (1339) Limited to Harrods Aviation Limited.

PRINCIPAL ACTIVITY

The Company was incorporated on 24 March 1995, its principal activity is that of a holding company. The Company did not trade or conduct any other activities during the 44 weeks ended 27 January 1996.

DIRECTORS AND THEIR INTERESTS

The present Directors of the Company are:

M Al Fayed (appointed on 3 May 1995)
J E Anckner (appointed on 3 May 1995)
D R Webb (appointed on 30 June 1995)

The following Directors also held office during the period:

J E M Dillon (appointed on 24 March 1995, resigned on 3 May 1995)
L Neal (appointed on 24 March 1995, resigned on 3 May 1995)
O H Bayoumi (appointed on 3 May 1995, resigned on 30 June 1995)

In accordance with the Articles of Association, no Director is required to seek re-election at the forthcoming Annual General Meeting.

Apart from M Al Fayed who is beneficially interested in the shares of Harrods Investments plc, the ultimate UK parent company, no other Director in office at 27 January 1996 held any beneficial interest in the shares of Harrods Investments plc or any of its subsidiaries at incorporation or at 27 January 1996.

INSURANCE

The Harrods Investments plc group maintains insurance in respect of Directors and Officers of all group subsidiaries against any such liabilities as are referred to in Section 310 of the Companies Act 1985.

HARRODS AVIATION LIMITED DIRECTORS' REPORT

AUDITORS

Price Waterhouse have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 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 profit or loss for the financial year.

The Directors have prepared the financial statements on pages 5 to 8 on a going concern basis and consider that, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

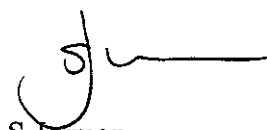
The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

CLOSE COMPANY

As at 27 January 1996 the Company was a close company within the meaning of Part XI Chapter 1 of the Income and Corporation Taxes Act 1988.

By Order of the Board



S Jerman
SECRETARY

16 April 1996

Registered Office
55 Park Lane
London
W1Y 3DB

**AUDITORS' REPORT
TO THE MEMBERS OF HARRODS AVIATION LIMITED**

We have audited the financial statements on pages 5 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 27 January 1996 and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, reading "Price Waterhouse", with a long horizontal flourish underneath.

Price Waterhouse
Chartered Accountants
and Registered Auditors
16 April 1996

Southwark Towers
32 London Bridge Street
London, SE1 9SY

HARRODS AVIATION LIMITED
BALANCE SHEET
AT 27 JANUARY 1996

Note	27/1/96 £
FIXED ASSETS	
3 Investments	1,313,296
CURRENT ASSETS	
DEBTORS: Amounts owed by parent undertaking	2
CREDITORS: Amounts falling due within one year	
Amounts owed to parent undertaking	<u>(1,313,296)</u>
	<u>2</u>
CAPITAL AND RESERVES	
4 Called up share capital	<u>2</u>

Approved by the Board on 16 April 1996



D R Webb
DIRECTOR

HARRODS AVIATION LIMITED
NOTES TO THE ACCOUNTS
WEEKS ENDED 27 JANUARY 1996

1 ACCOUNTING POLICIES

Basis of Accounts:

The financial statements have been prepared under the historical cost convention and comply with the disclosure requirements of the Companies Act 1985 and applicable accounting standards.

Group financial statements are not prepared as the Company is a wholly owned subsidiary undertaking of Harrods Investments plc, a company registered in England and Wales.

The ultimate holding company of Harrods Aviation Limited, Harrods Investments plc, produces a consolidated cashflow statement in accordance with Financial Reporting Standard 1 (FRS 1). Consequently the Company has taken advantage of the exemption in FRS 1 from producing a cash flow statement.

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No emoluments were paid to the Directors of the Company during the period.

The Company did not employ any persons or incur any staff costs during the period.

HARRODS AVIATION LIMITED
NOTES TO THE ACCOUNTS
WEEKS ENDED 27 JANUARY 1996

	Subsidiary Undertaking £
3 INVESTMENTS	
Cost and NBV at incorporation	-
Additions	1,313,296
Cost and NBV at 27 January 1996	<u>1,313,296</u>

On 3 November 1995, the company acquired the whole of the issued share capital of Metro Business Aviation Limited (formerly Hunting Business Aviation Limited), for a cash consideration of £1,313,296.

The assets and liabilities acquired at this date were as follows:

	Net Book Value £	Fair Value Adjustments £	Fair Value £
Fixed assets	374,880	-	374,880
Stock	1,122,272	16,038	1,138,310
Debtors	1,727,508	-	1,727,508
Cash in hand	346,087	-	346,087
Bank overdraft	(543,154)	-	(543,154)
Creditors	(2,117,189)	(738,049)	(2,855,238)
Net assets acquired	<u>910,404</u>	<u>(722,011)</u>	<u>188,393</u>
Goodwill arising on acquisition			<u>1,124,903</u>
			<u>1,313,296</u>
Represented by:			
Consideration			975,000
Acquisition costs			<u>338,296</u>
			<u>1,313,296</u>

The results of Metro Business Aviation Limited for the periods prior to acquisition were as follows:

	Profit after tax £
Period from 1 January 1995 to 3 November 1995	739,000
Year ended 31 December 1994 (as restated)	<u>705,000</u>

HARRODS AVIATION LIMITED
NOTES TO THE ACCOUNTS
WEEKS ENDED 27 JANUARY 1996

3 INVESTMENTS.....contd.

The subsidiary undertakings of the company were as follows:	Principal activity	Proportion of shareholding/ voting rights
Metro Business Aviation Limited (Formerly Hunting Business Aviation Limited)	Executive jet handling company	100%
Metro Business Aviation (Heathrow) Limited (Formerly Hunting Business Aviation (Heathrow) Limited)	Non-trading	100%
Metro Business Aviation (Stansted) Limited (Formerly Hunting Business Aviation (Stansted) Limited)	Non-trading	100%
Metro Business (1995) Limited (Formerly Field Aviation (Stansted) Limited)	Non-trading	100%

All subsidiary undertakings are registered and incorporated in England and Wales. Metro Business Aviation Limited is directly owned by Harrods Aviation Limited. All other subsidiary companies are owned by Metro Business Aviation Limited.

4 CALLED UP SHARE CAPITAL	27/1/96
Authorised:	£
100 ordinary shares of £1 each	<u>100</u>
Issued and fully paid:	
2 ordinary shares of £1 each	<u>2</u>

5 PARENT UNDERTAKINGS

The Company's immediate parent undertaking is Harrods Holdings plc, a company registered in England and Wales. The ultimate holding company of Harrods Holdings plc is Harrods Investments plc, a company registered in England and Wales, which is the parent undertaking of the Harrods Investments Group and which is both the smallest and the largest Group which consolidates the results of the Company.

The ultimate parent undertaking is Alfayed Investment and Trust PVT LP, a partnership based in Bermuda (previously known as Alfayed Investment and Trust PVT Limited, a company incorporated in Bermuda). All interests in the Partnership continue to be under the control and held for the benefit of the Fayed family.