

**STARMONT ESTATES LIMITED**  
**REPORT AND ABBREVIATED FINANCIAL STATEMENTS**  
**31<sup>ST</sup> DECEMBER, 1997**



**REPORT OF THE AUDITORS TO THE DIRECTORS OF  
STARMONT ESTATES LIMITED  
PURSUANT TO SECTION 247B COMPANIES ACT 1985**

We have examined the abbreviated financial statements set out on pages 3 and 4 together with the full financial statements for the year ended 31<sup>st</sup> December, 1997, prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of Directors and Auditors

The directors are responsible for the preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors statement on page 2 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

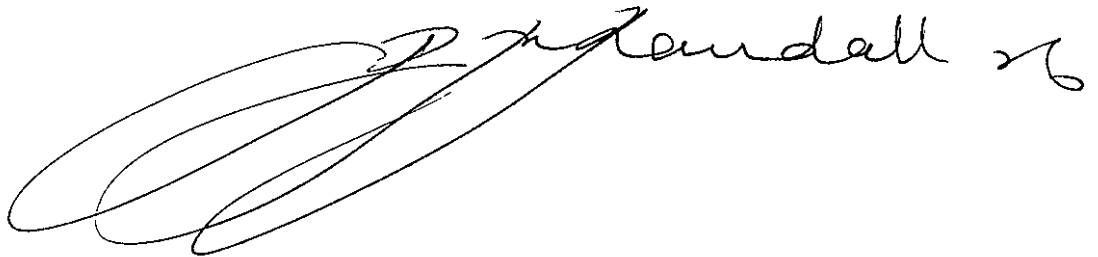
Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purposes of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under ss247 and 247A of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with Schedule 8A to that Act in respect of the year ended 31<sup>st</sup> December, 1997 and the abbreviated accounts on pages 3 to 4 have been properly prepared in accordance with that Schedule.

Date: 2/6/99  
P.M. RANDALL & CO.  
LONDON

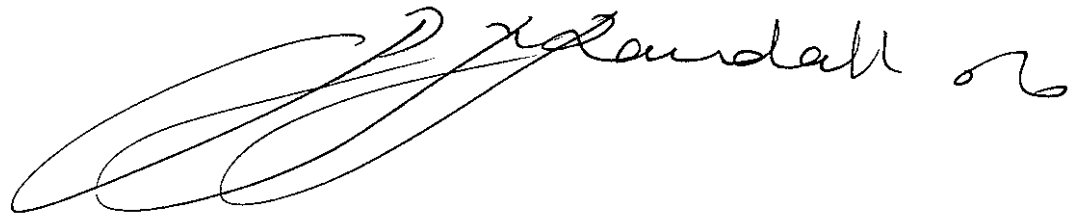
A large, stylized handwritten signature in dark ink, appearing to read 'P.M. Randall', with a long horizontal flourish extending to the right.

CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR

**REPORT OF THE AUDITORS  
TO THE DIRECTORS OF  
STARMONT ESTATES LIMITED  
PURSUANT TO SECTION 248 (3) OF THE COMPANIES ACT 1985**

We have examined the relevant financial statements of Starmont Estates Limited and of its subsidiary undertaking, Immobiliare Nord srl. The Scope of our work was limited to ascertaining whether Starmont Estates Limited is entitled to the exemption from the requirement to prepare group accounts for the year ended 31<sup>st</sup> December, 1997.

In our opinion, the group consisting of Starmont Estates Limited and its subsidiary undertaking, is a small group in respect of the year ended 31<sup>st</sup> December, 1997 and Starmont Estates Limited is therefore entitled to the exemption from the requirement to prepare group accounts under Section 248 (3) of the Companies Act 1985.

A large, stylized handwritten signature in black ink, appearing to read 'P.M. Randall', is written across the middle of the page.

Date: 2/6/99  
P.M. RANDALL & CO.  
LONDON

CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR

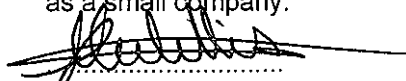
**STARMONT ESTATES LIMITED**  
**ABBREVIATED BALANCE SHEET**

**31<sup>ST</sup> DECEMBER 1997**

	Note	1997 ITL	1996 ITL
INVESTMENT		1,805,952,507	1,805,952,507
CURRENT ASSETS			
Cash and bank balances		1,112,673	1,115,275
CREDITORS			
Amounts falling due within one year		(1,810,166,518)	(1,809,438,000)
NET CURRENT (LIABILITIES)		(1,809,053,845)	(1,808,322,725)
		(3,101,338)	(2,370,218)
CAPITAL AND RESERVES			
Called up share capital 2		2,396,000	2,396,000
Profit and loss account (deficit)		(5,497,338)	(4,766,218)
		(3,101,338)	(2,370,218)

In preparing these abbreviated financial statements

- a) I have relied upon the exemption for individual financial statements under Part 3 of Schedule 8 of the Companies Act 1985.
- b) I have done so on the grounds that the Company is entitled to the benefit of these exemptions as a small company.

  
 Director

27th May 1999  
 Date

STARMONT ESTATES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31<sup>ST</sup> DECEMBER 1997

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities. A summary of the more important accounting policies is set out below:-

a) Accounting Convention

The Financial Statements have been prepared using the historical cost convention.

b) Foreign Currency Translation

Issued share capital is translated into Italian Lira at the rate of exchange ruling on the date of issue.

All other assets and liabilities denominated in foreign currencies are translated into Italian Lira at the rate of exchange ruling on the balance sheet date.

Income received and expenditure incurred in foreign currencies is translated into Italian Lira at the rate of exchange ruling on the date the transaction took place.

c) Investment

The investment is stated at cost, and the Directors consider that the value of the investment is in excess of the amount shown in the Financial Statements.

d) Going Concern

The financial statements have been prepared on a going concern basis subject to the continuing support of the loan creditor.

2. SHARE CAPITAL

	Authorised 1997 & 1996 £	Issued and fully paid 1997 & 1996 £      ITL
Ordinary shares of £1.00 each	<u>10,000</u>	<u>1,000</u> <u>2,396,000</u>