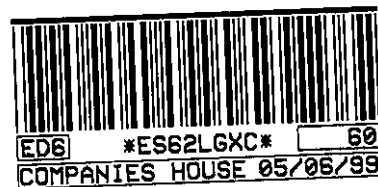


STARMONT ESTATES LIMITED
REPORT AND ABBREVIATED FINANCIAL STATEMENTS
31ST DECEMBER, 1998



**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 31st December, 1998, prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of Directors and Auditors

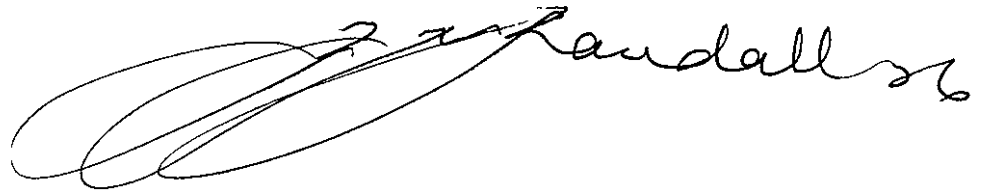
The directors are responsible for the preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors statement on page 2 and whether the abbreviated 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 31st December, 1998 and the abbreviated accounts on pages 3 to 4 have been properly prepared in accordance with that Schedule.

A large, stylized handwritten signature in dark ink, appearing to read 'P.M. Randall', is written over the printed name.

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

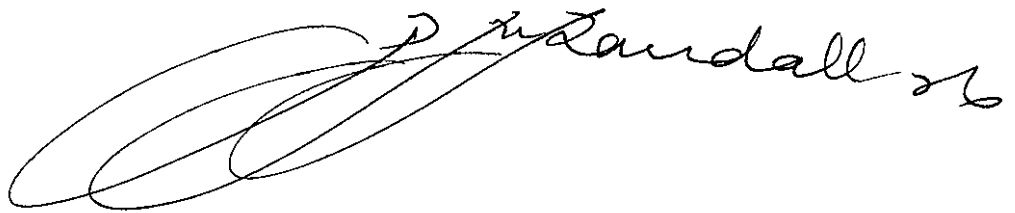
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR

**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 31st December, 1998.

In our opinion, the group consisting of Starmont Estates Limited and its subsidiary undertaking, is a small group in respect of the year ended 31st December, 1998 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 over the printed name.

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

CHARTERED ACCOUNTANTS
REGISTERED AUDITOR

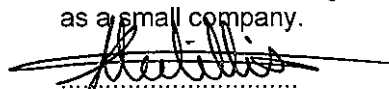
STARMONT ESTATES LIMITED
ABBREVIATED BALANCE SHEET

31ST DECEMBER 1998

	Note	1998 ITL	1997 ITL
INVESTMENT		1,805,952,507	1,805,952,507
CURRENT ASSETS			
Cash and bank balances		1,112,673	1,112,673
CREDITORS			
Amounts falling due within one year		(1,810,858,041)	(1,810,166,518)
NET CURRENT (LIABILITIES)		(1,809,745,368)	(1,809,053,845)
		(3,792,861)	(3,101,338)
CAPITAL AND RESERVES			
Called up share capital 2		2,396,000	2,396,000
Profit and loss account (deficit)		(6,188,861)	(5,497,338)
		(3,792,861)	(3,101,338)

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

31ST DECEMBER 1998

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 1998 & 1997	Issued and fully paid 1998 & 1997
Ordinary shares of £1.00 each	£ <u>10,000</u>	£ ITL <u>1,000</u> <u>2,396,000</u>