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Directors' report

The directors present their annual report and audited financial statements for the year ended 31 July 1999.

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 or loss of the company for that year. 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;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. The directors also 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.

Principal activity

The only activity of the company is the holding of investments in subsidiary companies. The results for the year relate to this activity.

Directors and director's interests

The directors who held office during the year were as follows:

JAG Fiddes (resigned 31 July 1999)
ANW Beattie
J Shankland (appointed 1 August 1998)

The interests of the directors at the end of the year in the share capital of the company were as follows:

	Ordinary £1 shares	
	Interest at end of year	Interest at beginning of year
JAG Fiddes (as trustee for Ryden partnership)	9,999	9,999
ANW Beattie	-	-
J Shankland	-	-

Directors' report *(continued)*

Auditors

In accordance with the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



ANW Beattie
Secretary

46 Castle Street
Edinburgh
EH2 3BN

6 January 2000



Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Report of the auditors to the members of Ryden Holdings Limited

We have audited the financial statements on pages 4 to 6.

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. 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 judgments 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 31 July 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to be 'Khuf' or similar, written over a horizontal line.

KPMG
Chartered Accountants
Registered Auditors

6 January 2000

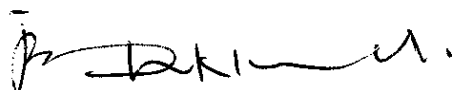
Profit and loss account
for the year ended 31 July 1999

	<i>Note</i>	1999 £	1998 £
Waiver of loan		332	-
Loss on disposal of investment		(332)	-
		<hr/>	<hr/>
Result for the financial year		<hr/> <hr/>	<hr/> <hr/>

Balance sheet
at 31 July 1999

	<i>Note</i>	1999 £	1998 £
Fixed assets			
Investments	3	65,094	65,426
 Creditors: amounts falling due after more than one year			
Loan from Ryden		(55,094)	(55,426)
		<hr/>	<hr/>
Net assets		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	4	10,000	10,000
Profit and loss account		-	-
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		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 6 January 2000 and were signed on its behalf by:



J Shankland
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is a small company under sections 246 to 249 of the Companies Act 1985, and is granted exemption by FRS1 from the requirement to prepare a cash flow statement.

Tangible fixed assets

Fixed asset investments are stated at cost, plus amounts owed as long term loans less provisions.

Consolidation

Group financial statements are not prepared, as the group is considered a small-sized group and is entitled to the exemption from the requirement to prepare group financial statements under Section 248 of the Companies Act 1985.

2 Operating profit

The results of the year relate wholly to its principal activity.

3 Fixed asset investments

	At 31 July 1998 £	Ordinary shares		At 31 July 1999 £
		Additions £	Disposals £	
Ryden Plant & Machinery Limited (formerly Ryden Henry Butcher Limited)	52,500	-	-	52,500
Ryden International Limited (formerly Ryden Sykes Limited)	10,000	-	-	10,000
Ryden Czech Spol sro	2,822	-	(332)	2,490
Ryden UK Limited	2	-	-	2
Ryden Limited	100	-	-	100
Ryden Nominees Limited (formerly Ryden Financial Services Limited)	2	-	-	2
	<hr/>	<hr/>	<hr/>	<hr/>
	65,426	-	(332)	65,094
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

3 Fixed asset investments (continued)

The principal activity, country of registration and percentage shareholding of each of the company's investments are as follows:

	Principal activity	Country of registration	Percentage of share capital held
Ryden Plant & Machinery Limited	Auctioneers and valuers	Scotland	100% ordinary shares
Ryden International Limited	Dormant	Scotland	100% ordinary shares
Ryden Czech Spol sro	Property consultants	Czech Republic	75% ordinary shares
Ryden UK Limited	Dormant	Scotland	100% ordinary shares
Ryden Limited	Dormant	Scotland	100% ordinary shares
Ryden Nominees Limited	Dormant	Scotland	100% ordinary shares
Ryden Residential Limited	Dormant	Scotland	100% ordinary shares

During the year, the company reduced its holding in Ryden Czech Spol sro from 85% to 75%.

4 Share capital

	1999	Authorised 1998	Allotted, called up and fully paid 1999	1998
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

5 Ultimate holding organisation

The ultimate holding organisation is Ryden Property Consultants and Chartered Surveyors.