

## ISLAND TITLE LIMITED

### Report of the Directors

The directors herewith present their report together with the financial statement for the year ended 5th April, 1997.

#### Activities

The principal activity of the company is that of holding legal title to property situated at Es Pueto, Carretera Es Cana, S/N 07840, Santa Eulalia del Rio, Ibiza, Balearic Islands. The property is held by the company for the benefit of the holders of timeshare membership certificates who are members of Es Pueto, a club formed with the object of securing occupation rights of the property for its members. The legal title to the property was transferred to the company in accordance with the Constitution of the Club and as laid out in a Trust Deed, dated 1st August, 1994, between First National Trustee Company Limited and the founder members of Es Pueto (Ibiza Leisure Limited and Es Pueto Management Limited). The issued shares in the company are held by the Trustee (First National Trustee Company Limited) on behalf of the members from time to time of Es Pueto.

No income has accrued to the company during the period. All expenditure in relation to the management and maintenance of the company is borne by the management company, Es Pueto Management Limited, on behalf of the members of Es Pueto.

The general management and administration of Es Pueto was delegated to the management company in accordance with the Constitution of the Club and a Management Agreement, dated 1st August, 1994, between Ibiza Leisure Limited and Es Pueto Management Limited.

#### Directors

The directors of the company throughout the period were:-

Jennifer Lesley Thompson (resigned 1st October 1996)  
 Raymond Eugene Befroy (resigned 1st October 1996)  
 Stephen Edward Sullivan (appointed 1st October 1996, resigned 6th November 1996)  
 Philip Michael Broomhead (appointed 1st October 1996)  
 Paul Frederick Frances Gardner-Bougaard (appointed 1st October 1996)  
 Alastair McLean (appointed 20th March 1997)

No director was interested during the period in any contract in relation to the business of the company.

#### Secretary

The secretary of the company throughout the period was Raymond Eugene Befroy

#### Auditors

The company is exempt from audit under the provisions of the Companies Act 1985 (Audit Exemption) Regulations 1994.

By order of the Board the 16th June 1997

Secretary



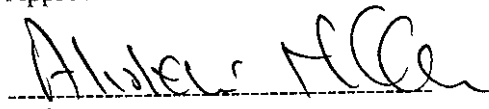

**ISLAND TITLE LIMITED**  
**Balance Sheet as at 5th April, 1997**

	Note	1997 £	1996 £
<b>ASSETS</b>			
Land and Buildings	2	-	-
Cash in Hand		2	2
		-----	-----
		£ 2	£ 2
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Share Capital	4	2	2
		-----	-----
		£ 2	£ 2
		=====	=====

**Notes to the financial statements:**

- Accounting Policies  
The financial statements have been prepared under the historical cost convention with the exception of property which is shown at valuation.
- Island Title Limited holds legal title to property situated at Es Pueto, Carretera Es Cana, S/N 07840, Santa Eulalia del Rio, Ibiza, Balearic Islands. The property was transferred to the company in accordance with the terms of the Constitution and Trust Deed of Es Pueto and the company holds no occupational rights or residual beneficial interest in the property. The property is therefore shown at nil value.
- The company has not derived income from any activity during the year and any expenses attributable to the company have been met by third parties. No Profit and Loss Account has therefore been prepared. There are no recognized gains or losses.
- The authorized share capital is £2,000, divided into 2,000 ordinary shares of £1 each, two of which have been issued and fully paid.
- There has been no movement in shareholders' funds during the year.
- Statements by the directors required under the Companies Act 1985 (Audit Exemption) Regulations 1994**  
The company was entitled to the exemption conferred by subsection (1) of section 249A for the year ended 5th April, 1997.  
No notice has been deposited under subsection (2) of section 249B in relation to the accounts for the year ended 5th April, 1997.  
The directors acknowledge their responsibilities for  
(i) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and  
(ii) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

Approved on behalf of the Board on the 16th June 1997

Directors