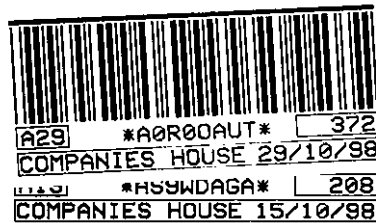


COMPANY NO: -

00498943

PROCON (GREAT BRITAIN) LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 1998



PROCON (GREAT BRITAIN) LIMITED

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PROCON (GREAT BRITAIN) LIMITED

OFFICERS AND ADVISERS

DIRECTORS:

W R MacMillan
J M Smith
M C E Sturt

COMPANY SECRETARY:

D J White

REGISTERED OFFICE

P O Box 60
Broadheath
Altrincham
Cheshire
WA14 5EP

BANKERS:

Barclays Bank plc
Manchester City Office
51 Mosley Street
Manchester
M60 2AU

AUDITORS:

Rushtons
Starkie House
Winckley Square
Preston
Lancashire
PR1 3JJ

PROCON (GREAT BRITAIN) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 1998

Directors Responsibilities

Company law requires us as 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 period. In preparing those financial statements we 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable us to ensure that the financial statements comply with the Companies Act 1985. We are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

W R MacMillan
J M Smith
M C E Sturt

Secretary

D J White

Registered Office

P O Box 60
Broadheath
Altrincham
Cheshire
WA14 5EP

Principal Activities

The company has ceased trading, but continued to function in the winding up of the staff pension scheme. That scheme was wound-up on 8 May 1998.

The results for the period are shown in the attached Profit and Loss Account.

PROCON (GREAT BRITAIN) LIMITED

DIRECTORS REPORT FOR THE PERIOD ENDED 31 JULY 1998

Directors

The present Directors are as shown above.

The Company's Articles of Association do not require Directors to retire by rotation.

The Directors do not have any interests which require disclosure under Section 234 of the Companies Act 1985.

Close Company Status

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

The auditors, Rushtons, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

Date:

27th SEPTEMBER 1998.


D J WHITE
SECRETARY

AUDITORS REPORT TO THE MEMBERS OF

PROCON (GREAT BRITAIN) LIMITED

We have audited the financial statements on page 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 2 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.

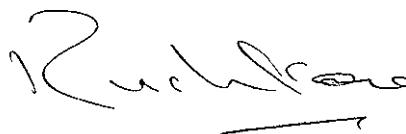
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental Uncertainty

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because at that date the Company had net liabilities of £7,608,542 including an amount due to group undertakings of £7,608,542. It is therefore insolvent within the terms of Section 123 of the Insolvency Act 1986. Should the Company be unable to continue trading, adjustments might have to be made to reduce the value of assets to their recoverable amount and to provide for any further liabilities which may arise. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 July 1998 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as applicable to small companies.



**RUSHTONS
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS**

Starkie House
Winckley Square
Preston
Lancashire PR1 3JJ

Date: 14.9.98

PROCON (GREAT BRITAIN) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 JULY 1998

	Notes	1998	1997
		£000	£000
Other Operating Charges		(21)	(12)
		—	—
Operating (Loss)	2	(21)	(12)
Interest Received		1	1
Other Income	3	43	250
		—	—
Profit on Ordinary Activities before Taxation		23	239
Taxation		-	-
		—	—
Profit on Ordinary Activities after Taxation		23	239
Retained (Deficit) brought forward at 1 January 1998		(7,637)	(7,876)
		—	—
Retained (Deficit) carried forward at 31 July 1998		(7,614)	(7,637)
		—	—

The only recognised gain for the period is the profit for the period of £23,146 (1997 £239,336).

There were no acquisitions and no discontinued operations in the period.

The annexed notes form part of these financial statements.

PROCON (GREAT BRITAIN) LIMITED

BALANCE SHEET AS AT 31 JULY 1998

	Notes	1998	1997
		£000	£000
Current Assets			
Cash at Bank and in Hand		-	26
		—	—
		-	26
Less Creditors:-			
Amounts falling due within one period	5	(7,609)	(7,658)
		—	—
Net Current Liabilities		(7,609)	(7,632)
		=====	=====
Capital and Reserves			
Called up Share Capital	4	5	5
Profit and Loss Account		(7,614)	(7,637)
		—	—
	6	(7,609)	(7,632)
		=====	=====

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

W R MACMILLAN
DIRECTOR

W R Macmillan

Date: *8th Sept 98*

PROCON (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1998

1 Accounting Policies

(a) The financial statements have been prepared on the historical cost basis as in prior periods, and on a going concern basis since support will continue to be provided by group companies. The accounts have been prepared in accordance with applicable accounting standards.

(b) Foreign Currency

Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into pounds sterling at the exchange rates ruling at the Balance Sheet date. Differences on translation are reflected in the Profit and Loss Account.

(c) Deferred Taxation

In accordance with the principles contained in Statement of Standard Accounting Practice No 15 the Company has adopted the policy of providing for deferred taxation only to the extent that it is expected to fall due for payment in the foreseeable future.

2 Operating (Loss)	1998	1997
This is stated after charging:-	£000	£000
Auditors Remuneration	1	1
	=	=

The Company has no employees and consequently, no staff costs. The Directors receive no emoluments from the Company.

3 Other Income

This is comprised solely of a surplus repaid to the company from the Procon (Great Britain) Limited Staff Pension Scheme.

PROCON (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1998

4	Called up Share Capital	1998	1997
		£000	£000
	Authorised Ordinary Shares of £1 each	5	5
		=	=
	Allotted, Issued and fully paid Ordinary Shares of £1 each	5	5
		=	=
5	Creditors	1998	1997
	Amounts falling due within one period:-	£000	£000
	Amount owed to Parent Company and other Group Undertakings	7,609	7,657
	Accruals	-	1
		-----	-----
		7,609	7,658
		=====	=====

Inter-Company loans are included in amounts owed to holding company and fellow subsidiaries. These loans, which in prior periods were primarily dollar denominated, were converted to sterling loans with effect from 1 January 1991. The loans are unsecured and have no fixed repayment date.

PROCON (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1998

6 Reconciliation of Shareholders' Funds	1998	1997
	£000	£000
Profit/(Loss) for the Financial Period	23	239
Opening Shareholders' Funds	(7,632)	(7,871)
	—	—
Closing Shareholders' Funds	(7,609)	(7,632)
	=====	=====

7 Ultimate Holding Company

The Company's ultimate holding company is the Koll Real Estate Group Inc., incorporated in the State of Delaware, USA.

8 Capital Commitments

There were no Capital Commitments at 31 July 1998.

9 Contingent Liabilities

At 31 July 1998 there were no Contingent Liabilities.