

OPECPRIME PROPERTIES LIMITED
FINANCIAL STATEMENTS
30 JUNE 1998

Company Registration Number 1972217

MICHAEL MOOR
Chartered Accountant & Registered Auditor
67c Heather Road,
Sandyford,
Dublin 18.



OPECPRIME PROPERTIES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1998

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OPECPRIME PROPERTIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 1998

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was property dealing. The company has completed the sale of its development at Ealing and has retained some commercial property, which will provide income for the coming year. The Directors are actively considering the acquisition of new properties by the company.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 June 1998	At 1 July 1997
Luke Comer	450	450
Brian Comer	350	350
Thomas Domellan	220	220
	<hr/>	<hr/>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

OPECPRIME PROPERTIES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 1998

DIRECTORS' RESPONSIBILITIES *(continued)*

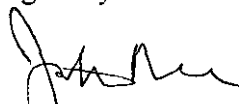
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding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

AUDITOR

A resolution to re-appoint Michael Moor as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
693 High Road,
Finchley,
London.
N12 0DA

Signed by order of the directors



JONATHAN S. ROSE
Company Secretary

Approved by the directors on 5 August 1999

OPECPRIME PROPERTIES LIMITED
AUDITOR'S REPORT TO THE SHAREHOLDERS
YEAR ENDED 30 JUNE 1998

I have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

As described on pages 1 to 2, the company's directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

BASIS OF OPINION

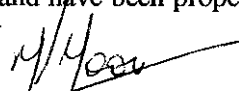
I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements give a true and fair view of the company's state of affairs as at 30 June 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

67c Heather Road,
Sandyford,
Dublin 18.


MICHAEL MOOR
Chartered Accountant
& Registered Auditor

5 August 1999

OPECPRIME PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 1998

		1998 £	1997 £
TURNOVER	2	2,995,450	4,449,550
Cost of sales		2,544,178	2,237,186
GROSS PROFIT		451,272	2,212,364
Distribution costs		214,009	26,949
Administrative expenses		217,971	562,184
Other operating income	3	(262,928)	(23,412)
OPERATING PROFIT	4	282,220	1,646,643
Interest receivable		2,611	4,429
Interest payable and similar charges	7	(130,255)	(210,304)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		154,576	1,440,768
Tax on profit on ordinary activities	8	64,546	475,349
RETAINED PROFIT FOR THE FINANCIAL YEAR		90,030	965,419
Balance brought forward		1,591,588	626,169
Balance carried forward		1,681,618	1,591,588

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 13 form part of these financial statements.

OPECPRIME PROPERTIES LIMITED

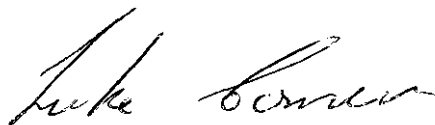
BALANCE SHEET

30 JUNE 1998

		1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		2,284		3,426
CURRENT ASSETS					
Stocks	10	885,000		1,513,344	
Debtors	11	5,846,981		4,702,072	
Cash at bank and in hand		240,898		10,984	
		<u>6,972,879</u>		<u>6,226,400</u>	
CREDITORS: Amounts falling due within one year	12	<u>(5,092,545)</u>		<u>(4,637,238)</u>	
NET CURRENT ASSETS			<u>1,880,334</u>		<u>1,589,162</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,882,618</u>		<u>1,592,588</u>
CREDITORS: Amounts falling due after more than one year	13		<u>(200,000)</u>		<u>-</u>
			<u>1,682,618</u>		<u>1,592,588</u>
CAPITAL AND RESERVES					
Called-up equity share capital	16		1,000		1,000
Profit and loss account	17		<u>1,681,618</u>		<u>1,591,588</u>
SHAREHOLDERS' FUNDS	18		<u>1,682,618</u>		<u>1,592,588</u>

These financial statements were approved by the directors on the 5 August 1999 and are signed on their behalf by:

LUKE COMER



BRIAN COMER



OPECPRIME PROPERTIES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 1998

	1998		1997	
	£	£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		2,785,027		(380,134)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	2,611		4,429	
Interest paid	(130,255)		(210,304)	
		(127,644)		(205,875)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
TAXATION		(97,740)		(150,000)
		2,559,643		(736,009)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING				
FINANCING				
Repayment of bank loans	(2,336,542)		336,542	
Net inflow from other long-term creditors	200,000		-	
		(2,136,542)		336,542
NET CASH (OUTFLOW)/INFLOW FROM FINANCING				
INCREASE/(DECREASE) IN CASH		423,101		(399,467)
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
		1998		1997
		£		£
Operating profit		282,220		1,646,643
Depreciation		1,142		719
Decrease/(Increase) in stocks		628,344		(895,929)
Increase in debtors		(1,144,909)		(1,952,976)
Increase in creditors		3,018,230		821,409
		2,785,027		(380,134)
Net cash inflow/(outflow) from operating activities				

OPECPRIME PROPERTIES LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30 JUNE 1998

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1998	£	1997	£
	£	£	£	£
Increase/(Decrease) in cash in the period	423,101		(399,467)	
Net cash outflow/(inflow) from bank loans	2,336,542		(336,542)	
Net cash inflow from other long-term creditors	(200,000)		-	
	<hr/>		<hr/>	
Change in net debt		2,559,643		(736,009)
Net debt at 1 July 1997		(2,683,750)		(1,947,741)
Net debt at 30 June 1998		<u>(124,107)</u>		<u>(2,683,750)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 1997	Cash flows	At 30 Jun 1998
	£	£	£
Net cash:			
Cash in hand and at bank	10,984	229,914	240,898
Overdrafts	(358,192)	193,187	(165,005)
	<hr/>	<hr/>	<hr/>
	(347,208)	423,101	75,893
Debt:			
Debt due within 1 year	(2,336,542)	2,336,542	-
Debt due after 1 year	-	(200,000)	(200,000)
	<hr/>	<hr/>	<hr/>
Net debt	<u>(2,683,750)</u>	<u>2,559,643</u>	<u>(124,107)</u>

OPECPRIME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1998

1. ACCOUNTING POLICIES**Basis of accounting**

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

Turnover

Turnover represents sales of properties or interests in properties to outside parties. Sales are recognised on completion of contracts.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	- 20% reducing balance
Equipment	- 15% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value.

Cost represents the total purchase costs and other ancillary professional fees but does not include any interest payable. Net realisable value is the amount at which properties can be sold in the normal course of business after allowing for the costs of realisation.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	1998 £	1997 £
United Kingdom	2,995,450	4,449,550

3. OTHER OPERATING INCOME

	1998 £	1997 £
Rent receivable	262,928	21,780
Other operating income	-	1,632
	262,928	23,412

OPECPRIME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1998

4. OPERATING PROFIT

Operating profit is stated after charging:

	1998 £	1997 £
Depreciation	1,142	719
Auditor's remuneration - as auditor	<u>3,000</u>	<u>3,000</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1998 No.	1997 No.
Number of management staff	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	1998 £	1997 £
Wages and salaries	90,000	169,000
Social security costs	8,909	20,151
Other pension costs	-	203,000
	<u>98,909</u>	<u>392,151</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	1998 £	1997 £
Emoluments receivable	90,000	169,000
Value of company pension contributions to money purchase schemes	-	203,000
	<u>90,000</u>	<u>372,000</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	1998 No.	1997 No.
Money purchase schemes	<u>3</u>	<u>3</u>

OPECPRIME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1998

7. INTEREST PAYABLE

	1998 £	1997 £
Interest payable on bank borrowing	30,055	197,236
Other similar charges payable	100,200	13,068
	<u>130,255</u>	<u>210,304</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
In respect of the year:		
Corporation tax based on the results for the year at 31% (1997 - 33%)	45,200	481,500
Adjustment in respect of previous years:		
Corporation tax	<u>19,346</u>	<u>(6,151)</u>
	<u>64,546</u>	<u>475,349</u>

9. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Equipment £	Total £
COST			
At 1 July 1997 and 30 June 1998	<u>6,600</u>	<u>8,011</u>	<u>14,611</u>
DEPRECIATION			
At 1 July 1997	5,042	6,143	11,185
Charge for the year	519	623	1,142
At 30 June 1998	<u>5,561</u>	<u>6,766</u>	<u>12,327</u>
NET BOOK VALUE			
At 30 June 1998	<u>1,039</u>	<u>1,245</u>	<u>2,284</u>
At 30 June 1997	<u>1,558</u>	<u>1,868</u>	<u>3,426</u>

OPECPRIME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1998

10. STOCKS

	1998 £	1997 £
Stock	<u>885,000</u>	<u>1,513,344</u>

The company's stock of property is included in the accounts in accordance with the accounting policy detailed in Note 1. One of the company's properties was valued on an open market basis on 4th May 1994 by Kelmsley Whiteley & Ferris, Surveyors and valuers, 1 London Wall Buildings, London EC2M 5RJ at £300,000 and is included at that valuation. The remaining properties are included at cost.

11. DEBTORS

	1998 £	1997 £
Trade debtors	37,232	13,510
Directors current accounts	197	-
Other debtors	5,809,552	4,688,562
	<u>5,846,981</u>	<u>4,702,072</u>

12. CREDITORS: Amounts falling due within one year

	1998		1997	
	£	£	£	£
Bank loans and overdrafts		165,005		2,694,734
Taxation and social security		641,168		660,236
Other creditors		4,186,471		1,150,482
Accruals and deferred income		99,901		131,786
		<u>5,092,545</u>		<u>4,637,238</u>

The company's liability to Bank of Ireland, Finchley, are secured by a letter of guarantee given by Brookstream Properties Ltd. up to £2,475,000 and by a charge on that company's property. It is further secured by guarantees given by two of the directors up to £1,000,000.

13. CREDITORS: Amounts falling due after more than one year

	1998 £	1997 £
Other creditors:		
Other creditors	<u>200,000</u>	<u>-</u>

OPECPRIME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1998

14. CONTINGENCIES

The company has guaranteed the indebtedness of Opecprime Development Ltd. to Bank of Ireland, Finchley, which amounted to £48,220 at the year end.

15. RELATED PARTY TRANSACTIONS

The company was under the control of the majority shareholders, Mr. L.A. Comer and Mr. B.M. Comer during the current and previous year.

Borrowings on behalf of related companies were instituted and continued during the year.

The indebtedness of related companies at the year end was as follows:

Brookstream Properties Ltd.	£2,866,076
Miltonland Ltd.	1,663,133
Chantstream Ltd.	523,662
Ridgeland Properties Ltd.	555,949
Carlson Properties Ltd.	66,000

These amounts are included in other debtors.

The indebtedness to related companies at the year end was as follows:

Opecprime Development Ltd.	£3,136,322
Opecprime Ltd.	45,554
Beckfield Ltd.	680,875
Blessville Ltd.	44,631

These amounts are included in other creditors.

Opecprime Developments Ltd. carried out all conversion and building works for the company, for which the charge was £2,227,000.

16. SHARE CAPITAL**Authorised share capital:**

	1998 £	1997 £
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	1998 £	1997 £
Ordinary share capital	<u>1,000</u>	<u>1,000</u>

OPECPRIME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1998

17. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Balance brought forward	1,591,588	626,169
Retained profit for the financial year	90,030	965,419
Balance carried forward	<u>1,681,618</u>	<u>1,591,588</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	90,030	965,419
Opening shareholders' equity funds	1,592,588	627,169
Closing shareholders' equity funds	<u>1,682,618</u>	<u>1,592,588</u>

OPECPRIME PROPERTIES LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 30 JUNE 1998

**The following pages do not form part of the statutory financial statements
which are the subject of the auditor's report on page 3.**

OPECPRIME PROPERTIES LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 1998

	1998		1997	
	£	£	£	£
TURNOVER		2,995,450		4,449,550
COST OF SALES				
Opening stock of Property	-		617,415	
Opening stock and WIP	1,513,344		-	
Costs - Ealing	2,365,684		2,427,898	
Site costs	(700,000)		705,217	
Costs - Westmoreland House	250,150		-	
	<u>3,429,178</u>		<u>3,750,530</u>	
Closing stock of Property	(885,000)		(1,513,344)	
		<u>2,544,178</u>		<u>2,237,186</u>
GROSS PROFIT		451,272		2,212,364
OVERHEADS				
Advertising	214,009		26,949	
Administrative expenses	217,971		562,184	
		<u>431,980</u>		<u>589,133</u>
		19,292		1,623,231
OTHER OPERATING INCOME		262,928		23,412
OPERATING PROFIT		282,220		1,646,643
Bank interest receivable		2,611		4,429
		<u>284,831</u>		<u>1,651,072</u>
Interest payable and similar charges		130,255		210,304
PROFIT ON ORDINARY ACTIVITIES		<u>154,576</u>		<u>1,440,768</u>

OPECPRIME PROPERTIES LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 1998

	1998		1997	
	£	£	£	£
ADMINISTRATIVE EXPENSES				
Personnel costs:				
Directors salaries	90,000		169,000	
Directors NIC	8,909		20,151	
Directors pension contributions	-		203,000	
		98,909		392,151
Establishment expenses:				
Light and heat	500		350	
Insurance	9,356		10,637	
		9,856		10,987
General expenses:				
Motor expenses	6,260		6,962	
Travel and subsistence	5,289		10,105	
Telephone	5,330		5,668	
Office expenses	4,876		2,051	
Printing, stationery and postage	34,678		2,834	
General expenses	8,043		2,839	
Entertaining	4,375		-	
Management charges payable	39,750		50,000	
Legal and professional fees	(13,676)		35,399	
Accountancy fees	4,500		4,500	
Auditors remuneration	3,000		3,000	
Depreciation	1,142		719	
		103,567		124,077
Financial costs:				
Bank charges		5,639		34,969
		<u>217,971</u>		<u>562,184</u>
OTHER OPERATING INCOME				
Ground rent receivable		262,928		21,780
Other operating income		-		1,632
		<u>262,928</u>		<u>23,412</u>
INTEREST PAYABLE AND SIMILAR CHARGES				
Bank interest payable		30,055		197,236
Interest on Taxes		200		13,068
Other interest payable		100,000		-
		<u>130,255</u>		<u>210,304</u>