

REGISTRAR

PIVOTAL LIMITED

COMPANY REGISTERED NO: 3158869

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1999



PIVOTAL LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 1999.

PRINCIPAL ACTIVITIES

The company's principal activity is property investment.

RESULTS AND DIVIDENDS

The profit for the year, before taxation, amounted to £ 60,903 (1998: £ 26,082)

The directors do not recommend the payment of a dividend.

PARENT COMPANY

The company is a 75% subsidiary undertaking of Pivotal Holdings Limited, a company registered in England.

DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year and their interests in the share capital at the year end were as follows:

	<u>No of Ordinary Shares held</u>	
	<u>31 March</u>	<u>31 March</u>
	<u>1999</u>	<u>1998</u>
S F Hakoura	-	-
C P Fairweather	250	250

Mr S F Hakoura was interested in 47.5% of the share capital of the parent company throughout the year.

PIVOTAL LIMITED

DIRECTORS' REPORT

RESPONSIBILITY STATEMENT

With regard to accounting and financial matters, directors have clearly defined responsibilities.

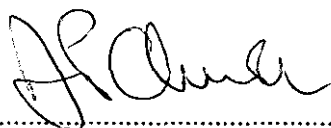
Under Company Law, they are required to prepare financial statements each year and to present them to the Members at an Annual General Meeting. The form of the financial statements is prescribed by the Companies Act 1985 and they must give a true and fair view of the state of affairs of the company at the end of the year and of the result for the year. The financial statements should be prepared on a going concern basis unless it is inappropriate. The directors are responsible for the selection and consistent application of suitable accounting policies and, where necessary, for making prudent and reasonable estimates and judgements.

Additionally, the directors are responsible for safeguarding the assets of the company, for maintaining adequate accounting records and for preventing and detecting irregularities such as fraud.

YEAR 2000

The directors do not consider the risk and potential cost to the company associated with the year 2000 problem to be significant. Plans have been made to ensure that any systems that will be affected will become year 2000 compliant through conversion or replacement.

BY ORDER OF THE BOARD



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D P CHURCH
Secretary

Date: 28 June 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF
PIVOTAL LIMITED**

We have audited the financial statements on pages 4 to 8 in accordance with Auditing Standards.

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.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

As Pickard & Co

A J Pickard & Co
Chartered Accountants and Registered Auditors
Craven House
16 Northumberland Avenue
London WC2N 5AP

Date: *28 June 1999*

PIVOTAL LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 1999**

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
TURNOVER	2	155,750	75,574
Administration Expenses		(2,076)	(1,366)
OPERATING PROFIT	3	153,674	74,208
Bank Interest Receivable		4,199	1,382
Bank Loan Interest Payable		(96,970)	(49,508)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		60,903	26,082
Tax on profit on ordinary activities	4	(1,578)	(4,985)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		59,325	21,097
RETAINED PROFITS BROUGHT FORWARD		21,097	-
RETAINED PROFITS CARRIED FORWARD		<u>£ 80,422</u>	<u>£ 21,097</u>

All the company's activities are classed as continuing.

The company had no recognised gains or losses other than the profit for the year.

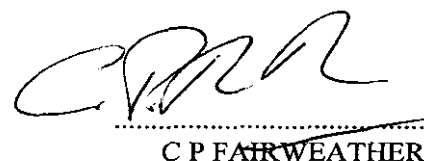
The notes on pages 6 to 8 form part of these financial statements.

PIVOTAL LIMITED**BALANCE SHEET****AS AT 31 MARCH 1999**

	<u>Notes</u>	<u>1999</u> £	<u>1999</u> £	<u>1998</u> £	<u>1998</u> £
FIXED ASSETS					
Tangible Fixed Assets					
Investment Properties	5		1,605,885		1,605,885
CURRENT ASSETS					
Cash at Bank and in Hand		70,472		31,489	
CREDITORS: amounts falling due within one year	6	<u>(459,935)</u>		<u>(435,277)</u>	
NET CURRENT LIABILITIES			<u>(389,463)</u>		<u>(403,788)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,216,422		1,202,097
CREDITORS: amounts falling due after more than one year	7		<u>(1,135,000)</u>		<u>(1,180,000)</u>
NET ASSETS			<u>£ 81,422</u>		<u>£ 22,097</u>
CAPITAL AND RESERVES					
Called Up Share Capital	8		1,000		1,000
Profit and Loss Account			80,422		21,097
SHAREHOLDERS' FUNDS - EQUITY	9		<u>£ 81,422</u>		<u>£ 22,097</u>

Approved by the Board for signing on 28 June 1999


S F HAKOURA



C P FAIRWEATHER

Directors

The notes on pages 6 to 8 form part of these financial statements.

PIVOTAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 MARCH 1999****1. ACCOUNTING POLICIES****a) Accounting Convention**

The financial statements have been prepared under the historical cost convention.

b) Depreciation

Freehold land and buildings have been included at cost and are not depreciated.

Depreciation is not provided on freehold properties as it is the company's policy to maintain those assets to such a standard that the estimated residual values of the properties at the end of their useful economic lives to the company, based on the prices prevailing at the date of acquisition, will not be less than their net book values. The cost of maintaining the properties to the standard required for this policy is charged against profit in the year in which it is incurred.

c) Taxation

No provision is made for taxation which would become payable under present legislation in the event of future sales of the properties at the amounts at which they are stated in the financial statements.

Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that liabilities or assets are expected to be payable or receivable in the foreseeable future.

2. TURNOVER

Turnover represents rents receivable, net of Value Added Tax.

3. OPERATING PROFIT

	<u>1999</u> £	<u>1998</u> £
This is stated after charging:		
Directors' Remuneration	-	-
Auditor's Remuneration	200	200
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PIVOTAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 MARCH 1999****4. TAXATION**

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Corporation Tax @ 21% on profit for the year	6,563	4,985
Overprovision in prior year	(4,985)	-
	<u>£ 1,578</u>	<u>£ 4,985</u>

5. TANGIBLE FIXED ASSETS**Investment Properties**

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Cost		
At 1 April 1998	1,605,885	-
Additions in year	-	1,605,885
At 31 March 1999	<u>£ 1,605,885</u>	<u>£ 1,605,885</u>

In the opinion of the directors, the market value of the Investment Properties at 31 March 1999 was not materially different from cost.

6. CREDITORS: Amounts Falling Due Within One Year

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Bank Loan	45,000	30,000
Corporation Tax	6,563	4,985
Loan from Holding Company	292,972	292,972
Loan from Director	97,750	97,750
Accruals	17,650	9,570
	<u>£ 459,935</u>	<u>£ 435,277</u>

7. CREDITORS: Amounts Falling Due After More Than One Year

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Bank Loans, secured on the properties, repayable in instalments to 2007 at variable rates over base or LIBOR	1,180,000	1,210,000
Less: due within one year	(45,000)	(30,000)
	<u>£ 1,135,000</u>	<u>£ 1,180,000</u>
Due between 1 - 2 years	45,000	45,000
Due between 2 - 5 years	505,000	135,000
Due after 5 years	585,000	1,000,000
	<u>£ 1,135,000</u>	<u>£ 1,180,000</u>

PIVOTAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 MARCH 1999****8. SHARE CAPITAL**

	<u>Authorised</u>		<u>Allotted, Called Up and Fully Paid</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	<u>No</u>	<u>No</u>	<u>£</u>	<u>£</u>
Ordinary Shares of £1 each	1,000	1,000	1,000	1,000

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Shareholders' funds at 1 April 1998	22,097	2
Profit for the Financial year	59,325	21,097
Issue of Share Capital	-	998
Shareholders' Funds at 31 March 1999	<u>£ 81,422</u>	<u>£ 22,097</u>

10. ULTIMATE HOLDING COMPANY AND CONTROL

In accordance with Financial Reporting Standard 8, the company has the following related party disclosure requirements:

The company is a 75% subsidiary undertaking of, and is controlled by, Pivotal Holdings Limited, which is the ultimate holding company.