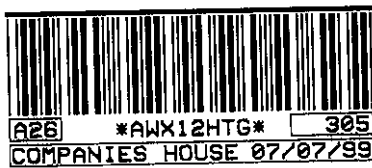


A.R.G. CONTRACTORS LIMITED

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 1998

COMPANY NO. 2555006

SOKHI & ASSOCIATES
CERTIFIED ACCOUNTANTS



A.R.G. CONTRACTORS LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

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The following page does not form part of the Statutory Accounts

Appendix

1. Trading and Profit and Loss Account

A.R.G. CONTRACTORS LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1998

The directors present their annual report with the accounts of the company for the year ended 31st December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was property management.

DIRECTORS


The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	<u>1998</u>	<u>1997</u>
Mr D M Olive	60	40
Mr M L Bye	60	40

SMALL COMPANY EXEMPTIONS

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies.

Signed on behalf of the
board of directors

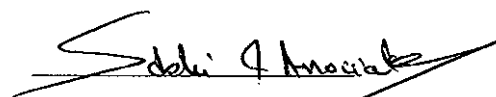


Mr M L Bye
Secretary

30th June 1999

ACCOUNTANTS' REPORT TO THE DIRECTORS OF
A.R.G. CONTRACTORS LIMITED

In accordance with instructions given to us we have prepared financial accounts for the company for the year ended 31st December 1998 according to the accounting provisions of the Companies Act 1985. The directors of the company have confirmed that the company is totally exempt from the audit requirement under the provisions of subsection 1 of section 249A of the Companies Act 1985, and as a result we have not carried out an audit. The financial accounts on pages 3 to 6 are therefore based on the information shown in the accounting records and on the information supplied and explanations given to us by the directors.



SOKHI & ASSOCIATES
Certified Accountants

86B ALBERT ROAD
ILFORD
ESSEX
IG1 1HR

2 July 1999

A.R.G. CONTRACTORS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£ £	£ £
TURNOVER	2	12,498	7,291
Net Operating Expenses			
Administrative Expenses		957	948
Interest Payable	3	5,873	1,933
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES <u>BEFORE TAXATION</u>		5,668	4,410
Tax on Ordinary Activities	4	1,190	959
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES <u>AFTER TAXATION</u>		4,478	3,451
Dividends		6,000	-
		<hr/>	<hr/>
<u>RETAINED (LOSS)/PROFIT FOR THE YEAR</u>		<u>£ (1,522)</u>	<u>£ 3,451</u>
 <u>STATEMENT OF RETAINED EARNINGS</u>			
Retained Profit/(Loss) Brought Forward		3,399	(52)
Retained (Loss)/Profit for the Year		(1,522)	3,451
		<hr/>	<hr/>
<u>RETAINED PROFIT CARRIED FORWARD</u>		<u>£ 1,877</u>	<u>£ 3,399</u>

All amounts relate to continuing activities.

There were no recognised gains or losses other than the profit or loss for the above two financial years.

A.R.G. CONTRACTORS LIMITEDBALANCE SHEET
AS AT 31ST DECEMBER 1998

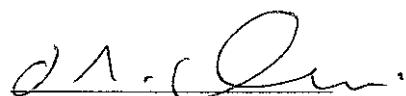
	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
FIXED ASSETS			
Tangible Assets	5	110,000	110,000
CURRENT ASSETS			
Cash at Bank and in Hand		3,647	6,307
		3,647	6,307
CREDITORS : Amounts Falling			
Due within One Year	6	(54,674)	(54,983)
NET CURRENT LIABILITIES		(51,027)	(48,676)
TOTAL ASSETS LESS CURRENT LIABILITIES		58,973	61,324
CREDITORS : Amounts Falling			
Due After more than One Year	7	56,996	57,825
		£ 1,977	£ 3,499
CAPITAL AND RESERVES			
Share Capital	8	100	100
Profit and Loss Account		1,877	3,399
TOTAL SHAREHOLDERS' FUNDS	9	£ 1,977	£ 3,499

The directors consider that for the year ended 31st December 1998 the company was entitled to exemption under subsection 1 of section 249A of the Companies Act 1985. No member or members have deposited a notice requesting an audit for the current financial year under subsection 2 of section 249B of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and 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.

In the preparation of the accounts advantage has been taken of special exemptions applicable to small companies under Part I of Schedule 8 to the Companies Act 1985 on the grounds that, in the directors' opinion, the company qualifies as a small company and is entitled to make use of the special exemptions.

Signed on behalf of the
board of directors



Mr D M Olive
Director

Approved by the board: 30th June 1999

A.R.G. CONTRACTORS LIMITED
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of Accounting

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

Turnover

Turnover represents rents receivable.

Tangible Fixed Assets

No depreciation is provided on freehold investment properties in accordance with SSAP19. This conflicts with the requirements of the Companies Act 1985. If this departure had not been made the profit for the financial year would have been reduced by depreciation on the properties of 2,200 (1997 - 2,200).

Cash Flow Statement

The company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a Cash Flow Statement for the year.

2. TURNOVER

The Turnover and Profit (1997 - Profit) before taxation for the year is attributable to the principal activity of the Company which is property management.

3. INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
	£	£
Other Interest Payable	5,873	1,933
	<u>5,873</u>	<u>1,933</u>

4. TAXATION

The tax charge on the profit on ordinary activities was as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Corporation Tax	1,190	959
	<u>1,190</u>	<u>959</u>

Corporation tax has been charged on the profit at 21% (1997 24%/21%).

5. TANGIBLE FIXED ASSETS

	Land & Buildings
	£
COST OR VALUATION	
At 1st January 1998	110,000
At 31st December 1998	<u>110,000</u>
DEPRECIATION	
At 1st January 1998 & 31st December 1998	<u>-</u>
NET BOOK VALUE	
At 31st December 1998	<u>110,000</u>
At 31st December 1997	<u>110,000</u>

6. CREDITORS: Amounts falling
Due within One Year

	<u>1998</u>	<u>1997</u>
	£	£
Bank Overdrafts and Loans	4,426	6,426
Other Creditors	50,248	48,557
	<u>54,674</u>	<u>54,983</u>

7. CREDITORS: Amounts Falling
Due After more than One Year

	<u>1998</u>	<u>1997</u>
	£	£
Bank Loans and Overdrafts	56,996	57,825
	<u>56,996</u>	<u>57,825</u>

8. SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised - Ordinary Shares	100	100
Allotted, Issued and Fully Paid	100	100

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
	£	£
PROFIT FOR THE FINANCIAL YEAR	4,478	3,451
Dividends	6,000	-
	<u>(1,522)</u>	<u>3,451</u>
Opening Shareholders' Funds	3,499	48
Closing Shareholders' Funds	<u>1,977</u>	<u>3,499</u>

10. TRANSACTIONS WITH DIRECTORS

The freehold property is let on normal commercial terms to ARG Europe Ltd, of which Mr D M Olive and Mr M L Bye are directors and substantial shareholders.