

CHRISTIE'S EUROPE LIMITED

Directors' Report and Financial Statements

31 December 2003

Registered number 1828285



CHRISTIE'S EUROPE LIMITED

Directors' Report and Financial Statements

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CHRISTIE'S EUROPE LIMITED

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31st December 2003.

Principal Activities

The Company is an investment holding company which owns the whole of the issued share capital of Christie's European Holdings Limited, which acts as an intermediate holding and management company for the European operations of the Christie's Group.

Business Review

The Company's results are set out on page 4.

Dividend

The Directors do not recommend the payment of a dividend (2002 : £nil).

Directors And Directors' Interests

The Directors who held office during the year were as follows:

F P Curiel

R H Aydon

A J Duncan

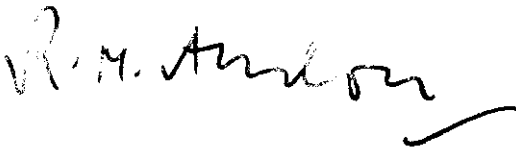
The Directors had no interests in the share capital of the Company as at 1st January 2003 and 31st December 2003.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

R H Aydon
Director



8 King Street
St James's
London
SW1Y 6QT

20th October 2004

CHRISTIE'S EUROPE LIMITED

Statement of 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 and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

CHRISTIE'S EUROPE LIMITED

Independent Auditors' Report to the Members of Christie's Europe Limited

We have audited the financial statements on pages 4 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities Of Directors And Auditors

The Directors are responsible for preparing the Directors' Report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

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 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 affairs of the Company as at 31st December 2003 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

20 October 2004

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

CHRISTIE'S EUROPE LIMITED

Profit and Loss Account For the year ended 31st December 2003

	Note	2003	2002
		£'000	£'000
Administrative and other expenditure		<u>(2)</u>	<u>(2)</u>
Loss on ordinary activities before taxation	4	(2)	(2)
Taxation on loss on ordinary activities	5	<u>1</u>	<u>1</u>
Retained loss for the financial year		<u>(1)</u>	<u>(1)</u>

The Company has no recognised gains or losses other than the result for this or the last financial year. Accordingly a statement of total recognised gains and losses has not been prepared.

For the current and preceding year there were no discontinued operations or acquisitions.

The notes to the accounts on pages 6 to 9 form part of these financial statements.

CHRISTIE'S EUROPE LIMITED

Balance Sheet
As at 31st December 2003

	Note	2003		2002	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments (£2)	6		-		-
Current assets					
Debtors	7	1,911		1,913	
Creditors:					
Amounts falling due within one year	8	<u>(772)</u>		<u>(773)</u>	
Net current assets			<u>1,139</u>		<u>1,140</u>
Net assets			<u>1,139</u>		<u>1,140</u>
Capital and reserves					
Called up equity share capital (£2)	9		-		-
Profit and loss account			<u>1,139</u>		<u>1,140</u>
Equity shareholders' funds			<u>1,139</u>		<u>1,140</u>

The notes to the accounts on pages 6 to 9 form part of these financial statements.

These financial statements were approved by the Board of Directors on *20th October* 2004 and were signed on its behalf by:



A J Duncan
Director

CHRISTIE'S EUROPE LIMITED

Notes to the Accounts

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements therefore present the results of the entity, and not its group.

The Company is exempt from the requirements of FRS 1, "Cash Flow Statements (Revised)" to prepare a cash flow statement, as it is a wholly owned subsidiary of Financière Pinault SCA, an EC incorporated company, and its cash flows are included within the consolidated cash flow statement of that company.

The Company is exempt from the requirement to disclose related party transactions with other group companies under FRS8 "Related Party Disclosures" as it is a wholly owned subsidiary as detailed above.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Deferred Taxation

Deferred taxation is provided, on a full provision basis, at anticipated future corporation tax rates in respect of timing differences in the recognition of income and expenditure for accounting and taxation purposes, to the extent in each case that the liability is considered likely to crystallise in the foreseeable future

2 Directors emoluments

The Directors did not receive any emoluments in respect of their services for this company during the year.

3 Staff numbers and costs

The company employs no staff (2002 : nil)

CHRISTIE'S EUROPE LIMITED

Notes to the Accounts (*continued*)

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is shown after charging:

	2003	2002
	£'000	£'000
Fees paid to auditors:		
- Audit	<u>2</u>	<u>2</u>

5 Taxation on loss on ordinary activities

a) Analysis of credit in period

	2003	2003	2002	2002
	£'000	£'000	£'000	£'000
<i>UK corporation tax</i>				
Current tax on losses for the period	<u>(1)</u>		<u>(1)</u>	
Tax credit on loss on ordinary activities		<u>(1)</u>		<u>(1)</u>

b) Factors affecting the tax credit for the current period

The current tax credit (2002: credit) for the period is equal to the standard rate of corporation tax in the UK (30%) (2002: 30%).

	2003	2002
	£'000	£'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>(2)</u>	<u>(2)</u>
Current tax at 30% (2002: 30%) (see note 5 a)	<u>(1)</u>	<u>(1)</u>

CHRISTIE'S EUROPE LIMITED

Notes to the Accounts (*continued*)

6 Fixed Asset Investments

Shares in subsidiary undertaking £

Cost

At beginning and end of year	<u>2</u>
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Details of the Company's investment in the subsidiary undertaking are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Christie's European Holdings Limited	England	Holding Company	100% Ordinary

In the opinion of the Directors the investment in and amounts due from the subsidiary undertaking are worth at least the amounts at which they are stated in the balance sheet.

7 Debtors : Amounts falling due within one year

	2003	2002
	£'000	£'000
Amounts owed by group undertakings	<u>1,911</u>	<u>1,913</u>

8 Creditors: amounts falling due within one year

	2003	2002
	£'000	£'000
Amounts owed to group undertakings	770	771
Accruals and deferred income	<u>2</u>	<u>2</u>
	<u>772</u>	<u>773</u>

CHRISTIE'S EUROPE LIMITED

Notes to the Accounts (*continued*)

9 Share Capital

	2003	2002
	£	£
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 Reconciliation of movements in shareholders' funds

	2003	2002
	£000	£000
Loss for the financial year	(1)	(1)
Opening shareholders' funds	<u>1,140</u>	<u>1,141</u>
Closing shareholders' funds	<u>1,139</u>	<u>1,140</u>

11 Ultimate parent undertaking

The smallest and largest group in which the results of Christie's Europe Limited are consolidated is Financière Pinault SCA, a company incorporated in France. Financière Pinault SCA is the ultimate parent undertaking of Christie's Europe Limited. The financial statements of Financière Pinault SCA are filed with the Tribunal de Commerce de Paris, 1, Quai de Corse, 75004 Paris.