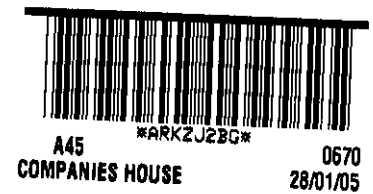


Company Registration No. 3225639

SWANSIDE PROPERTIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



15684-A-2003

Registered Office
Suite 23, Park Royal House
23 Park Royal Road
London

SWANSIDE PROPERTIES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The director presents his report and financial statements for the year ended 31 December 2003.

Principal activity

The principal activity of the company is that of an investment property company.

Review of the business and future developments

The director considers that the results of the company are satisfactory and that the company is expected to continue at its present levels in the future.

Results and dividends

The results for the year are set out on page 4.

No dividends have been declared or paid during this or the comparative period.

Directors

The following directors have held office since 1 January 2003:

Annan Limited (Appointed 13 August 2004)

A M Taylor (Resigned 13 August 2004)

The directors have no interest in the issued share capital of the company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Matthew Edwards & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

Director's responsibilities

Company law requires the director 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, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

On behalf of the board



Annan Limited (Director)

Date: 27/1/5

MATTHEW EDWARDS & CO

CHARTERED ACCOUNTANTS

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108
E-mail: audit@matthew-edwards.com

SWANSIDE PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SWANSIDE PROPERTIES LIMITED

We have audited the financial statements of Swanside Properties Limited on pages 4 to 10 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 the director and auditors

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

PARTNERS

N MORRIS B.A.(Hons) F.C.A. - M WICKERS LL.B. F.C.A.

Registered to carry on audit work and regulated for a range of investment business activities by The Institute of Chartered Accountants in England & Wales.

SWANSIDE PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SWANSIDE PROPERTIES LIMITED

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 director 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 as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Matthew Edwards & Co.

Matthew Edwards & Co.
Chartered Accountants
Registered Auditor

27/1/05

Clinch's House, Lord Street
Douglas
Isle of Man

SWANSIDE PROPERTIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 €	2002 restated €
Turnover	2	109,519	81,000
Cost of sales		(10,918)	(302,896)
Gross profit/(loss)		98,601	(221,896)
Administrative expenses		(73,620)	(24,373)
Operating profit/(loss)	3	24,981	(246,269)
Other interest receivable and similar income	4	3,194	707
Interest payable and similar charges	5	(3,468)	(668)
Profit/(loss) on ordinary activities before taxation		24,707	(246,230)
Tax on profit/(loss) on ordinary activities	6	(1,173)	-
Profit/(loss) on ordinary activities after taxation	11	23,534	(246,230)
Loss brought forward at 1 January 2003		(428,652)	(182,422)
Loss carried forward at 31 December 2003		(405,118)	(428,652)

All of the company's activities are derived from continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SWANSIDE PROPERTIES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2003**

		2003		2002 restated	
	Notes	€	€	€	€
Fixed assets					
Tangible assets	7		3,069,858		3,069,858
Current assets					
Debtors	8	39,456		48,039	
Cash at bank and in hand		139		24	
		<u>39,595</u>		<u>48,063</u>	
Creditors: amounts falling due within one year	9	<u>(414,515)</u>		<u>(446,517)</u>	
Net current liabilities			<u>(374,920)</u>		<u>(398,454)</u>
Total assets less current liabilities			<u>2,694,938</u>		<u>2,671,404</u>
Capital and reserves					
Called up share capital	10		3,100,056		3,100,056
Profit and loss account	11		<u>(405,118)</u>		<u>(428,652)</u>
Shareholders' funds - equity interests	12		<u>2,694,938</u>		<u>2,671,404</u>

The financial statements were approved by the Board on 27/1/5


Annas Limited
Director

SWANSIDE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

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

The financial statements have been prepared on the going concern basis. This is considered appropriate as the ultimate beneficial shareholders will continue to provide financial support to the company for the foreseeable future.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Tangible fixed assets and depreciation

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.3 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.4 Foreign currency translation

The company's accounting records are maintained in Euros.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

2 Turnover

Turnover represents income derived from the company's principal activity.

3 Operating profit/(loss)	2003	2002
	€	€
Operating profit/(loss) is stated after charging:		
Auditors' remuneration	3,423	1,738

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

4	Other interest receivable and similar income	2003	2002
		€	€
	Bank interest received	71	134
	Other interest	2,754	216
	Profit on foreign exchange	369	357
		<u>3,194</u>	<u>707</u>
5	Interest payable and similar charges	2003	2002
		€	€
	On bank loans and overdrafts	3,468	668
		<u>3,468</u>	<u>668</u>
6	Taxation	2003	2002
		€	€
	Domestic current year tax		
	Corporation tax at 30.00% (2002 - 30.00%)	-	-
	Foreign corporation tax		
	Foreign corporation tax	1,173	-
	Current tax charge	<u>1,173</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>24,707</u>	<u>(246,230)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30.00% (2002: 30.00%)	<u>7,412</u>	<u>(73,869)</u>
	Effects of:		
	Non deductible expenses	-	394
	Tax losses utilised	(7,412)	-
	Losses not recognised for accounting purposes	-	73,475
	Foreign tax adjustments	1,173	-
		<u>(6,239)</u>	<u>73,869</u>
	Current tax charge	<u>1,173</u>	<u>-</u>

The tax charge relates to Italian taxes payable by the Company's Italian Branch.

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

7 Tangible fixed assets

	Investment properties €
Cost	
At 1 January 2003 & at 31 December 2003	3,069,858

The investment represents land and buildings in Rome, Italy.

The properties were valued on 12 May 2002 by Francesco Gioscia, an architect in the City of Rome. The properties were valued on an open market basis at €3,033,700.

8 Debtors	2003 €	2002 €
Trade debtors	417	16,623
Other debtors	39,039	31,416
	<u>39,456</u>	<u>48,039</u>

9 Creditors: amounts falling due within one year	2003 €	2002 €
Bank loans and overdrafts	20,844	9,524
Trade creditors	252,363	298,803
Corporation tax	12,179	12,179
Other creditors	120,414	120,752
Accruals and deferred income	8,715	5,259
	<u>414,515</u>	<u>446,517</u>

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

10 Share capital	2003	2002
	No.	No.
Authorised		
10,000ordinary £1 shares	10,000	10,000
6,000,000Ordinary € 0.5165 Shares	6,000,000	6,000,000
	<u>6,010,000</u>	<u>6,010,000</u>
	2003	2002
	€	€
Allotted, called up and fully paid		
1,000ordinary £1 shares	1,315	1,315
6,000,000Ordinary € 0.5165 Shares	3,098,741	3,098,741
	<u>3,100,056</u>	<u>3,100,056</u>

The ordinary £1 shares rank pari passu in all respects with the € 0.5165 shares.

11 Statement of movements on profit and loss account

**Profit and
loss
account
€**

Balance at 1 January 2003	(428,652)
Retained profit for the year	23,534
	<u>(405,118)</u>
Balance at 31 December 2003	<u>(405,118)</u>

12 Reconciliation of movements in shareholders' funds

**2003
€**

**2002
€**

Profit/(Loss) for the financial year	23,534	(246,230)
Opening shareholders' funds	2,671,404	2,917,634
	<u>2,694,938</u>	<u>2,671,404</u>
Closing shareholders' funds	<u>2,694,938</u>	<u>2,671,404</u>

13 Contingent liabilities

There were no known contingent liabilities at the balance sheet date.

14 Capital commitments

There were no major capital commitments as at the balance sheet date

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

15 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Administration and Management	<u>2</u>	<u>2</u>

Employment costs

	€	€
Wages and salaries	2,436	2,549
Social security costs	<u>718</u>	<u>827</u>
	<u>3,154</u>	<u>3,376</u>

The Directors received no remuneration during the year.

16 Ultimate Controlling Party and Related Party Transactions

The director is aware of the identity of the ultimate controlling party. However, they are under a duty of confidentiality that prevents them from disclosing certain information otherwise required by Financial Reporting Standard 8. Therefore they have taken the exemption offered by the Standard in respect of confidentiality.