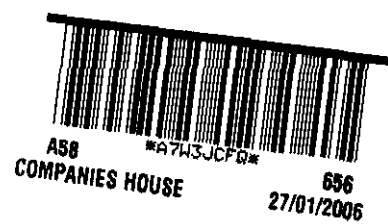


Company Registration No. 3225639

SWANSIDE PROPERTIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

15684-A-2004

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



SWANSIDE PROPERTIES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The director presents his report and financial statements for the year ended 31 December 2004.

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 3.

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

Directors

The following directors have held office since 1 January 2004:

A M Taylor	(Resigned 13 August 2004)
Annan Limited	(Appointed 13 August 2004)

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

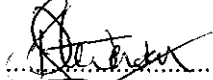
Director's responsibilities

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: 21/10/05

MeesPierson Intertrust

ACCOUNTANTS' REPORT TO THE DIRECTOR ON THE ACCOUNTS OF SWANSIDE PROPERTIES LIMITED

We report on the accounts for the year ended 31 December 2004.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 2004, set out on pages 3 to 9 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.

Our procedures consisted of comparing the accounts with the accounting records kept by the company and making such enquiries of the officers and other officials of the company as we considered necessary for the purposes of this report.

In our opinion the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985.

MeesPierson Intertrust Ltd
MeesPierson Intertrust Limited

21/10/05

MeesPierson Intertrust Limited

5th Floor, 86 Jermyn Street, London, SW1Y 6AW

Telephone +44 207 930 7111, Fax +44 207 930 7444

MeesPierson Intertrust Limited registered in England and Wales, Company Registration No. 962596

Directors: D.F. Lavin, B.A. Safa, R.J. Wise

Internet: www.meespiersonintertrust.com, E-mail: mail@meespiersonintertrust.com

SWANSIDE PROPERTIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 €	2003 €
Turnover	2	75,854	109,519
Cost of sales		(13,579)	(10,918)
Gross profit		62,275	98,601
Administrative expenses		(83,542)	(73,620)
Operating (loss)/profit	3	(21,267)	24,981
Other interest receivable and similar income	4	2,222	3,194
Interest payable and similar charges	5	(2,482)	(3,468)
(Loss)/profit on ordinary activities before taxation		(21,527)	24,707
Tax on (loss)/profit on ordinary activities	6	-	(1,173)
(Loss)/profit on ordinary activities after taxation	11	(21,527)	23,534
Loss brought forward at 1 January 2004		(405,118)	(428,652)
Loss carried forward at 31 December 2004		(426,645)	(405,118)

The profit and loss account has been prepared on the basis that all operations are 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 2004**

	Notes	2004 €	2003 €
Fixed assets			
Tangible assets	7	3,072,144	3,069,858
Current assets			
Debtors	8	27,774	39,456
Cash at bank and in hand		333	139
		<u>28,107</u>	<u>39,595</u>
Creditors: amounts falling due within one year	9	<u>(426,840)</u>	<u>(414,515)</u>
Net current liabilities		<u>(398,733)</u>	<u>(374,920)</u>
Total assets less current liabilities		<u>2,673,411</u>	<u>2,694,938</u>
Capital and reserves			
Called up share capital	10	3,100,056	3,100,056
Profit and loss account	11	<u>(426,645)</u>	<u>(405,118)</u>
Shareholders' funds - equity interests	12	<u>2,673,411</u>	<u>2,694,938</u>

In preparing these financial statements:

- The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The director acknowledges his 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 this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 21/10/05


.....
Annan Limited
Director

SWANSIDE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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 (loss)/profit	2004	2003
	€	€
Operating (loss)/profit is stated after charging:		
Auditors' remuneration	-	3,423
Accountancy	4,552	-

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

4	Other interest receivable and similar income	2004	2003
		€	€
	Bank interest received	52	71
	Other interest	1,775	2,754
	Profit on foreign exchange	395	369
		<u>2,222</u>	<u>3,194</u>
5	Interest payable and similar charges	2004	2003
		€	€
	On bank loans and overdrafts	2,482	3,468
		<u>2,482</u>	<u>3,468</u>
6	Taxation	2004	2003
		€	€
	Domestic current year tax		
	Corporation tax at 30.00% (2003 - 30.00%)	-	-
	Foreign corporation tax		
	Foreign corporation tax	-	1,173
	Current tax charge	<u>-</u>	<u>1,173</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(21,527)</u>	<u>24,707</u>
	(Loss)/profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30.00% (2003: 30.00%)	<u>(6,458)</u>	<u>7,412</u>
	Effects of:		
	Tax losses utilised	-	(7,412)
	Losses not recognised for accounting purposes	6,458	-
	Foreign tax adjustments	-	1,173
		<u>6,458</u>	<u>(6,239)</u>
	Current tax charge	<u>-</u>	<u>1,173</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 2004**

7 Tangible fixed assets

	Investment properties €
Value	
At 1 January 2004	3,069,858
Additions	2,286
	<u>3,072,144</u>
At 31 December 2004	<u>3,072,144</u>
Depreciation	
At 1 January 2004	-
	<u>-</u>
At 31 December 2004	<u>-</u>
Net book value	
At 31 December 2004	<u>3,072,144</u>
At 31 December 2003	<u>3,069,858</u>

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	2004	2003
	€	€
Trade debtors	382	417
Other debtors	27,392	39,039
	<u>27,774</u>	<u>39,456</u>
	<u>27,774</u>	<u>39,456</u>
 9 Creditors: amounts falling due within one year	 2004	 2003
	€	€
Bank loans and overdrafts	38,071	20,844
Trade creditors	236,740	252,363
Corporation tax	12,179	12,179
Other creditors	121,274	120,414
Accruals and deferred income	18,576	8,715
	<u>426,840</u>	<u>414,515</u>
	<u>426,840</u>	<u>414,515</u>

SWANSIDE PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

10 Share capital	2004 No.	2003 No.
Authorised		
10,000 ordinary £1 shares	10,000	10,000
6,000,000 ordinary € 0.5165 Shares	6,000,000	6,000,000
	<u>6,010,000</u>	<u>6,010,000</u>
	2004 €	2003 €
Allotted, called up and fully paid		
1,000 ordinary £1 shares	1,315	1,315
6,000,000 ordinary € 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 2004	(405,118)
Retained loss for the year	<u>(21,527)</u>
Balance at 31 December 2004	<u>(426,645)</u>

12 Reconciliation of movements in shareholders' funds

	2004 €	2003 €
(Loss)/Profit for the financial year	(21,527)	23,534
Opening shareholders' funds	<u>2,694,938</u>	<u>2,671,404</u>
Closing shareholders' funds	<u>2,673,411</u>	<u>2,694,938</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 2004****15 Employees****Number of employees**

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

	2004 Number	2003 Number
Administration and Management	-	2
Employment costs		
	€	€
Wages and salaries	-	2,436
Social security costs	-	718
	-	3,154

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.