Gilliland & Company

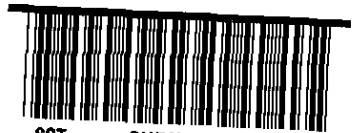
Chartered Accountants

XALOC (I - NO 403) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 2000

Registered in Scotland No: 87218

14th February 2001

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DIRECTORS' REPORT

YEAR ENDED 30TH JUNE 2000

The Directors submit their report and the financial statements.

Review of the Business and Future Developments

The company has not traded during the year and it is not intended that this will change.

Directors

Mr D H Rooney and Mrs J Robertson served as Directors throughout the year. Both Directors were interested in 500 ordinary shares of £1 each in the company as at 30th June 1999 and 2000. Mr D H Rooney resigned as a Director of the Company on the 2nd December 2000 at which point Mr W Brisbane was appointed.

Auditors

In view of the fact that the company has been dormant, a Special Resolution has been passed excluding the company from the obligation to appoint Auditors.

On behalf of the Board.

W. Brisbane

Mr W Brisbane
Company Secretary
219 St Vincent Street
Glasgow G2 5QY

14th February 2001

BALANCE SHEET AT 30TH JUNE 2000

	Notes	2000 £	1999 £
Tangible Fixed Assets			
Property investment	3	3,000	3,000
Net Assets (representing shareholders' funds - below)		3,000	3,000
Capital and Reserves			
Called up share capital	4	3,000	3,000
Shareholders' Funds (represented by net assets - above)		3,000	3,000

During the year the company has been dormant as defined by Section 250 of the Companies Act 1985 and has passed a Special Resolution excluding it from the obligation to appoint Auditors.

References are to the notes on page 3.

These financial statements were approved by the Board on 14th February 2001.

W. Brisbane.....

Mr W Brisbane, Director

NOTES ON FINANCIAL STATEMENTS
30TH JUNE 2000

1. **Trading**

The company has never traded and it is not intended that this will change. Consequently, no profit or loss has arisen in the year or previously.

2. **Accounting Policies**

a. Basis of accounting -

The financial statements are prepared under the historical cost convention.

b. Depreciation -

No depreciation has been charged on tangible fixed assets.

3. ***Property Investments***

The company purchased a property in Santa Ponsa, Majorca for £34,950 during the period ended 30th June 1985. The company then entered into Licence Agreements under which all rights of occupancy were assigned in perpetuity for £31,950. In the Directors' opinion the residual value of the property investment (being subject to the Licence Agreements) is £3,000. In arriving at their opinion the Directors have had regard to the possibility in the future of the company selling the property and thus having to repurchase the licences, if the licence holders should wish to sell, and to the terms under which they would expect such repurchase to take place.

4. **Share Capital**

	2000	1999
	£	£
Authorised, allotted, called up and fully paid -		
3,000 shares of £1 each	3,000	3,000