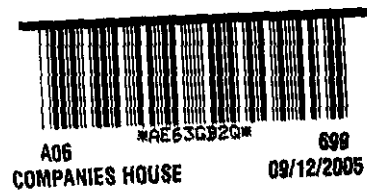


PROPHOLD LIMITED
REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2004

Company Number 1876080 (England and Wales)



PROPHOLD LIMITED

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PROPHOLD LIMITED

COMPANY INFORMATION

Directors:	J. A. Ramsden S. D. Leak
Secretary:	Caversham Secretaries Limited
Registered office:	7 Market Street Stourbridge West Midlands DY8 1AB.
Registered number:	1876080 (England and Wales)
Bankers:	Barclays Bank PLC 13 Library Place St. Helier Jersey

PROPHOLD LIMITED
REPORT OF THE DIRECTORS

The directors present their report together with the financial statements of the company for the year ended 31st March 2004.

PRINCIPAL ACTIVITY

The principal activity of the in the year under review was that of an investment company.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year were as follows :

A. D. D. Crichton	(Resigned 10th November, 2003)
R. T. Gibson	(Resigned 10th November, 2003)
S. B. De Carteret	(Resigned 10th November, 2003)
S. Whale	(Appointed 6th June, 2003 and Resigned 10th November, 2003)
S. D. Leak	(Appointed 10th November, 2003)
J. A. Ramsden	(Appointed 10th November, 2003)

None of the directors of the company who served during the year or subsequently held any interests in the shares of the company.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors



Caversham Secretaries Limited
Secretary

8 th November, 2005.

PROPHOLD LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2004

	<u>Note</u>	<u>2004</u> <u>£</u>	<u>2003</u> <u>£</u>
Turnover	2	32,772	50,331
Cost of sales		(31,159)	(28,237)
Gross profit		1,613	22,094
Administrative expenses		(16,971)	(8,211)
Operating (loss)/profit	3	(15,358)	13,883
Profit on disposal of fixed assets		-	126,478
Interest receivable		1,519	4,768
Interest payable		(24,086)	(311)
(Loss)/Profit before taxation		(37,925)	144,818
Taxation	4	-	(12,300)
(Loss)/Profit after taxation and retained for the year		(37,925)	132,518
Retained loss brought forward		(1,210,248)	(1,342,766)
Retained loss carried forward		<u>£ (1,248,173)</u>	<u>£ (1,210,248)</u>

PROPHOLD LIMITED

BALANCE SHEET

31ST MARCH 2004

	<u>Note</u>	<u>2004</u>	<u>2003</u>
		<u>£</u>	<u>£</u>
Tangible fixed assets	5	491,862	491,862
Current assets			
Debtors	6	724,108	102,886
Cash at bank and in hand		<u>156</u>	<u>70,676</u>
		724,264	173,562
Creditors : amounts falling due within one year	7	(441,743)	(39,662)
Net current assets		<u>282,521</u>	<u>133,900</u>
Total assets less current liabilities		774,383	625,762
Creditors : Amounts falling due after more than one year	8	(186,546)	-
		<u>£587,837</u>	<u>£625,762</u>
Capital and reserves			
Called up share capital	9	1,836,010	1,836,010
Profit and loss account		(1,248,173)	(1,210,248)
Total shareholders' funds		<u>£587,837</u>	<u>£625,762</u>

PROPHOLD LIMITED

BALANCE SHEET (continued)

31 MARCH 2004

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31st March 2004.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st March 2004 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

(a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and

(b) preparing financial statements which give a true and fair view of the state of the affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Signed on behalf of
the board of directors



J. A. Ramsden
Director

Approved by the board on 8th November, 2005.

PROPHOLD LIMITED

CASH FLOW STATEMENT

for the year ended 31st March 2004

	<u>2004</u>		<u>2003</u>	
	£	£	£	£
CASH GENERATED FROM OPERATIONS				
Operating (loss)/profit	(15,358)		13,883	
Reconciliation to cash generated from operations:				
Depreciation	-		75	
Decrease/(Increase) in debtors	31,271		(13,451)	
Increase/(Decrease) in trade creditors	761		-	
(Decrease)/Increase in other creditors	<u>(2,268)</u>		<u>2,447</u>	
		14,406		2,954
CASH FROM OTHER SOURCES				
Interest received	1,519		4,768	
Bank Loan	600,000		-	
Sale of fixed assets	<u>-</u>		<u>258,806</u>	
		601,519		263,574
APPLICATION OF CASH				
Interest paid	(24,086)		(311)	
Corporation Tax	(9,866)		-	
Payments to holding company	<u>(652,493)</u>		<u>(298,842)</u>	
		(686,445)		(299,153)
NET DECREASE IN CASH		<u>(70,520)</u>		<u>(32,625)</u>
Cash at bank and in hand at beginning of year		70,676		103,301
CASH AT BANK AND IN HAND AT END OF YEAR		<u>£ 156</u>		<u>£ 70,676</u>

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements of the company have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents rental income receivable from the properties let out on short term tenancies.

Tangible fixed assets and depreciation

Depreciation is provided on fixtures, fittings and furnishings at the annual rate to write off each asset over its estimated useful life of 5 years.

No depreciation is provided in respect of freehold and long leasehold properties. Investment properties are shown at cost in the financial statements, not open market value, which does not comply with the provisions of the Financial Reporting Standard for Smaller Entities (effective June 2002).

The book values of land and buildings are reviewed by the directors annually and if the market value of any property is estimated to be less than book value, provision is made for the difference by way of exceptional depreciation.

2. TURNOVER

There was no turnover attributable to geographical markets outside the United Kingdom during the year (2003 - None).

3. OPERATING PROFIT

Operating profit is stated after charging:

Depreciation

2004
£

£ -

<u>2003</u> <u>£</u>
£ 75

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS
(continued)

31ST MARCH 2004

4. TAXATION

	<u>2004</u> £	<u>2003</u> £
Corporation Tax based on profits for the year	-	12,300

5. TANGIBLE FIXED ASSETS

	<u>Freehold</u> <u>Property</u> £	<u>Long</u> <u>Leasehold</u> <u>Property</u> £	<u>Fixtures</u> <u>Fittings &</u> <u>Furnishing</u> £	<u>Total</u> £
Cost				
At 1 April 2003 and 31 March 2004	£ 7,080	£ 484,781	£ 32,725	£ 524,586
Depreciation				
At 1 April 2003 and 31 March 2004	£ -	£ -	£ 32,724	£ 32,724
Net book value				
At 1 April 2003 and 31 March 2004	£ 7,080	£ 484,781	£ 1	£ 491,862

The long leasehold property is held on a 125 year lease from 1 April 1998 with rent reviews after 25, 50, 75 and 100 years.

Freehold property comprises undeveloped land and is stated at cost.

In the opinion of the directors the open market value of the investment properties at 31 March, 2004 was £1,000,000 (cost and net book value £484,781).

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS
(continued)

31ST MARCH 2004

6. DEBTORS

	<u>2004</u> <u>£</u>	<u>2003</u> <u>£</u>
Amounts falling due within one year		
Trade debtors	1,050	32,321
Prepayments and accrued income	567	567
	<u>£ 1,617</u>	<u>£ 32,888</u>
Amounts falling due after more than one year		
Trade debtors	7,251	7,251
Other debtors	5,000	5,000
Amount due from parent undertaking	710,240	57,747
	<u>£ 722,491</u>	<u>£ 69,998</u>
Aggregate amounts	<u>£ 724,108</u>	#####

7. CREDITORS : amounts falling due within one year

	<u>2004</u> <u>£</u>	<u>2003</u> <u>£</u>
Trade creditors	2,745	1,984
Taxation	12,300	22,166
Accrued expenses	13,244	15,512
Bank Loan	413,454	-
	<u>£441,743</u>	<u>£39,662</u>

8. CREDITORS : amounts falling due after more than one year

	<u>2004</u> <u>£</u>	<u>2003</u> <u>£</u>
Bank Loan	<u>£ 186,546</u>	<u>£ -</u>

The bank loan is secured against the leasehold properties with interest being charged quarterly at 2% above Barclays base rate. The loan is subject to review after twelve months.

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS
(continued)

31ST MARCH 2004

9. CALLED UP SHARE CAPITAL

	2004		2003	
	<u>Number of shares</u>	<u>£</u>	<u>Number of shares</u>	<u>£</u>
Authorised				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
Preference shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	£	<u>2,500,000</u>	£	<u>2,500,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Preference shares of £1 each	<u>1,826,010</u>	<u>1,826,010</u>	<u>1,826,010</u>	<u>1,826,010</u>
	£	<u>1,836,010</u>	£	<u>1,836,010</u>

10. ULTIMATE HOLDING COMPANY

At 31 March 2004 the company was a wholly owned subsidiary of Essoldo Entertainments Limited, a company registered in England and Wales. In the opinion of the directors, the ultimate holding company is Pomoso (Overseas) Limited, a company incorporated in Jersey, Channel Islands.

11. RELATED PARTY TRANSACTIONS

Transactions with parent company

During the year the company continued to provide borrowing to Essoldo Entertainments Limited. The company advanced £660,593 to the parent company and was repaid £8,100 during the year.

At the balance sheet date the company was owed £710,240 by Essoldo Entertainment Limited (2002 - £57,747).

This support is provided on an interest free basis and without specific repayment terms.

PROPHOLD LIMITED

NOTES ON FINANCIAL STATEMENTS
(continued)

31ST MARCH 2004

11. POST BALANCE SHEET EVENTS

Since the end of the financial year the company has disposed of three of the long leasehold properties for the sum of £586,000.