

**BARCLAYS UNQUOTED INVESTMENTS LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

REGISTERED NUMBER: 2156066



**Barclays Unquoted Investments Limited**  
**Year ended 31 December 2005**  
**Directors' Report and Financial Statements**

**INDEX**

|                                   | Page |
|-----------------------------------|------|
| Directors' Report                 | 1    |
| Report of the auditors            | 4    |
| Income statement                  | 5    |
| Statement of changes in equity    | 6    |
| Balance sheet                     | 7    |
| Cash flow statement               | 8    |
| Notes to the financial statements | 9    |

**Barclays Unquoted Investments Limited**  
**Year ended 31 December 2005**  
**Directors' report**

The Directors present their report together with the audited financial statements for the year ended 31 December 2005.

**Principal Activity and Review of Business**

The principle activity of the Company was to provide investment to support the development of established businesses requiring funding for their next phase of growth/ownership. Such funding is via a combination of ordinary shares and Subordinated Unsecured Loan Notes 'SULNs'.

With effect from 1 January 2004, transfer pricing was implemented between Barclays Unquoted Investments Limited and its parent. The transfer of costs, arrangement fees and monitoring fees is reflected in these accounts.

**Results and dividends**

During the year the Company made a profit after taxation of £10,748,022 (2004: £4,139,402). The Directors do not recommend the payment of a final dividend (2004: £nil).

**Directors**

The Directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below:

|              |                            |
|--------------|----------------------------|
| R M Goldsack |                            |
| K L Kapur    |                            |
| I A Moseley  | (resigned 3 August 2005)   |
| S G Rose     | (appointed 15 August 2005) |
| S Y Sutton   |                            |

Since the year-end, RM Goldsack has resigned as a director with effect from 10 September 2006

**Directors' interests in shares (as defined by section 325 of the Companies Act 1985)**

The Directors have no interests in the shares of the Company. The Directors' interests in the ordinary shares of Barclays PLC, the ultimate holding Company, are shown below:

**Directors' interests in Barclays PLC ordinary shares of 25p each**

|              | At 1 January 2005 (a) | At 31 December 2005 |
|--------------|-----------------------|---------------------|
| R M Goldsack | 1,918                 | 30                  |
| K L Kapur    | 1,160                 | 1,160               |
| S G Rose     | 398                   | 530                 |
| S Y Sutton   | 3,257                 | 3,705               |

(a) or date appointed to the Board if later.

Beneficial interests in the table above represent shares held by Directors, either directly or through a nominee, their spouses and children under eighteen. They include any interests held through the Barclays PLC Group Sharepurchase Plan, details of which can be found in the financial statements of Barclays PLC.

In addition, at 31 December 2005 the Directors, together with senior executives of the Barclays Group, were potential beneficiaries in respect of a total of 147,145,847 Barclays PLC ordinary shares of 25p each (1 January 2005 115,031,594 ordinary shares of 25p each in Barclays PLC) held by the trustees of the Barclays Group Employees' Benefit Trusts.

**Directors' interests in shares in Barclays PLC under option under open incentive schemes**

**Sharesave**

|              | Number held at<br>1 January 2005 (a) | During the year |                  |               | Number held at<br>31 December 2005 |
|--------------|--------------------------------------|-----------------|------------------|---------------|------------------------------------|
|              |                                      | <u>Granted</u>  | <u>Exercised</u> | <u>Lapsed</u> |                                    |
| R M Goldsack | 4,483                                | 744             | 1,068            | -             | 4,159                              |
| K L Kapur    | 2,546                                | 1,488           | -                | -             | 4,034                              |
| S G Rose     | 2,076                                | 2,233           | 1,085            | -             | 3,224                              |
| S Y Sutton   | 3,541                                | 1,449           | 977              | -             | 4,013                              |

(a) or date appointed to the Board if later.

More information on Sharesave can be found in the financial statements of Barclays PLC.

**Directors' interests in shares in Barclays PLC under option under closed incentive schemes**

**Incentive Share Option Plan (ISOP)**

| Number held at      |   |                     | During the year                                   |                  |                   | Number held at      |   |
|---------------------|---|---------------------|---|------------------|-------------------|---------------------|---|
| 1 January 2005 (a)  |   |                     | <u>Granted</u>                                    | <u>Exercised</u> | <u>Lapsed (b)</u> | 31 December 2005    |   |
| Target Award Shares | Maximum number over which potentially exercisable | Target Award Shares | Maximum number over which potentially exercisable |                  |                   | Target Award Shares | Maximum number over which potentially exercisable |
| <b>K L Kapur</b>    |   |                     |   |                  |                   |                     |   |
| EP                  | 16,000  | 32,000              | -   | -                | -                 | 8,000               | 16,000  |
| TS                  |   |                     |   |                  |                   |                     |   |
| R                   | 12,000  | 48,000              | -   | -                | -                 | -                   | 12,000  |
| <b>S G Rose</b>     |   |                     |   |                  |                   |                     |   |
| EP                  | 36,000  | 50,000              | -   | -                | 22,000            | -                   | 14,000  |
| TS                  |   |                     |   |                  |                   |                     |   |
| R                   | 14,000  | 56,000              | -   | -                | -                 | -                   | 14,000  |

(a) or date appointed to the Board if later.

(b) the 2002 grant vested on 20 March 2005. The result of the Economic Profit (EP) performance against the target has resulted in the Target Award vesting. The shares under option that did not vest have lapsed. The result of the relative Total Shareholder Return (TSR) performance target against the comparative group of companies resulted in a vesting multiplier of one times the Target Award.

Under the ISOP, participants are granted options over Barclays PLC ordinary shares which are exercisable at the market price set at the time of grant. The number of shares over which options can be exercised depends upon the performance of Barclays PLC. More information on this scheme can be found in the financial statements of Barclays PLC.

**Barclays Unquoted Investments Limited**  
**Year ended 31 December 2005**  
**Directors' report**

**Statement of Directors' responsibilities**

The following statement, which should be read in conjunction with the Auditors' Report set out on page 4 is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year 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 the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 5 to 21.

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- that all the accounting standards which they consider to be applicable have been followed, and
- that the financial statements have been prepared on a going concern basis.


The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

The Directors 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.

**Auditors**

On 30 January 1991 an Elective Resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint Auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

**BY ORDER OF THE BOARD**



K L Kapur  
Director  
25<sup>th</sup> October 2006

**Independent Auditor's Report to the Member of Barclays Unquoted Investments Limited**

We have audited the financial statements of Barclays Unquoted Investments Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of changes in equity and the related notes on pages 5 to 21. These financial statements have been prepared under the accounting policies set out on pages 9 to 11.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 other transactions is not disclosed.

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

**Basis of audit opinion**

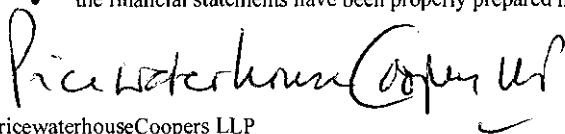
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the 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, in accordance with IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
26<sup>th</sup> October 2006

**Barclays Unquoted Investments Limited**  
**At 31 December 2005**

| <b>INCOME STATEMENT</b>                | <b>Notes</b> | <b>2005</b>       | <b>2004</b>      |
|--|--------------|-------------------|------------------|
|  |              | <b>£'s</b>        | <b>£'s</b>       |
| Income from financial assets           | 4            | 13,088,960        | 5,543,162        |
| Administrative expenses                | 5            | (2,077,268)       | (1,821,379)      |
| <b>Operating profit</b>                |              | <b>11,011,692</b> | <b>3,721,783</b> |
| Finance income - net                   | 6            | 301,501           | 1,644            |
| <b>Profit before taxation</b>          |              | <b>11,313,193</b> | <b>3,723,427</b> |
| Taxation                               | 7            | (565,171)         | 415,975          |
| <b>Profit after taxation</b>           |              | <b>10,748,022</b> | <b>4,139,402</b> |
| Retained (loss)/profit brought forward |              | (719,986)         | (5,728,845)      |
| Retained (loss)/profit carried forward |              | 10,028,036        | (1,589,443)      |

The accompanying notes form an integral part of the financial statements.

**Barclays Unquoted Investments Limited**  
**At 31 December 2005**

| <b>STATEMENT OF CHANGES IN EQUITY</b>                    | <b>Issue of Share Capital</b> | <b>Retained Earnings</b> | <b>Available for Sale 'AFS' revaluation reserve</b> | <b>Total</b>      |
|--|-------------------------------|--------------------------|---|-------------------|
|  | <b>£'s</b>                    | <b>£'s</b>               |   | <b>£'s</b>        |
| <b>Opening balance as at 31/12/03</b>                    | 52,000,000                    | (5,728,845)              | -   | 46,271,155        |
| Issue of share capital in 12 months to 31/12/04          | 8,000,000                     | -                        | -   | 8,000,000         |
| Profit for 12 months to 31/12/04                         | -                             | 4,139,402                | -   | 4,139,402         |
| <b>Balances as at 31/12/04</b>                           | <b>60,000,000</b>             | <b>(1,589,443)</b>       | <b>-</b>  | <b>58,410,557</b> |
| Effect of Adoption of IAS 32& 39, as applied at 1/1/05   | -                             | 869,457                  | 551,953   | 1,421,410         |
| <b>Restated Balance under IFRS as at 1/1/05</b>          | <b>60,000,000</b>             | <b>(719,986)</b>         | <b>551,953</b>                                      | <b>59,831,967</b> |
| Issue of share capital in 12 months to 31/12/05          | 4,000,000                     | -                        | -   | 4,000,000         |
| Fair value gain on disposal transfer to income statement |                               |                          | (406,303)   | (406,303)         |
| Fair Value Movements                                     |                               |                          | 230,983   | 230,983           |
| Profit for 12 months to 31/12/05                         | -                             | 10,748,022               | -   | 10,748,022        |
| <b>As at 31 December 2005</b>                            | <b>64,000,000</b>             | <b>10,028,036</b>        | <b>376,633</b>                                      | <b>74,404,669</b> |

The accompanying notes form an integral part of the financial statements.

Subsequent to the year end a further 4,000,000 of shares were allotted to Barclays Bank PLC, on 16/1/06, in relation to cash proceeds received by the Company in the period to 31/12/05.

There were no adjustments to shareholders equity as a result of the conversion to IFRS (excluding IAS 32/29) as at 1 January 2004.

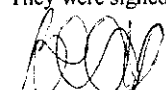


**Barclays Unquoted Investments Limited**  
**At 31 December 2005**

| <b>BALANCE SHEET</b>                                     | <b>Notes</b> | <b>2005<br/>£'s</b> | <b>2004<br/>£s</b> |
|--|--------------|---------------------|--------------------|
| <b>NON CURRENT ASSETS</b>                                |              |                     |                    |
| Available for sale financial assets                      | 8            | 1,376,828           | 2,676,361          |
| Investments in financial assets designated as fair value | 9            | 17,754,772          | 16,078,580         |
| Loans and receivables                                    | 10           | 55,961,428          | 33,135,828         |
| Investments in subsidiaries                              | 11           | -                   | 2,909,368          |
| <b>Total non-current assets</b>                          |              | <b>75,093,026</b>   | <b>54,800,137</b>  |
| <b>Current assets</b>                                    |              |                     |                    |
| Other receivables and accrued income                     | 12           | 830,293             | 2,355,467          |
| Cash at bank   |              | 3,776,167           | 3,375,990          |
| Current tax assets                                       | 14           | -                   | 177,896            |
| <b>Total current assets</b>                              |              | <b>4,606,460</b>    | <b>5,909,353</b>   |
| <b>Total assets</b>                                      |              | <b>79,699,486</b>   | <b>60,709,490</b>  |
| <b>LIABILITIES</b>                                       |              |                     |                    |
| <b>Current liabilities</b>                               |              |                     |                    |
| Accrued expenses and other payables                      | 13           | (4,690,580)         | (2,298,933)        |
| Current tax liabilities                                  | 14           | (604,237)           | -                  |
| <b>Total current liabilities</b>                         |              | <b>(5,294,817)</b>  | <b>(2,298,933)</b> |
| <b>Net current liabilities</b>                           |              | <b>(688,357)</b>    | <b>3,610,420</b>   |
| <b>Net assets</b>  |              | <b>74,404,669</b>   | <b>58,410,557</b>  |
| <b>SHAREHOLDERS' EQUITY</b>                              |              |                     |                    |
| Called up share capital                                  | 15           | 64,000,000          | 60,000,000         |
| Available for sale reserve                               |              | 376,633             | -                  |
| Retained earnings  |              | 10,028,036          | (1,589,443)        |
| <b>Total shareholders' equity</b>                        |              | <b>74,404,669</b>   | <b>58,410,557</b>  |

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the board of Directors and authorised for issue on 23<sup>rd</sup> October 2006.  
They were signed on its behalf by:



SY Sutton  
Director  
24<sup>th</sup> October 2006

**Barclays Unquoted Investments Limited**  
**At 31 December 2005**

| <b>CASHFLOW STATEMENT</b>  | <b>Notes</b> | <b>2005</b>         | <b>2004</b>         |
|--|--------------|---------------------|---------------------|
|  |              | <b>£'s</b>          | <b>£'s</b>          |
| <b>Inflow from operating activities</b>                          | <b>17</b>    | <b>20,676,531</b>   | <b>5,407,437</b>    |
| Interest received  |              | 303,000             | 2,493,897           |
| Interest paid  |              | (1,499)             | (1,170)             |
| Tax received/(paid)  |              | 216,962             | -                   |
| <b>Net cash from operating activities</b>                        |              | <b>21,194,994</b>   | <b>7,900,164</b>    |
| <b>Cash flows from investing activities</b>                      |              |                     |                     |
| Investment in financial assets and loans                         |              | (39,473,550)        | (27,288,315)        |
| Disposal/redemption of financial assets and loans                |              | 14,678,733          | 6,460,020           |
| <b>Net cash from/(used in) investing activities</b>              |              | <b>(24,794,817)</b> | <b>(20,828,295)</b> |
| <b>Cash flows from financing activities</b>                      |              |                     |                     |
| Cash received from Barclays Bank Plc re issue of ordinary shares | <b>15</b>    | 4,000,000           | 8,000,000           |
| <b>Net cash from/(used in) financing activities</b>              |              | <b>4,000,000</b>    | <b>8,000,000</b>    |
| <b>Net increase/(decrease) in cash at bank</b>                   |              | <b>400,177</b>      | <b>(4,928,131)</b>  |
| Cash at bank at beginning of year                                |              | 3,375,990           | 8,304,721           |
| <b>Cash at bank at end of year</b>                               |              | <b>3,776,167</b>    | <b>3,375,990</b>    |

The accompanying notes form an integral part of the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Reporting entity**

These financial statements are prepared for Barclays Unquoted Investments Limited ('the Company'), the principal activity of which is to hold private equity investments in unquoted UK companies. The financial statements are prepared for the Company only. The Company is a wholly owned subsidiary of Barclays Bank PLC and its ultimate parent Company is Barclays PLC, both of which prepare consolidated financial statements in accordance with IFRS, and accordingly consolidated financial statements have not been prepared.

The Company is a private limited company, incorporated in the United Kingdom.

### **2. Compliance with International Financial Reporting Standards**

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), adopted for use in the European Union. In all respects, this is also in accordance with IFRS, including the interpretations issued by the International Financial Reporting Interpretations Committee.

### **3. Accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied, except for the first time application of IFRS relating to financial instruments for which the 2004 comparatives have been prepared in accordance with UK GAAP, as permitted by IFRS, and as is described in more detail in the relevant accounting policies.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies. They are stated in pounds sterling, the currency of the country in which the Company is incorporated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated and individual financial statements.

#### **First time application of IFRS**

The Company has applied IFRS in its financial reporting with effect from 1 January 2004, in accordance with the transitional provisions set out in IFRS 1, 'First-time Adoption of International Financial Reporting Standards'. Previously, the Company followed UK accounting standards issued by the UK Accounting Standards Board and the pronouncements of its Urgent Issues Task Force, and the Companies Act, 1985 (collectively, 'UK GAAP').

#### **First time application of IFRS relating to Financial Instruments**

IFRS 1 includes specific transitional provisions for International Accounting Standard 32, 'Financial Instruments, Disclosure and Presentation', and International Accounting Standard 39, 'Financial Instruments – Recognition and Measurement'. The Company has decided to take advantage of these provisions and therefore has not applied these standards to the 2004 comparatives. The impact of these standards is reflected through adjustments to shareholders' equity as at 1 January 2005. In the 2004 comparatives, financial instruments are included using the measurement bases and the disclosure requirements of UK GAAP relating to financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS Continued ...**

**Effect of the transition to IFRS**

A description of the differences between UK GAAP and IFRS accounting policies is set out on pages 19 - 21. Reconciliations of balance sheets prepared under UK GAAP and IFRS at 1 January 2005 are included on page 21. There was no impact on the net profit of the company as a result of transition to IFRS for the period ended 31 December 2004.

The Company's accounting policies set out below, in so far as they relate to financial instruments, set out the policy applied both before and after the application of these standards on 1 January 2005.

**(a) Investment Income**

Dividend income on preference and ordinary shares is recognised when the right to receive payment is established.

**(b) Income taxes, including deferred income taxes**

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(c) Financial assets and liabilities**

The Company recognises financial instruments from the contract date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Financial assets are initially recognised at fair value and then classified in the following categories and dealt with in the financial statements as follows:

*Financial instruments: -*

*(i) At fair value through profit or loss*

Financial instruments are classified in this category if they are held for trading or if they are designated by the management under the fair value option.

The company does not have any financial instruments held for trading.

The fair value option is used for investments where the company has the ability to exercise significant influence over the operation and financial management policy decisions are designated at fair value in accordance with the para 1 of IAS 28 Investment in Associates.

Once designated, such investments are measured at fair value in accordance with IAS 39, with changes in fair value recognised in profit or loss in the period of the change.

*(ii) Available for sale*

This approach is applied to all financial assets where the Company's investment therein is less than 20% of the voting equity, or where controls are equivalent to those of less than 20% of the voting equity.

These assets are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value, and gains and losses arising from changes in fair value are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the income statement.

Where any impairment is considered to be a permanent negative movement against cost, the impairment is shown as a cost in the profit & loss account in the period in which the impairment is identified to have occurred.

## NOTES TO THE FINANCIAL STATEMENTS Continued ...

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and Receivables are initially recognised at fair value including direct and incremental transaction cost. They are subsequently valued in line with Valuations Committee according to amount of loan, including any capitalisation of interest/costs, less any amortisation. This is deemed not to be materially different to the effective interest method. Any impairment is shown through the profit and loss account, based on the Valuations Committee view as to whether any impairment applies.

If in a subsequent period the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment or recognised amount the previously recognised impairment loss will reverse by adjusting the impairment account. The amount of reversal is recognised in the income statement.

### *Determining fair value*

Where the classification of a financial instrument requires it to be stated at fair value, the fair values are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices are used for quoted securities. Other techniques, such as Earnings Multiple method, are used to determine fair value for the remaining financial instruments which is in line with the International Private Equity and Venture Capital Valuation Guidelines developed by the British Venture Capital Association BVCA and European Private Equity and Venture Capital Association EVCA.

### *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including loans and receivables, is impaired. The factors that the Company takes into account include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties.

The Company also considers any change in valuation and, where such is considered to be a permanent negative movement against cost, including in the case of available for sale assets the impairment is shown as a cost in the profit & loss account in the period in which the impairment is identified to have occurred.

Impairment allowances are calculated, based on the difference between the carrying amount of the asset and its estimated recoverable amount, calculated by reference to the valuation of the asset, in line with the methodologies and views confirmed via the Valuations Committee.

### *Netting*

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

In accounting periods prior to 1 January 2005, financial assets and liabilities are offset where there is the legal ability to do so.

### *Prior to 1 January 2005*

Prior to 1 January 2005, financial assets, including loans and receivables, investments and liabilities were accounted for at cost less provisions, where appropriate. Provisions for impairment were established in reference to the difference between carrying value and estimated recoverable amount.

### **(d) Provisions**

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefits will be necessary to settle the obligation, and these can be reliably estimated.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

### **(e) Cash and cash equivalent**

For the purposes of the cash flow statement, cash comprises cash on hand, demand deposits, and cash at bank.

NOTES TO THE FINANCIAL STATEMENTS Continued ...

4 Income from financial assets

|   | 2005              | 2004             |
|---|-------------------|------------------|
| Realised capital gains                    | 13,459,494        | 5,702,133        |
| Provisions and write offs                 | (9,296,019)       | (4,293,002)      |
| Unrealised fair value gains (net)         | 3,548,000         | -                |
| Other income from financial assets        | 1,886,817         | 2,093,550        |
| Interest on Subordinated loan note        | 3,490,668         | 2,490,481        |
| <b>Total income from financial assets</b> | <b>13,088,960</b> | <b>5,543,162</b> |

5 Administrative Expenses

The following items have been charged in arriving at Administrative expenses

|                                      | 2005<br>£'s      | 2004<br>£'s      |
|--------------------------------------|------------------|------------------|
| Internal recharge of staff expenses  | 1,220,537        | 955,422          |
| Internal recharge of non-staff costs | 698,949          | 671,413          |
| Auditors Remuneration                |                  |                  |
| - Audit services                     | 40,000           | 45,000           |
| Professional fees                    | 117,782          | 149,544          |
|                                      | <b>2,077,268</b> | <b>1,821,379</b> |

The aggregate emoluments of the Directors of the Company disclosed in accordance with Schedule 6 of the Companies Act 1985 were as follows. These are included within the internal recharge of staff expenses detailed above:

|   | 2005<br>£      | 2004<br>£      |
|---|----------------|----------------|
| <i>Directors' emoluments in respect of their services to the Company:</i> |                |                |
| Aggregate emoluments  | 371,308        | 275,179        |
|   | <b>371,308</b> | <b>275,179</b> |

Two Directors are accruing retirement benefits under a defined benefit scheme (2004: two) and one Director is accruing benefits under a defined contribution scheme (2004: one). These are Group Schemes which form part of the recharge to the Company.

Three directors exercised options under the Barclays PLC Sharesave scheme and Long Term Incentive Schemes during 2005 (2004: three).

The aggregate emoluments of the highest paid Director were as follows:

| Highest paid director | 2005<br>£      | 2004<br>£      |
|-----------------------|----------------|----------------|
| Aggregate emoluments  | 160,383        | 145,108        |
|                       | <b>160,383</b> | <b>145,108</b> |

NOTES TO THE FINANCIAL STATEMENTS Continued ...

**6 Finance income (net)**

Finance income (net) comprises the following:-

|   | 2005           | 2004         |
|---|----------------|--------------|
|   | £'s            | £'s          |
| <b>Interest income</b>                      |                |              |
| Bank and treasury deposit interest received | 303,000        | 2,814        |
| <b>Bank interest paid</b>                   | (1,499)        | (1,170)      |
| <b>Finance income (net)</b>                 | <b>301,501</b> | <b>1,644</b> |

**7. Taxation**

The analysis of the charge/ (credit) for the year is as follows:

|  | 2005           | 2004             |
|--|----------------|------------------|
|  | £'s            | £'s              |
| <b>Current tax:</b>                            |                |                  |
| United Kingdom corporation tax charge/(credit) | 565,171        | (415,975)        |
| <b>Total tax charge/(credit)</b>               | <b>565,171</b> | <b>(415,975)</b> |

The statutory rate of corporation tax applicable to the Company is 30% (2004:30%).

A numerical reconciliation of the applicable tax rate and the effective tax rate is as follows:

|   | 2005        | 2004        |
|---|-------------|-------------|
|   | £'s         | £'s         |
| Profit before tax   | 11,313,193  | 3,723,427   |
| Tax charge at average UK corporation tax rate of 30% (2004:30%)   | 3,393,958   | 1,117,026   |
| Effect of non-allowable write-downs   | 2,427,873   | 364,753     |
| Other non-allowable expenses  | 14,685      | -           |
| Capital gains covered by losses brought forward or by Substantial Shareholding Exemptions                                     | (4,037,848) | (1,710,640) |
| Unrealised gains due to fair value movement; not taxable as currently meeting criteria for Substantial Shareholding Exemption | (1,064,400) | -           |
| Dividend income – non taxable   | (169,096)   | (190,556)   |
| Other items   | -           | 3442        |
| Overall tax charge  | 565,171     | (415,975)   |
| Effective tax rate %  | 30%         | 30%         |

NOTES TO THE FINANCIAL STATEMENTS Continued ...

8. Available for sale financial assets 'AFS'

|   | 2005<br>£s       |
|---|------------------|
| As at 31/12/04  | 2,676,361        |
| Effect of Adoption of IAS 32&39, as applied at 1/1/05 | 551,953          |
| <b>Restated Balance under IFRS as at 1/1/05</b>       | <b>3,228,314</b> |
| Additions   | 160,391          |
| Disposals   | (999,546)        |
| Impairment  | (1,243,314)      |
| Revaluation surplus / (deficit) recognised in equity  | 230,983          |
| <b>Net Book Value as at 31 December 05</b>            | <b>1,376,828</b> |

Particulars of investments as at 31 December 2005 are as follows: -

| Country of registration or incorporation | Company name                          | Percentage of equity share held | Percentage of voting equity held |
|--|---------------------------------------|---------------------------------|----------------------------------|
| UK                                       | Adepta Holdings Limited               | 10.6%                           | 10.6%                            |
| UK                                       | British Biocell International Limited | Less than 5%; AIM floated       |                                  |
| UK                                       | Ticketing Solutions                   | 10%                             | 10%                              |
| UK                                       | ISL                                   | 11.5%                           | 11.5%                            |
| UK                                       | Sussex Place Investment Management    | 15.8%                           | Investment into a fund           |

The investments above represent investments in listed debt and equity securities, as follows:-

|                                 | 2005<br>£s       |
|---------------------------------|------------------|
| Investment in fund              | 100,000          |
| UK equities – unquoted          | 662,828          |
| UK equities – listed securities | 614,000          |
| <b>At 31 December</b>           | <b>1,376,828</b> |

9. Investments in financial assets designated as fair value through profit and loss

|   | 2005<br>£s        |
|---|-------------------|
| As at 31/12/04  | 16,078,569        |
| Effect of Adoption of IAS 32&39, as applied at 1/1/05 | 869,457           |
| <b>Restated Balance under IFRS as at 1/1/05</b>       | <b>16,948,026</b> |
| Additions   | 5,542,473         |
| Disposals   | (5,264,677)       |
| Impairment  | (2,108,785)       |
| Write offs  | (910,276)         |
| Revaluation surplus / (deficit) recognised in P&L     | 3,548,000         |
| <b>Net Book Value as at 31 December 05</b>            | <b>17,754,772</b> |



**NOTES TO THE FINANCIAL STATEMENTS Continued ...**

Particulars of investments as at 31 December 2005 are as follows: -

| Country of<br>registration or<br>incorporation | Company name                        | Percentage of equity<br>share capital held | Percentage of voting<br>equity held |
|--|-------------------------------------|--|-------------------------------------|
| UK   | Whistlestop Discount Stores Limited | 22.5%                                      | 22.5%                               |
| UK   | Accura Support Services Limited     | 39.15%                                     | 39.15%                              |
| UK   | Ancyra Healthcare Services Limited  | 44.9%                                      | 44.9%                               |
| UK   | APR Smartlojik Limited              | 34.6%                                      | 34.6%                               |
| UK   | ARM Holdings Limited                | 25.02%                                     | 25.02%                              |
| UK   | Benlowe                             | 30.88%                                     | 30.88%                              |
| UK   | Bifold                              | 35.2%                                      | 35.2%                               |
| UK   | Chips Away International Limited    | 32.3%                                      | 32.3%                               |
| UK   | CCS (Crown)                         | 42.75%                                     | 42.75%                              |
| UK   | Esprit Holidays Limited             | 47.56%                                     | 47.56%                              |
| UK   | Garwyn Limited                      | 51.70%                                     | 43.41%                              |
| UK   | H&K                                 | 37.38%                                     | 37.38%                              |
| UK   | IGLU                                | 21.08%                                     | 21.08%                              |
| UK   | Insight                             | 35.99%                                     | 35.99%                              |
| UK   | ISG                                 | 23%  | 23%                                 |
| UK   | Integral UK Limited                 | 28.93%                                     | 28.93%                              |
| UK   | Le Monde Limited                    | 33.25%                                     | 33.25%                              |
| UK   | Original Additions                  | 42.5%                                      | 42.5%                               |
| UK   | Propertyflow                        | 26.1%                                      | 26.1%                               |
| UK   | Regalead                            | 34.2%                                      | 34.2%                               |
| UK   | STS                                 | 22.5%                                      | 22.5%                               |
| UK   | Uninterruptible Power Supplies      | 55.24%                                     | 43.41%                              |
| UK   | Vector Command                      | 30.39%                                     | 30.39%                              |
| UK   | Viscose                             | 38%  | 38%                                 |
| UK   | Warehouse Express                   | 46.71%                                     | 43.41%                              |

**10. Loans and receivables**

This is loan notes issued to investee companies as part of the Company's investments therein.

|  | 2005<br>£s        |
|--|-------------------|
| At 31/12/04                                | 33,135,828        |
| IAS FTA                                    | -                 |
| At 1 January 05                            | 33,135,828        |
| Additions                                  | 33,048,195        |
| Disposals                                  | (8,810,200)       |
| Impairment                                 | 349,358           |
| Write offs                                 | (1,761,748)       |
| <b>Net Book Value as at 31 December 05</b> | <b>55,961,433</b> |

**NOTES TO THE FINANCIAL STATEMENTS Continued ...**

**11. Investments in subsidiaries**

There are two investments for which "swamping rights" have been triggered as at 31 December 2005. The Company has not exercised its ability to exercise control but the fact that it has the ability to do so means the investment is shown in this category.

|   | <b>2005</b>      |
|---|------------------|
|   | <b>£s</b>        |
| <b>At 31/12/04</b>  | <b>2,909,368</b> |
| Effect of Adoption of IAS 32&39, as applied at 1/1/05         | -                |
| <b>At 1 January 05</b>  | <b>2,909,368</b> |
| Additions   | 711,886          |
| Disposals   | -                |
| Impairment  | (3,621,254)      |
| Write offs  | -                |
| Further revaluation surplus / (deficit) transferred to equity | -                |
| <b>Net Book Value as at 31 December 05</b>                    | <b>Nil</b>       |

Since the period end both investments have been restructured such that ongoing control would not be a factor and the investments have, therefore, been de-consolidated in 2006. Where swamping rights are triggered this is usually a temporary investment control scenario which should not be construed as any form of deeper ownership, underwriting or commitment by the Company or the Barclays Group.

**12 Other receivables**

An analysis of other receivables is as follows:

|                   | <b>2005</b>    | <b>2004</b>      |
|-------------------|----------------|------------------|
|                   | <b>£'s</b>     | <b>£'s</b>       |
|                   | <b>Current</b> | <b>Current</b>   |
| Other receivables | 32,834         | 1,636,829        |
| Accrued income    | 797,459        | 718,637          |
|                   | <b>830,293</b> | <b>2,355,467</b> |

NOTES TO THE FINANCIAL STATEMENTS Continued ...

**13 Accrued expenses and other payables**

An analysis of trade and other payables is as follows:

|  | 2005<br>£'s<br>Current | 2004<br>£'s<br>Current |
|--|------------------------|------------------------|
| Amounts received in advance in respect of issue of share capital | 4,000,000              | -                      |
| Provision against contingent liabilities*                        | 500,000                | -                      |
| Accrued expenses   | 165,959                | 45,002                 |
| VAT  | 24,502                 | -                      |
| Amount owed to group companies                                   | 119                    | 2,253,931              |
|  | <b>4,690,580</b>       | <b>2,298,933</b>       |

The Directors consider that the carrying amount of trade payables approximates their fair value.

\*this relates to an amount that, at year end 31 December 2005, was likely to be payable in respect of an Overdraft guarantee issued in favour of an investee company, and against which provision was therefore raised.

**14 Current tax assets**

Current tax assets were as follows:

|                               | 2005<br>£'s | 2004<br>£'s |
|-------------------------------|-------------|-------------|
| 03 tax charge                 | (238,079)   | (238,079)   |
| 04 tax credit                 | 415,975     | 415,975     |
| Receipt against 04 tax credit | (216,962)   |             |
| 05 tax payable                | (565,171)   |             |
| UK corporation tax payable    | (604,237)   | 177,896     |

**15 Share capital**

Particulars of the Company's share capital were as follows:

|                     | Number of<br>Ordinary £1<br>Shares | Ordinary<br>Shares<br>£'s | Total<br>£'s |
|---------------------|------------------------------------|---------------------------|--------------|
| At 1 January 2004   | 52,000,000                         | 52,000,000                | 52,000,000   |
| [Movements]         | 8,000,000                          | 8,000,000                 | 8,000,000    |
| At 31 December 2004 | 60,000,000                         | 60,000,000                | 60,000,000   |
| [Movements]         | 4,000,000                          | 4,000,000                 | 4,000,000    |
| At 31 December 2005 | 64,000,000                         | 64,000,000                | 64,000,000   |

The authorised share capital of Barclays Unquoted Investments Limited is £110,000,000, (2004:£110,000,000), comprising 110m (2004:110m) ordinary shares of £1. All issued shares are fully paid.

Subsequent to the year end a further 4,000,000 of shares were allotted to Barclays Bank PLC, on 16/1/06, in relation to cash proceeds received by the Company in the period to 31/12/05

NOTES TO THE FINANCIAL STATEMENTS Continued ...

16 Financial risks

The main financial risks that the Company is exposed to and its management policy with respect to those risks are as follows:

- Fair value risk; the risk that value for the Company's financial instruments measured at fair value may fall. Fair value risk is one of the risks of investment that is assessed at the outset of any investment and then actively, tracked and managed via the portfolio management activities of the business.
- Credit risk; the risk that counterparties to the Company's loans and receivables may default

The Company assesses all counterparties, including its investee companies, for credit risk before contracting with them. The company's loans and receivables are widely spread across certain investment portfolio with the maximum exposure to any one counter party not exceeding £7,900,000

- Interest rate risk; this is the risk of volatility in net interest income on loans and receivables which then affects the profitability and/or the liquidity of the Company. The liquidity and interest cost risk is fundamentally mitigated by the Company being funded entirely by non-interest bearing and permanent ordinary share capital subscribed by the parent company. The affect on profitability is mitigated by the Company setting fixed interest coupons on loans and receivables which are generally paid on an ongoing basis, rather than rolled-up, wherever this is feasible commercially. In any case, interest income is a small proportion of planned overall income which is mainly constructed from capital gains.

• INTEREST RATE RISK ANALYSIS

The table below summarises the re-pricing profiles of the Company's financial assets and liabilities in the balance sheet as at 31 December 2005. Items are allocated to time periods by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

| Financial Instrument   | <1<br>year   | 1-2<br>years | 2-3<br>years  | 3-4<br>years  | 4-5<br>years  | >5 years      | Other/non<br>interest<br>bearing | Total         |
|--|--------------|--------------|---------------|---------------|---------------|---------------|----------------------------------|---------------|
|  | £'000        | £'000        | £'000         | £'000         | £'000         | £'000         | £'000                            | £'000         |
| <b>Assets</b>  |              |              |               |               |               |               |                                  |               |
| Loans and receivables,<br>including SULNs                      | 0            | 400          | 8,308         | 2,498         | 9,194         | 35,561        | -                                | 55,961        |
| Available for sale financial<br>assets                         |              |              |               |               |               |               | 1,377                            | 1,377         |
| Investments in financial<br>assets designated as fair<br>value |              | -            | -             | -             | -             | -             | 17,755                           | 17,755        |
| Subsidiaries following<br>swamping right triggers              | -            | -            | -             | -             | -             | -             | -                                | 0             |
| Other receivables  | -            | -            | -             | -             | -             | -             | 830                              | 830           |
| Cash at bank   | 3,776        | -            | -             | -             | -             | -             | -                                | 3,776         |
| <b>Total assets</b>  | <b>3,776</b> | <b>400</b>   | <b>8,308</b>  | <b>2,498</b>  | <b>9,194</b>  | <b>35,561</b> | <b>19,962</b>                    | <b>79,699</b> |
| <b>Liabilities</b>   |              |              |               |               |               |               |                                  |               |
| Accrued expenses and other<br>payables                         | -            | -            | -             | -             | -             | -             | 4,691                            | 4,691         |
| Current Tax assets   | -            | -            | -             | -             | -             | -             | 604                              | 122           |
| Called up share capital  | -            | -            | -             | -             | -             | -             | 64,000                           | 64,000        |
| Available for sale reserve                                     | -            | -            | -             | -             | -             | -             | 377                              | 377           |
| Retained earnings  | -            | -            | -             | -             | -             | -             | 10,027                           | 10,027        |
| <b>Total liabilities</b>                                       | <b>-</b>     | <b>-</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>79,699</b>                    | <b>79,699</b> |
| <b>Interest rate repricing gap</b>                             | <b>3776</b>  | <b>400</b>   | <b>8308</b>   | <b>2498</b>   | <b>9194</b>   | <b>35561</b>  | <b>(59,737)</b>                  | <b>-</b>      |
| <b>Cumulative interest rate<br/>repricing gap</b>              | <b>3776</b>  | <b>4176</b>  | <b>12,484</b> | <b>14,982</b> | <b>24,176</b> | <b>59,737</b> | <b>Nil</b>                       | <b>-</b>      |

NOTES TO THE FINANCIAL STATEMENTS Continued ...

**17 Reconciliation of operating profit to net cash flow from operating activities**

|   | 2005              | 2004             |
|---|-------------------|------------------|
|   | £'s               | £'s              |
| <b>Profit from operations</b>                                   | 11,011,692        | 1,231,302        |
| Net (increase)/decrease in other receivables and accrued income | 1,525,173         | (2,270,963)      |
| Net increase/(decrease) in accrued expenses and other payables  | 2,391,647         | 2,154,096        |
| Provisions  | 9,296,019         | 4,293,002        |
| Revaluation of Held for Trading Investments                     | (3,548,000)       | -                |
| <b>Net cash inflow from operating activities</b>                | <b>20,676,531</b> | <b>5,407,437</b> |

**18. Related Party Transactions**

There was an internal recharge of costs from Barclays Bank PLC to the Company in respect of staff and other costs, with effect from 1/1/04, in line with transfer pricing requirements. Such recharge included a 2% commercial premium in line with Group transfer pricing requirements. See Note 5 above for details of the resulting internal recharge costs incurred by the Company.

The cash at bank of the company is held via a bank account operated by the parent and, as a result, bank interest income is received from the parent.

**19. Events after the balance sheet date**

There were no material post balance sheet events, except the allotment of share capital in respect of the 4,000,000 shares at £1 each for which the Company had received cash in the period. See Note 13

**20 Ultimate Holding Company**

The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC. The ultimate holding Company and the parent Company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from the Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

**21 First time adoption of International Financial Reporting Standards (IFRS)**

The Company has adopted the requirements of International Financial Reporting Standards and International Accounting Standards (together, 'IFRS') for the first time for the purpose of preparing the financial statements for the year ended 31 December 2005. This has had led to a number of significant changes from the measurement bases and disclosures made in the financial statements prepared in accordance with the requirements of the UK Companies Act 1985 and UK Statements of Standard Accounting Practice and Financial Reporting Standards (collectively, 'UK GAAP').

In order for the financial statements for the year ended 31 December 2005 to comply with the requirement for comparative figures in accordance with IFRS, it was necessary to restate the balance sheet on 1 January 2004. This is the date of first time adoption for all purposes. Amounts previously presented under UK GAAP for the year ended 31 December 2004 have been represented in accordance with the International Accounting Standards and International Financial Reporting Standards applicable on that date, together with the continuing UK GAAP requirements regarding the disclosure and measurement of financial instruments.

A description of the differences between UK GAAP and IFRS accounting policies, and reconciliations of Balance Sheets prepared under UK GAAP and IFRS at 1 January 2004 (first time adoption) and 31 December 2004, and the income statement (profit and loss account) prepared in accordance with UK GAAP and that prepared in accordance with IFRS for the year ended 31 December 2004, are presented on pages 19 to 21.

Opening shareholders equity at 1 January 2005 has been restated for the effects of applying IAS32, IAS39 and IFRS4 at that date. A reconciliation of the effects on equity of applying these standards on 1 January 2005 is included on page 21 below.

The differences in accounting policy that have had the greatest impact on the Company's financial position and results are described below.

NOTES TO THE FINANCIAL STATEMENTS Continued ...

**Previous UK GAAP**

Carrying value of financial assets

All financial assets were carried at cost less any provision for permanent diminution.

**IFRS**

Carrying value of financial assets

Where the Company has less than 20% of the voting equity in an investee company, or has influence equivalent to that level of voting equity, the investments are classified as an Available for Sale 'AFS' financial asset, whereby any movements in fair value have been taken directly to reserves and not passed through the profit and loss account until realised or unless any negative movement is considered permanent impairment. Any such permanent impairment is taken to the profit and loss account in the period in which such permanent impairment is deemed to have occurred.

Where the Company has greater than 20% but less than 50% of the voting equity in an investee company, or has influence equivalent to that level of voting equity, the investment is classified as a financial asset fair valued through profit and loss account. All positive and negative movements are thereby shown through the profit and loss account.

The Company does not hold any investments whereby it holds greater than 50% of the voting equity. However, it is possible that, under the terms of the investment agreement with the investee company, investee company under-performance and failure to comply with conditions of the Company's investment could give rise to certain triggers being breached that would give the Company effective control. In such circumstances it is necessary for the Company's investment in the investee company to be classified as an investment in subsidiary.

**Balance Sheet**

A reconciliation of amounts presented under UK GAAP and their equivalents under IFRS at 1 January 2004 and 31 December 2004 are presented below:

The following table explains the transition adjustments for each balance sheet line item in the table on the following pages, with narrative provided for only those transition adjustments, which are of a material nature.

NOTES TO THE FINANCIAL STATEMENTS Continued ...

|   |      | 1 January 2005                   |                               |                    |
|---|------|----------------------------------|-------------------------------|--------------------|
|   | Note | IFRS (except IAS 32/39 & IFRS 4) | Effect of transition to IFRSs | IFRSs              |
|   |      | £'s                              | £'s                           | £'s                |
| <b>Assets</b>   |      |                                  |                               |                    |
| Available for sale investments                          | 7    | 2,676,361                        | 551,953                       | 3,228,314          |
| Investment in financial assets designated as fair value | 8    | 16,078,580                       | 869,457                       | 16,948,037         |
| Loans and Advances                                      | 9    | 33,135,828                       | -                             | 33,135,828         |
| Investments in subsidiaries                             | 10   | 2,909,368                        | -                             | 2,909,368          |
| <b>Total Assets</b>                                     |      | <b>54,800,137</b>                | <b>1,421,410</b>              | <b>56,221,547</b>  |
| <b>Shareholders' Equity</b>                             |      |                                  |                               |                    |
| Called up share capital                                 |      | 60,000,000                       | -                             | 60,000,000         |
| Revaluation reserve-Available for sale assets           |      | -                                | 551,953                       | 551,953            |
| Retained earnings                                       |      | (1,589,443)                      | 869,457                       | (719,986)          |
| <b>Total Shareholders' Equity</b>                       |      | <b>58,410,557</b>                | <b>1,421,410</b>              | <b>59,831,967</b>  |
| <b>Liabilities</b>                                      |      |                                  |                               |                    |
| Tax assets  |      | 177,896                          | -                             | 177,896            |
| Accrued expenses and other payables                     |      | (2,298,933)                      | -                             | (2,298,933)        |
| <b>Total Liabilities</b>                                |      | <b>(2,121,037)</b>               | <b>-</b>                      | <b>(2,121,037)</b> |

There was no impact on the balance sheet of the company as a result of IFRS, on 1<sup>st</sup> January 2004 and 31 December 2004.

The only changes above are as a result of the fair value of investments, resulting in £869,457 of IFRS First Time Adoption adjustment re financial assets designated at fair value through profit and loss and £551,953 of IFRS First Time Adoption adjustment re financial assets designated as available for sale.

**Income Statement**

There was no impact on the net profit of the company as a result of IFRS, for the period ended 31 December 2004.