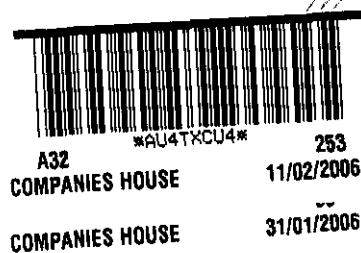


VALLE DEL ALMANZORA LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2005

 **Horwath Clark Whitehill**



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VALLE DEL ALMANZORA LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

REVIEW OF ACTIVITIES

The company purchased an aircraft at the end of March 2004 and acts as an aircraft operator.

RESULTS

The financial statements for the year ended 31 March 2005 are set out on pages 4 to 8. The directors do not recommend the payment of a dividend.

DIRECTORS

The following have served as directors during the year:

S R Hitchins
J R Hitchins
J C Hitchins
A Underhill

None of the directors had any interest in the share capital of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for the period. In preparing those financial statements the directors are 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 assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

AUDITORS

The auditors, Horwath Clark Whitehill LLP, have indicated their willingness to continue in office.

By Order of the Board


Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VALLE DEL ALMANZORA LIMITED

We have audited the financial statements of Valle del Almanzora Limited for the year ended 31 March 2005 set out on pages 4 to 8. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the 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 transactions with the company 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London.
31 January 2006

Narsad Clark Whitehill LLP
HORWATH CLARK WHITEHILL LLP
Chartered Accountants and
Registered Auditors

VALLE DEL ALMANZORA LIMITED
PROFIT AND LOSS ACCOUNT
31 MARCH 2005

	Notes	2005 £	2004 £
TURNOVER		307,578	-
Cost of sales		<u>321,897</u>	<u>-</u>
GROSS LOSS		14,319	-
Administration expenses		<u>76,741</u>	<u>-</u>
OPERATING LOSS		(91,060)	-
Interest receivable		-	-
Interest payable		<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(91,060)	-
Tax on profit on ordinary activities	3	<u>(42,693)</u>	<u>-</u>
(LOSS) FOR THE FINANCIAL YEAR		<u>(48,367)</u>	<u>-</u>
DEFICIT CARRIED FORWARD		<u>(48,367)</u>	<u>-</u>

The notes on pages 6 to 8 form
an integral part of these financial statements.

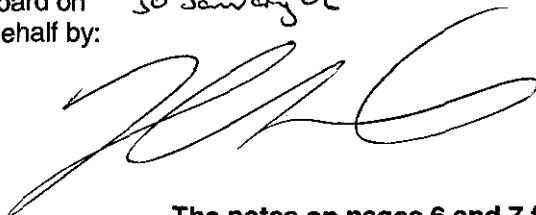
VALLE DEL ALMANZORA LIMITED
BALANCE SHEET
31 MARCH 2005

	Notes	£	2005 £	2004 £
FIXED ASSETS				
Tangible fixed assets	4		1,274,878	1,074,375
CURRENT ASSETS				
Debtors	5	156,258		2
Cash		<u>798,640</u>		<u>-</u>
		954,898		2
CREDITORS: amounts falling due within one year	6	<u>1,271,038</u>		<u>1,074,375</u>
NET CURRENT LIABILITIES			<u>(316,140)</u>	<u>(1,074,373)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			958,738	2
PROVISION FOR LIABILITIES AND CHARGES	7		<u>7,105</u>	<u>-</u>
NET ASSETS			<u>951,633</u>	<u>2</u>
CAPITAL AND RESERVES				
Called up share capital	8		1,000,000	2
Profit and loss account			<u>(48,367)</u>	<u>-</u>
SHAREHOLDERS' FUNDS			<u>951,633</u>	<u>2</u>

Approved by the Board on
and signed on its behalf by:

30 January 06

- Director



The notes on pages 6 and 7 form
an integral part of these financial statements.

VALLE DEL ALMANZORA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2005

1. ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

b) Tangible Fixed Assets

Tangible fixed assets are depreciated over their anticipated useful lives on a straight line basis at the following rates:

Aircraft – original cost	5% per annum
Aircraft – improvements	14% per annum

c) Deferred Taxation

Full provision is made, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted for substantially enacted at the balance sheet date, in respect of timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. Deferred tax is measured on an non-discounted basis.

2. (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

2005
£

2004
£

This is arrived at after charging:

Depreciation	<u>75,128</u>	<u>-</u>
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3. TAXATION

£

£

a) The taxation charge comprises:

Corporation tax at 30%	-	-
Compensation for group losses in year	(49,798)	-
Deferred taxation for the year at 30%	<u>7,105</u>	<u>-</u>
	<u>(42,693)</u>	<u>-</u>

b) Factors affecting the tax charge for the year

Profit on ordinary activities before tax	<u>(91,060)</u>	<u>-</u>
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 30%	<u>(27,318)</u>	<u>-</u>
Effects of:		
Income not taxable	(15)	-
Group relief surrendered	28,739	-
Capital allowances in excess of depreciation	<u>(1,406)</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

VALLE DEL ALMANZORA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 MARCH 2005

4. TANGIBLE FIXED ASSETS

	Cost £	Depreciation £	Net £
Aircraft			
At 1 April 2004	1,074,375	-	1,074,375
Improvements	275,631	-	275,631
Depreciation for the year	-	75,128	75,128
	<u>1,350,006</u>	<u>75,128</u>	<u>1,274,878</u>
As at 31 March 2005			

5. DEBTORS

	2005 £	2004 £
Trade debtors	63,865	-
Amount owed by group undertaking	78,784	2
Other debtors	13,609	-
	<u>156,258</u>	<u>2</u>

6. CREDITORS

	2005 £	2004 £
Trade debtors	50,705	-
Amount owed to group undertakings	1,218,797	1,074,375
Accruals	1,536	-
	<u>1,271,038</u>	<u>1,074,375</u>

7. PROVISION FOR LIABILITIES AND CHARGES

	2005 £	2004 £
At 1 April 2004	-	-
Deferred tax charge for the year	7,105	-
	<u>7,105</u>	<u>-</u>
At 31 March 2005		

Timing differences all arose from accelerated capital allowances.

8. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised, allotted and fully paid 1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>2</u>

During the year 999,998 £1 ordinary shares were issued at par.

VALLE DEL ALMANZORA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 MARCH 2005

9. ULTIMATE HOLDING COMPANY

The ultimate Holding Company is Bay Group Limited, incorporated in Bermuda.

10. RELATED PARTY TRANSACTIONS

The company transacts business with its immediate parent company The Robert Hitchins Group Limited and its other subsidiary companies. These transactions are not disclosed as they are eliminated in the consolidated financial statements of that company, available from the Registrar of Companies, Cardiff.