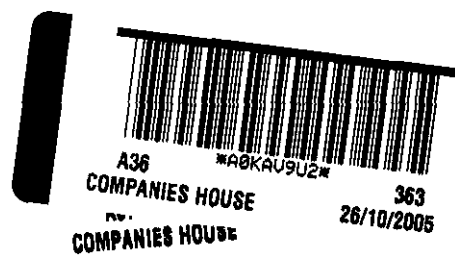

VALENCY LIMITED

Registered number: 2910898

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2005



VALENCY LIMITED

COMPANY INFORMATION

DIRECTORS

Mrs E A Dunn
R J Kennett

SECRETARY

Mrs E A Dunn

COMPANY NUMBER

2910898

REGISTERED OFFICE

Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0LS

AUDITORS

Norton Lewis & Co
(Chartered Accountants)
& (Registered Auditors)
246/248 Great Portland Street
London W1W 5JL

VALENCY LIMITED

DIRECTORS' REPORT For the year ended 31 March 2005

The directors present the Report and the financial statements for the year ended 31 March, 2005.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The sole activity of the company is the holding of shares in its subsidiary. The main activity of the subsidiary is property development, management and investment.

The company does not trade. During the year it received a dividend from its subsidiary which was paid to the shareholders in full.

DIVIDEND

A dividend totalling £74,305 was declared and paid to shareholders during the year.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares of 1p each	
	31/03/05	01/04/04
Mrs E A Dunn	362,500	362,500
R J Kennett	270,000	270,000

The company is controlled by the directors and their families.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required 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 results for that period.

In preparing the financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are both reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 and other irregularities.

VALENCY LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

The Auditors, Messrs. Norton Lewis & Co., will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the Board on 18 June 2005 and signed on its behalf

E A Dunn
Secretary



VALENCY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VALENCY LIMITED

We have audited the financial statements of Valency Limited for the year ended 31 March 2005 set out on pages 4 and 5. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 4.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions 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

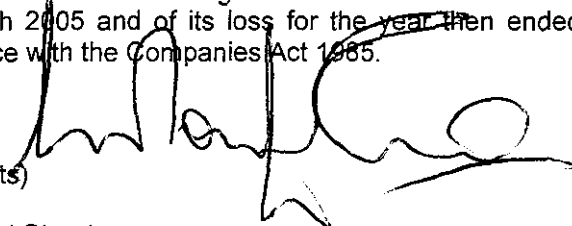
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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.

Norton Lewis & Co
(Chartered Accountants)
(Registered Auditors)
246/248 Great Portland Street
London W1W 5JL



18 June 2005

VALENCY LIMITED

ACCOUNTING POLICIES For the year ended 31 March 2005

1. Basis of preparation of financial statements

The financial statements have been prepared under the Historical Cost Convention.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

2. Cash Flow

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.

VALENCY LIMITED

BALANCE SHEET As at 31 March 2005

	31 March 2005 £	31 March 2004 £
INVESTMENT IN SUBSIDIARY		
Amalgamated Properties Ltd.		
Incorporated in England		
42,460 Ordinary Shares of £1 each (91.85%)		
At cost	2,909,900	2,909,900
CURRENT ASSETS		
Debtors	-	-
Amount owing by subsidiary	80,671	80,671
CREDITORS: amounts falling due within one year		
Creditors	-	-
NET CURRENT ASSETS	80,671	80,671
TOTAL ASSETS less current liabilities	2,990,571	2,990,571
NET ASSETS	£2,990,571	£2,990,571
CAPITAL AND RESERVES		
Authorised share capital		
1,000,000 Ordinary Shares of 1p each	10,000	10,000
Issued and Fully Paid Share Capital		
1,000,000 Ordinary shares of 1p each	10,000	10,000
Share Premium Account	80,671	80,671
OTHER RESERVES		
Reconstruction Reserve	2,899,900	2,899,900
Revenue Reserves		
Retained profit	-	-
Dividend Received	74,305	74,305
Dividend Paid	74,305	74,305
Retained profit – carried forward	-	-
	£2,990,571	£2,990,571

The financial statements were approved by the Board on 18 June 2005 and signed on its behalf

E A Dunn
Director



R J Kennett
Director

