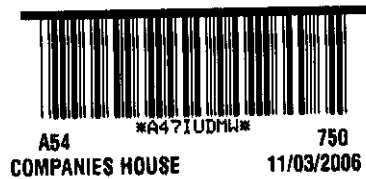


Company Registration No. 03054080 (England and Wales)

GRAINMARKET PROPERTIES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2005



GRAINMARKET PROPERTIES LIMITED

COMPANY INFORMATION

Director	M J Crader
Secretary	J B Crader
Company number	03054080
Registered office	5-7 Wellington Place London NW8 7PB
Auditors	Gordon Leighton 3rd Floor, 20-23 Greville Street London EC1N 8SS
Business address	5-7 Wellington Place London NW8 7PB

GRAINMARKET PROPERTIES LIMITED

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GRAINMARKET PROPERTIES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2005

The director presents his report and financial statements for the year ended 30 September 2005.

Principal activities

The principal activity of the company continued to be that of property investment.

The subsidiary undertakings Dockgreen Limited, Netta Limited, Bellcrown Properties Limited, Plymouth Investments Limited and Professional Corporation Limited were dormant throughout the period.

Director

The following director has held office since 1 October 2004:

M J Crader

Director's interests

The director's interest in the shares of the company was as stated below:

	'A' Ordinary shares of £ 1 each	
	30 September 2005	1 October 2004
M J Crader	3,357	3,357

	'B' Ordinary shares of £ 1 each	
	30 September 2005	1 October 2004
M J Crader	-	-

In addition to the above, 1,000 (2004: 1,000) 'A' ordinary shares were held by a trust in which M J Cader has an interest as a trustee and beneficiary. The minor children of M J Cader held 100 (2004: 100) 'B' ordinary shares at the year end.

Charitable donations	2005	2004
	£	£
During the year the company made the following payments:		
Charitable donations	2,987	700

Auditors

Gordon Leighton were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

GRAINMARKET PROPERTIES LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

Director's responsibilities

Company law requires the director 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 profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

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

On behalf of the board



M J Crader

Director

28/02/2006

GRAINMARKET PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAINMARKET PROPERTIES LIMITED

We have audited the financial statements of Grainmarket Properties Limited on pages 5 to 14 for the year ended 30 September 2005. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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 the director and auditors

As described in the statement of director's responsibilities on page 2 the company's director is 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 director's report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's 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 director 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.

GRAINMARKET PROPERTIES LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF GRAINMARKET PROPERTIES LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Gordon Leighton

28/02/2006.....

Chartered Accountants
Registered Auditor

3rd Floor, 20-23 Greville Street
London
EC1N 8SS

GRAINMARKET PROPERTIES LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 SEPTEMBER 2005**

	Notes	2005 £	2004 £
Turnover		923,542	886,016
Cost of sales		(142,933)	(95,924)
Gross profit		780,609	790,092
Administrative expenses		(390,255)	(239,898)
Other operating income		44,938	13,360
Operating profit	2	435,292	563,554
Profit on sale of property		277,840	198,832
Profit on ordinary activities before interest		713,132	762,386
Investment income	3	-	(842)
Other interest receivable and similar income	3	6,988	16,211
Amounts written off investments	4	(115,250)	(12,573)
Interest payable and similar charges		(564,608)	(433,399)
Profit on ordinary activities before taxation		40,262	331,783
Tax on profit on ordinary activities	5	(16,341)	(184,754)
Profit on ordinary activities after taxation		23,921	147,029
Dividends		(184,000)	(115,000)
Retained (loss)/profit for the year	13	(160,079)	32,029

GRAINMARKET PROPERTIES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

	2005	2004
	£	£
Profit for the financial year	23,921	147,029
Unrealised surplus on revaluation of properties	2,463,858	2,072,555
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	2,487,779	2,219,584
Prior year adjustment	(467,790)	-
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	2,019,989	2,219,584
	<hr/> <hr/>	<hr/> <hr/>

GRAINMARKET PROPERTIES LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2005

		2005		2004 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6 and 7	16,804,357		14,162,900	
Investments	8	2,631		2,631	
		<u>16,806,988</u>		<u>14,165,531</u>	
Current assets					
Debtors	9	449,681		312,402	
Cash at bank and in hand		121,720		151,414	
		<u>571,401</u>		<u>463,816</u>	
Creditors: amounts falling due within one year	10	(993,680)		(1,516,061)	
Net current liabilities		<u>(422,279)</u>		<u>(1,052,245)</u>	
Total assets less current liabilities		16,384,709		13,113,286	
Creditors: amounts falling due after more than one year	11	(8,298,777)		(7,331,132)	
		<u>8,085,932</u>		<u>5,782,154</u>	
Capital and reserves					
Called up share capital	12	4,600		4,600	
Share premium account	13	19,500		19,500	
Revaluation reserve	13	5,662,162		3,250,805	
Profit and loss account	13	2,399,670		2,507,249	
Shareholders' funds		<u>8,085,932</u>		<u>5,782,154</u>	

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).

The financial statements were approved by the Board on 28th FEB 2006.



M J Crader
Director

GRAINMARKET PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of *freehold land and buildings* and in accordance with the *Financial Reporting Standard for Smaller Entities* (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	15% reducing balance

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the *Financial Reporting Standard for Smaller Entities* (effective June 2002), it is a *departure from the general requirement of the Companies Act 1985* for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the *Companies Act 1985* not to prepare group accounts.

1.6 Joint arrangements

The company's interests in joint ventures and partnerships are incorporated into the profit and loss account on a proportional basis. Its share of assets and liabilities are included within the balance sheet in the proportion in which the company shares in the profit or loss. The company recognises the balance of funds due to or from the joint ventures and partnerships as creditors or debtors as appropriate.

GRAINMARKET PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

2	Operating profit	2005	2004
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	91,574	6,259
	Auditors' remuneration	6,885	15,067
	Director's emoluments	103,931	26,922
		<u> </u>	<u> </u>
3	Investment income	2005	2004
		£	£
	Income from fixed asset investments	-	(842)
	Bank interest	6,988	862
	Other interest	-	15,349
		<u> </u>	<u> </u>
		6,988	15,369
		<u> </u>	<u> </u>
4	Amounts written off investments	2005	2004
		£	£
	Amounts written off fixed asset investments:		
	- permanent diminution in value	-	12,573
	Amounts written off current asset investments	115,250	-
		<u> </u>	<u> </u>
5	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	14,890	184,801
	Adjustment for prior years	1,451	-
		<u> </u>	<u> </u>
	Current tax charge	16,341	184,801
	Deferred tax		
	Deferred tax charge/credit current year	-	(47)
		<u> </u>	<u> </u>
		16,341	184,754
		<u> </u>	<u> </u>

GRAINMARKET PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005****6 Tangible fixed assets**

	Plant and machinery etc £
Cost or valuation	
At 1 October 2004	40,368
Additions	559,287
	<hr/>
At 30 September 2005	599,655
	<hr/>
Depreciation	
At 1 October 2004	18,347
Charge for the year	91,626
	<hr/>
At 30 September 2005	109,973
	<hr/>
Net book value	
At 30 September 2005	489,682
	<hr/>
At 30 September 2004	22,020
	<hr/>

7 Tangible fixed assets

	Investment properties as restated £
Cost or valuation	
At 1 October 2004	14,140,881
Additions	246,283
Revaluation	2,463,858
Disposals	(536,347)
	<hr/>
At 30 September 2005	16,314,675
	<hr/>

The valuations of all investment properties except for two were made as at 30 September 2005 by Sanderson Weatherall, Chartered Surveyors, on an open market basis. It was not considered cost effective to obtain professional valuations for the remaining properties and these are included at cost which the director considers to be equivalent to market value. No depreciation is provided in respect of freehold investment properties.

On an historical cost basis these would have been included at an original cost of £10,652,513 (2004 - £10,890,075).

GRAINMARKET PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

8 Fixed asset investments

	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£
Cost or valuation			
At 1 October 2004 & at 30 September 2005	530	2,101	2,631
Net book value			
At 30 September 2005	530	2,101	2,631
At 30 September 2004	530	2,101	2,631

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Professional Corporation Limited	England and Wales	Ordinary	100.00
Dockgreen Limited	England and Wales	Ordinary	100.00
Plymouth Investments Limited	England and Wales	Ordinary	100.00
Netta Limited	England and Wales	Ordinary	100.00
Bellcrown Properties Limited	England and Wales	Ordinary	100.00
Participating interests			
Netta Property Investments Limited	Ireland	Ordinary	25.00
Other significant interests			
Netta Enterprises (Ireland) Limited	Ireland	Ordinary	8.10

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2005	Profit for the year 2005
	Principal activity	£	£
Professional Corporation Limited	Dormant	1,000	-
Dockgreen Limited	Dormant	1,000	-
Plymouth Investments Limited	Dormant	100	-
Netta Limited	Dormant	1,000	-
Bellcrown Properties Limited	Dormant	1	-
Netta Property Investments Limited		557,679	178,999

GRAINMARKET PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

9 Debtors	2005	2004
	£	£
Trade debtors	64,905	67,372
Amounts owed by group undertakings and undertakings in which the company has a participating interest	150,527	141,253
Other debtors	234,249	103,777
	<u>449,681</u>	<u>312,402</u>
10 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loans and overdrafts	299,456	378,108
Trade creditors	10,487	26,432
Amounts owed to group undertakings and undertakings in which the company has a participating interest	74,590	6,501
Taxation and social security	70,736	200,144
Other creditors	538,411	904,876
	<u>993,680</u>	<u>1,516,061</u>
11 Creditors: amounts falling due after more than one year	2005	2004
	£	£
Bank loans	8,297,088	7,329,443
Other creditors	1,689	1,689
	<u>8,298,777</u>	<u>7,331,132</u>
Analysis of loans		
Wholly repayable within five years	8,298,777	7,752,518
Included in current liabilities	-	(421,386)
	<u>8,298,777</u>	<u>7,331,132</u>

GRAINMARKET PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

12 Share capital	2005	2004
	£	£
Authorised		
90,000 'A' Ordinary shares of £1 each	90,000	90,000
10,000 'B' Ordinary shares of £1 each	10,000	10,000
	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
4,500 'A' Ordinary shares of £1 each	4,500	4,500
100 'B' Ordinary shares of £1 each	100	100
	<u>4,600</u>	<u>4,600</u>

13 Statement of movements on reserves

	Share premium account	Revaluation reserve	Profit and loss account
	£	£	£
Balance at 1 October 2004	19,500	3,718,595	2,507,249
Prior year adjustment	-	(467,790)	-
Balance at 1 October 2004 as restated	19,500	3,250,805	2,507,249
Retained loss for the year	-	-	(160,079)
Transfer from revaluation reserve to profit and loss account	-	(52,500)	52,500
Revaluation during the year	-	2,463,857	-
Balance at 30 September 2005	<u>19,500</u>	<u>5,662,162</u>	<u>2,399,670</u>

14 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding 2005	Amount outstanding 2004	Maximum in year
	£	£	£
M J Crader	-	-	315,320

The above loan was repaid in full before the year end.

As at 30 September 2005 an amount of £32,495 (2004: 25,158) was due to M Crader, the director of the company.

GRAINMARKET PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

15 Related party transactions

Shareholders have made loans of £1,689 (2004: £1,689) to the company. These loans are payable after one year and are unsecured.

Included with other creditors due within one year are amounts of £1,000 (2004: £1,000) to Dockgreen Limited, £1,000 (2004: £1,000) to Netta Limited, £1,000 (2004: £1,000) to Professional Corporation Limited and £1 (2004: £1) to Bellcrown Properties Limited, all subsidiary undertakings.

Included in other debtors due after more than one year are amounts of £26,976 (2004: £26,976) and £114,277 (2004: £114,277) due from Netta Enterprises (Ireland) Limited and Netta Property Investments Limited, in which Grainmarket Properties Limited has an interest.

Included in other debtors due within one year is the amount of £nil (2004: £10,000) due from Optimum Property Management Limited, a company in which M Crader has an interest.

As at 30 September 2005 £71,589 (2004: £75,339) was due to Elmswood , a joint venture partner of Grainmarket Properties Limited.