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LAIRD STRATEGIC LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2004



LAIRD STRATEGIC LIMITED

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for the Year Ended 31 October 2004**

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LAIRD STRATEGIC LIMITED

COMPANY INFORMATION
for the Year Ended 31 October 2004

DIRECTORS: R M Britten-Long
A Van Praagh

SECRETARY: A Adler

REGISTERED OFFICE: Treasure House
19-21 Hatton Garden
London
EC1N 8LF

REGISTERED NUMBER: 03227646 (England and Wales)

AUDITORS: Levy Blair
Chartered Accountants
Registered Auditors
London
EC1N 8LF

LAIRD STRATEGIC LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 October 2004

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

PRINCIPAL ACTIVITIES

The principal activities of the company and of its subsidiaries in the year under review were those of arranging venture capital finance and strategic investments.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors are disappointed with the results for the year but they consider that if the current asset investments were realised at their present value, the surplus would eliminate the deficit on profit and loss account.

The business is further underpinned by the third party security provided by related companies to the company's bankers and this demonstrates the confidence in future prospects.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2004.

DIRECTORS

The directors during the year under review were:

R M Britten-Long

A Van Praagh

J Cohen - resigned on 9 February 2005

D R Curtis - resigned on 9 February 2005

The directors holding office at 31 October 2004 did not hold any direct beneficial interest in the issued share capital of the company at 1 November 2003 or 31 October 2004.

The families of Mr. R M Britten-Long and Mr. A Van Praagh have beneficial interests in the issued share capitals of the respective joint parent companies.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them.

There were no trade creditors at the period end.

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 state of affairs of the company and of the profit or loss of the company for that 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;
- 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.

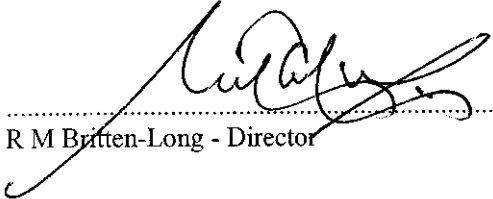
LAIRD STRATEGIC LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 October 2004

AUDITORS

The auditors, Levy Blair, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'R M Britten-Long', is written over a horizontal dotted line.

R M Britten-Long - Director

Date: 26 August 2005

LAIRD STRATEGIC LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF LAIRD STRATEGIC LIMITED

We have audited the financial statements of Laird Strategic Limited for the year ended 31 October 2004 on pages five to sixteen. 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 group'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 group's members 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 group and the group'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 on page two the group's directors are responsible for the preparation of 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 Report of the Directors is not consistent with the financial statements, if the group 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 Report of the Directors 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.

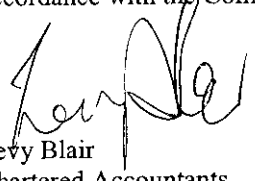
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

As shown in note 1, the financial statements have been prepared on a going concern basis. The validity of which depends upon future cash flows. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 October 2004 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Levy Blair
Chartered Accountants
Registered Auditors
London
EC1N 8LF

Date: 26 August 2005

LAIRD STRATEGIC LIMITED

GROUP PROFIT AND LOSS ACCOUNT
for the Year Ended 31 October 2004

| | | <u>2004</u> | <u>2003</u> |
|--|-------|---------------|----------------|
| | Notes | £ | £ |
| TURNOVER | 2 | (106,883) | 241,099 |
| Administrative expenses | | <u>12,774</u> | <u>518,131</u> |
| OPERATING LOSS | 4 | (119,657) | (277,032) |
| Interest receivable and similar income | | <u>1</u> | <u>104</u> |
| | | (119,656) | (276,928) |
| Interest payable and similar charges | 5 | <u>86,291</u> | <u>80,563</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (205,947) | (357,491) |
| Tax on loss on ordinary activities | 6 | <u>-</u> | <u>-</u> |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | | (205,947) | (357,491) |
| Minority interest – equity interests | | <u>4,258</u> | <u>7,161</u> |
| LOSS FOR THE FINANCIAL YEAR | | (201,689) | (350,330) |
| Deficit brought forward | | (1,416,313) | (1,065,983) |
| DEFICIT CARRIED FORWARD | | £(1,618,002) | £(1,416,313) |

TOTAL RECOGNISED GAINS AND LOSSES

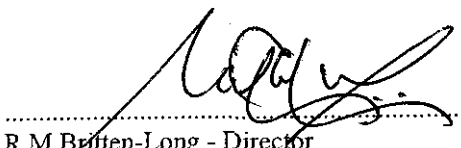
The company has no recognised gains and losses other than the loss for the current year and the previous year.

LAIRD STRATEGIC LIMITED

GROUP BALANCE SHEET
31 October 2004

| | | 2004 | | 2003 | |
|---|-------|------------------|---------------------|------------------|---------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Investments | 7 | | 302 | | 302 |
| CURRENT ASSETS: | | | | | |
| Debtors | 8 | 1,522,598 | | 1,535,473 | |
| Investments | 9 | 598,636 | | 705,589 | |
| Cash at bank | | <u>679</u> | | <u>2,516</u> | |
| | | 2,121,913 | | 2,243,578 | |
| CREDITORS: Amounts falling due within one year | 10 | <u>3,494,652</u> | | <u>3,410,370</u> | |
| NET CURRENT LIABILITIES: | | | <u>(1,372,739)</u> | | <u>(1,166,792)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | (1,372,437) | | (1,166,490) |
| PROVISIONS FOR LIABILITIES AND CHARGES: | 13 | | <u>(1,211)</u> | | <u>3,047</u> |
| | | | <u>£(1,371,226)</u> | | <u>£(1,169,537)</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 14 | | 2 | | 2 |
| Capital reserve | 15 | | 246,774 | | 246,774 |
| Profit and loss account | | | <u>(1,618,002)</u> | | <u>(1,416,313)</u> |
| SHAREHOLDERS' FUNDS: | 18 | | <u>£(1,371,226)</u> | | <u>£(1,169,537)</u> |

ON BEHALF OF THE BOARD:



 R M Britten-Long - Director

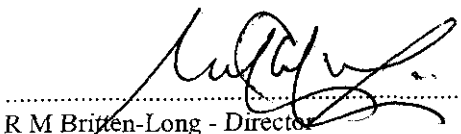
Approved by the Board on 26 August 2005

LAIRD STRATEGIC LIMITED

COMPANY BALANCE SHEET
31 October 2004

| | | 2004 | | 2003 | |
|---|-------|------------------|---------------------|------------------|---------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Investments | 7 | | 303 | | 68,125 |
| CURRENT ASSETS: | | | | | |
| Debtors | 8 | 1,522,597 | | 1,535,472 | |
| Investments | 9 | 479,698 | | 479,698 | |
| Cash at bank | | <u>585</u> | | <u>2,412</u> | |
| | | 2,002,880 | | 2,017,582 | |
| CREDITORS: Amounts falling due within one year | 10 | <u>3,989,416</u> | | <u>3,909,523</u> | |
| NET CURRENT LIABILITIES: | | | <u>(1,986,536)</u> | | <u>(1,891,941)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | <u>£(1,986,233)</u> | | <u>£(1,823,816)</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 14 | | 2 | | 2 |
| Profit and loss account | | | <u>(1,986,235)</u> | | <u>(1,823,818)</u> |
| SHAREHOLDERS' FUNDS: | 18 | | <u>£(1,986,233)</u> | | <u>£(1,823,816)</u> |

ON BEHALF OF THE BOARD:



 R M Britten-Long - Director

Approved by the Board on 26 August 2005

LAIRD STRATEGIC LIMITED

GROUP CASH FLOW STATEMENT
for the Year Ended 31 October 2004

| | Notes | 2004 | | 2003 | |
|--|-------|----------|-----------------|----------|---------------|
| | | £ | £ | £ | £ |
| Net cash inflow from operating activities | 1 | | 84,454 | | 79,656 |
| Returns on investments and servicing of finance | 2 | | (86,290) | | (80,459) |
| Taxation | | | - | | - |
| Capital expenditure | 2 | | - | | - |
| Acquisitions and disposals | 2 | | - | | - |
| | | | (1,836) | | (803) |
| Management of liquid resources | 2 | | - | | - |
| Financing | 2 | | - | | - |
| Increase/(Decrease) in cash in the period | | | <u>£(1,836)</u> | | <u>£(803)</u> |
| Reconciliation of net cash flow to movement in net funds | 3 | | | | |
| Increase/(Decrease) in cash in the period | | (1,836) | | (803) | |
| Cash outflow from decrease in debt and lease financing | | <u>-</u> | | <u>-</u> | |
| Change in net funds resulting from cash flows | | | <u>(1,836)</u> | | <u>(803)</u> |
| Movement in net funds in the period | | | (1,836) | | (803) |
| Net funds at 1 November | | | <u>2,515</u> | | <u>3,318</u> |
| Net funds at 31 October | | | <u>£679</u> | | <u>£2,515</u> |

The notes form part of these financial statements

LAIRD STRATEGIC LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT
for the Year Ended 31 October 2004

1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2004 £ | 2003 £ |
|--|----------------------|----------------------|
| Operating loss | (119,657) | (277,032) |
| Decrease in investments | 106,953 | 100,141 |
| Decrease in debtors | 12,875 | (124,938) |
| Increase in creditors | <u>84,283</u> | <u>381,485</u> |
| Net cash inflow from operating activities | <u><u>84,454</u></u> | <u><u>79,656</u></u> |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2004 £ | 2003 £ |
|---|------------------------|------------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 1 | 104 |
| Interest paid | <u>(86,291)</u> | <u>(80,563)</u> |
| Net cash outflow for returns on investments and servicing of finance | <u><u>(86,290)</u></u> | <u><u>(80,459)</u></u> |
| Capital expenditure | | |
| Sale of tangible fixed assets | <u>-</u> | <u>-</u> |
| Net cash inflow for capital expenditure | <u><u>-</u></u> | <u><u>-</u></u> |
| Acquisitions and disposals | | |
| Investment in subsidiaries | <u>-</u> | <u>-</u> |
| Net cash inflow for acquisitions and disposals | <u><u>-</u></u> | <u><u>-</u></u> |
| Management of liquid resources | | |
| Cash payments - Investment purchases | - | - |
| Cash receipts - Investment sales | <u>-</u> | <u>-</u> |
| Net cash outflow from management of liquid resources | <u><u>-</u></u> | <u><u>-</u></u> |

LAIRD STRATEGIC LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT
for the Year Ended 31 October 2004

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

| | 2004 £ | 2003 £ |
|---------------------------------|-----------|-----------|
| Financing | | |
| Loan advanced | — | — |
| Net cash outflow from financing | — | — |

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.11.03 £ | Cash flow £ | At 31.10.04 £ |
|--------------------------------------|------------------|--------------------|------------------|
| Net cash: | | | |
| Cash at bank and in hand | 2,515 | (1,836) | 679 |
| | <u>2,515</u> | <u>(1,836)</u> | <u>679</u> |
| Total | <u>2,515</u> | <u>(1,836)</u> | <u>679</u> |
| Analysed in Balance Sheet | | | |
| Cash at bank and in hand | 2,515 | | 679 |
| | <u>2,515</u> | | <u>679</u> |

LAIRD STRATEGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 October 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

Going concern

The financial statements have been prepared on a going concern basis, the validity of which depends on future cash flows. The directors consider that will be sufficient because in their opinion, the surplus value over the cost of current asset investments would eliminate the deficit on profit and loss account. Furthermore, the bank loans are secured by legal charges over properties owned by related companies.

Turnover

Turnover represents net gains on investments, interest receivable on loans and income from investments.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Basis of consolidation

The group financial statements consolidate the accounts of Laird Strategic Limited and Albemarle Trust Plc. They do not include the accounts of Laird Finance and Resources Limited or Esherlane No. 2 Limited as the directors do not consider it appropriate. These companies were acquired on 1 September 2000 for a cost of £1 each and they are included in fixed asset investments at this cost.

Resulting mainly from pre-acquisition transactions Laird Finance and Resources Limited was in deficit of £564,729 and Esherlane No. 2 Limited was in surplus of £6,708 at the balance sheet date. The surplus has effectively been lent to and the deficit financed by, the companies within the former parent group.

Turnover and profits arising on trading between group companies are excluded.

Investments

The company's investments in subsidiaries are revalued to reflect the underlying net assets of the subsidiaries. Current asset investments are valued at the lower of cost and net realisable value on a portfolio basis.

2. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the company.

An analysis of turnover is given below:

| | 2004 £ | 2003 £ |
|--------------------------|------------------|----------------|
| Net gains on investments | (106,953) | 241,099 |
| Dividend received | <u>70</u> | <u>-</u> |
| | <u>(106,883)</u> | <u>241,099</u> |

3. STAFF COST

There were no staff cost for the year ended 31 October 2004 or for the year ended 31 October 2003.

The average monthly number of employees during the year was as follows:

| | 2004 £ | 2003 £ |
|----------------------|-----------|-----------|
| Administration staff | <u>4</u> | <u>4</u> |

LAIRD STRATEGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 October 2004

4. OPERATING (LOSS)/PROFIT

The operating loss is stated after charging:

| | 2004 | 2003 |
|------------------------|--------------|--------------|
| | £ | £ |
| Auditors' remuneration | <u>5,053</u> | <u>6,257</u> |
| Directors' emoluments | <u>-</u> | <u>-</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2004 | 2003 |
|--------------------|---------------|---------------|
| | £ | £ |
| Bank interest | 78 | 20 |
| Bank loan interest | <u>86,213</u> | <u>80,543</u> |
| | <u>86,291</u> | <u>80,563</u> |

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 October 2004 nor for the year ended 31 October 2003.

7. FIXED ASSET INVESTMENTS

| | £ |
|------------------------|------------|
| COST: | |
| At 1 November 2003 | |
| and 31 October 2004 | <u>302</u> |
| NET BOOK VALUE: | |
| At 31 October 2004 | <u>302</u> |
| At 31 October 2003 | <u>302</u> |

LAIRD STRATEGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 October 2004

7. FIXED ASSET INVESTMENTS - continued

| | Group | | Company | |
|----------------------|------------|------------|------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Unlisted investments | <u>302</u> | <u>302</u> | <u>303</u> | <u>68,125</u> |

The principal subsidiary undertaking is Albemarle Trust Plc which deals in listed and unlisted investments and in which the company has a holding 95.7%.

The company's other investments at the balance sheet date in the share capital of unlisted companies include the following:

Laird Finance And Resources Limited

Nature of business: Arrange mortgage finance for investment properties

| | % holding |
|------------------|--------------|
| Class of shares: | |
| Ordinary | 100.00 |

| | 2004 | 2003 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Aggregate capital and reserves | (564,729) | (556,993) |
| Profit/(Loss) for the year | <u>(7,736)</u> | <u>(8,876)</u> |

Esherlane No.2 Limited

Nature of business: Trading in unquoted securities

| | % holding |
|------------------|--------------|
| Class of shares: | |
| Ordinary | 100.00 |

| | 2004 | 2003 |
|--------------------------------|------------|----------------|
| | £ | £ |
| Aggregate capital and reserves | 6,708 | 6,708 |
| Loss for the year | <u>Nil</u> | <u>(3,170)</u> |

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Other debtors | 1,042 | 580 | 1,041 | 579 |
| Loans | 1,012,310 | 1,012,310 | 1,012,310 | 1,012,310 |
| Prepayments & accrued income | 105,180 | 105,180 | 105,180 | 105,180 |
| Related party balances | 394,672 | 409,672 | 394,672 | 409,672 |
| Amounts owned by group company balances | <u>9,394</u> | <u>7,731</u> | <u>9,394</u> | <u>7,731</u> |
| | <u>1,522,598</u> | <u>1,535,473</u> | <u>1,522,597</u> | <u>1,535,472</u> |

LAIRD STRATEGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 October 2004

**9. CURRENT ASSET INVESTMENTS
AT COST**

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Unlisted investments | 598,636 | 705,589 | 479,698 | 479,698 |
| Listed investments | - | - | - | - |
| | <u>598,636</u> | <u>705,589</u> | <u>479,698</u> | <u>479,698</u> |

MARKET VALUE

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Unlisted investments – AIM and OFEX | 62,812 | 79,264 | 33,874 | 37,874 |
| Unlisted investments – directors' valuation | 1,090,000 | 1,197,000 | 1,000,000 | 1,000,000 |
| Listed investments | <u>3,556</u> | <u>-</u> | <u>3,556</u> | <u>-</u> |
| | <u>1,156,368</u> | <u>1,276,264</u> | <u>1,037,430</u> | <u>1,037,874</u> |

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (see note 11) | 1,403,506 | 1,403,506 | 1,403,506 | 1,403,506 |
| Amounts owed to group undertakings | - | - | 641,959 | 654,279 |
| Related party balances | 924,911 | 838,862 | 785,911 | 699,862 |
| Other creditors | 1,129,049 | 1,129,049 | 1,128,297 | 1,128,297 |
| Accrued expenses | <u>37,186</u> | <u>38,953</u> | <u>29,743</u> | <u>23,579</u> |
| | <u>3,494,652</u> | <u>3,410,370</u> | <u>3,989,416</u> | <u>3,909,523</u> |

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Amounts falling due within one year or on demand: | | | | |
| Bank loans | <u>1,403,506</u> | <u>1,403,506</u> | <u>1,403,506</u> | <u>1,403,506</u> |
| | <u>1,403,506</u> | <u>1,403,506</u> | <u>1,403,506</u> | <u>1,403,506</u> |

LAIRD STRATEGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 October 2004

12. SECURED DEBTS

The following secured debts are included within creditors:

| | 2004 | 2003 |
|------------|------------------|------------------|
| | £ | £ |
| Bank loans | <u>1,403,506</u> | <u>1,403,506</u> |

13. PROVISIONS FOR LIABILITIES AND CHARGES

| | 2004 | 2003 |
|--------------------------------------|----------------|--------------|
| | £ | £ |
| Minority interest – equity interests | <u>(1,211)</u> | <u>3,047</u> |

The minority interest represents 4.3% of share capital of Albemarle Trust Plc.

14. CALLED UP SHARE CAPITAL

| Authorised: | | | 2004 | 2003 |
|-------------|----------|----------------|--------------|--------------|
| Number: | Class: | Nominal value: | £ | £ |
| 1,000 | Ordinary | £1 | <u>1,000</u> | <u>1,000</u> |

| Allotted, issued and fully paid: | | | 2004 | 2003 |
|----------------------------------|----------|----------------|----------|----------|
| Number: | Class: | Nominal value: | £ | £ |
| 2 | Ordinary | £1 | <u>2</u> | <u>2</u> |

15. CAPITAL RESERVE

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Acquisition of subsidiaries | <u>246,774</u> | <u>246,774</u> | <u>-</u> | <u>-</u> |

16. ULTIMATE PARENT COMPANY

The company is jointly controlled by Broadminster Limited and Wichenford Holdings Limited, in which Mr Van Praagh's family and Mr Britten-Long's family respectively have interests.

LAIRD STRATEGIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 October 2004

17. RELATED PARTY DISCLOSURES

During the period, management fees payable to Laird Promotions and Services Limited amounted to £Nil (2003: £235,000).

As at 31st October 2004, amounts were due from the following related parties:

| Name | Relationship | 2004 £ | 2003 £ |
|-----------------------------|-------------------|-----------|-----------|
| Wichenford Holdings Limited | Controlling party | 394,672 | 409,672 |

Amounts due to the following related parties were:

| Name | Relationship | 2004 £ | 2003 £ |
|---------------------------------------|-----------------------------------|-----------|-----------|
| Mr R M Britten-Long (Family) | Company director | 656,294 | 635,020 |
| Mr A Van Praagh | Company director | 172,472 | 127,472 |
| Petherway Limited | Mr A Van Praagh is a director | 370 | 370 |
| Laird Promotions and Services Limited | Mr R M Britten-Long is a director | 95,775 | 76,000 |

The bank loans are secured by first legal charges over properties owned by Broadminster Limited and Faithwell Limited. Mr A Van Praagh is a director of both companies.

As at 31 October 2004, the company made provisions for doubtful debts against loans made to the following related parties:

| Name | Relationship | 2004 £ | 2003 £ |
|---------------------------------------|-----------------------------------|-----------|-----------|
| Laird Promotions and Services Limited | Mr R M Britten-Long is a director | Nil | 242,120 |

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2004 £ | 2003 £ | 2004 £ | 2003 £ |
| Loss for the financial year | (201,689) | (350,330) | (162,417) | (410,830) |
| NET ADDITION TO SHAREHOLDERS' FUNDS | (201,689) | (350,330) | (162,417) | (410,830) |
| Opening shareholders' funds | (1,169,537) | (819,207) | (1,823,816) | (1,412,986) |
| CLOSING SHAREHOLDERS' FUNDS | (1,371,226) | (1,169,537) | (1,986,233) | (1,823,816) |
| Equity interests | (1,371,226) | (1,169,537) | (1,986,233) | (1,823,816) |