

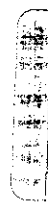


Headaid Limited

Directors' report and
financial statements

Year ended 31 March 2004

Registered Number: 03658993



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Headaid Limited

Directors' report and financial statements

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Headaid Limited

Directors and other information

Directors

R. Hardy
B. Fagan
D. Mulryan (resigned 5 May 2004)
S. Mulryan

Registered office

St Johns House
5 South Parade
Summertown
Oxford
OX2 7JL

Registered number

03658993

Secretary

B. Fagan

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Solicitors

Howard Kennedy
Harcourt House
19 Cavendish Square
London W1A 2AW

Bankers

Fortis Bank S.A./N.V.
Camomile Court
23 Camomile Street
London
EC3A 7PP

Headaid Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2004.

Principal activity and review of business

The principal activity of the company is that of property investment.

Results and review of the business

A summary of the results of the trading for the year is given on page 7 of the financial statements. The profit of the company for the year was £366,812.

Directors

The directors who held office during the year are listed on page 1.

The directors serving at year end who held beneficial interests in the issued share capital of group companies were as follows:

Name of director	Ordinary shares	
	31 March 2004 €1 each	31 March 2003 €1 each
S. Mulryan Ballymore Properties Limited (incorporated in Ireland)	12,935	12,935

Dividends


The directors do not recommend the payment of a dividend.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

B. Fagan
Director



17 June 2004

Headaid Limited

Statement of directors' responsibilities

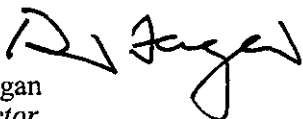
The directors are responsible for preparing these financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the year. In preparing these financial statements, the directors are required to:

- 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 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 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.

On behalf of the board

B. Fagan
Director





Chartered Accountants

1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditors' report to the members of Headaid Limited

We have audited the financial statements on pages 6 to 12.

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 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 members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors in relation to the financial statements

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of opinion

We conducted our audit in accordance with 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.



Independent auditors' report to the members of Headaid Limited (*continued*)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



*Chartered Accountants
Registered Auditors*

17 June 2004

Headaid Limited

Statement of accounting policies

for the year ended 31 March 2004

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost accounting convention, as modified to include the revaluation of investment properties and comply with financial reporting standards of the Accounting Standards Board.

Turnover

Turnover which is stated net of VAT, represents rentals income recognised on an accruals basis. Turnover is earned entirely within the United Kingdom.

Tangible fixed assets and depreciation

Investment properties

Investment properties are stated on the basis of open market value as defined by the Royal Institution of Chartered Surveyors. Investment properties are valued annually. Surpluses and deficits on valuation are taken directly to the revaluation reserve except for permanent deficits or their reversal which, on an individual property basis, are taken to the profit and loss account.

Profits and losses on the sale of investment properties included in the profit and loss account are calculated as the difference between the net sales proceeds and the carrying value.

No depreciation or amortisation is provided against investment properties which may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. These properties are not however held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary, in the directors' opinion, for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation

Taxation is provided on taxable profits arising at current rates.

Deferred taxation is accounted for, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 'Deferred Tax'. Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not they will be recovered.

Interest payable

Interest payable, which has not been capitalised, is charged to the profit and loss account in the financial year in which it is incurred.

Headaid Limited

Profit and loss account

for the year ended 31 March 2004

	Note	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Turnover – continuing operations	1	1,069,433	1,072,333
Cost of sales		-	-
Gross profit		1,069,433	1,072,333
Administration expenses		(4,500)	(41,018)
Operating profit – continuing operations	2	1,064,933	1,031,315
Interest payable and similar charges	3	(698,581)	(764,568)
Interest receivable	4	460	307
Profit on ordinary activities before taxation		366,812	267,054
Tax on profit on ordinary activities	5	-	(85,000)
Profit on ordinary activities after taxation for the year		366,812	182,054

Statement of retained profits

for the year ended 31 March 2004

	2004 £	2003 £
Retained profit at start of year	241,944	59,890
Profit for the year	366,812	182,054
Retained profit at end of year	608,756	241,944

The company had no recognised gains or losses in the financial year or preceding financial year other than those dealt with in the profit and loss account.

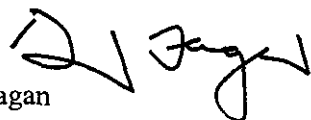
Headaid Limited

Balance sheet as at 31 March 2004

	<i>Note</i>	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Tangible assets	6	19,881,608	19,881,608
Current assets			
Debtors	7	2,033	315,581
Creditors: amounts falling due within one year	8	(5,385,481)	(5,702,226)
Net current liabilities		(5,383,448)	(5,386,645)
Total assets less current liabilities		14,498,160	14,494,963
Creditors: amounts falling due after more than one year	9	(13,889,402)	(14,253,017)
Net assets		608,758	241,946
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		608,756	241,944
Shareholders' funds - equity interests	12	608,758	241,946

These financial statements were approved by the board of directors on 17 June 2004 and were signed on its behalf by:

B. Fagan
Director



Headaid Limited

Notes

forming part of the financial statements

1 Turnover	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Rental income	<u>1,069,433</u>	<u>1,072,333</u>
All turnover is generated in the United Kingdom.		
2 Operating profit	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Operating profit is stated after charging:		
Auditors' remuneration	<u>-</u>	<u>-</u>
Audit fees are discharged by the parent company, Ballymore Properties Limited.		
3 Interest payable and similar charges	Year ended 31 March 2004 £	Year ended 31 March 2003 £
On bank loans and overdrafts due to be repaid wholly within five years, none of which are repayable by instalments	<u>698,581</u>	<u>764,568</u>
4 Interest receivable	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Interest receivable on deposits	<u>460</u>	<u>307</u>

Headaid Limited

Notes (continued)

5 Taxation

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Corporation tax	-	85,000

The current tax charge for the period is higher than the standard rate of corporation tax (30%). The differences are explained below.

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	366,812	267,054
Current tax at 30%	110,043	80,116
<i>Effects of:</i>		
Expenses not deductible	-	4,884
Group relief	(110,043)	-
Total current tax charge	-	85,000

6 Tangible fixed assets

	Freehold investment properties £
<i>Cost or valuation</i>	
At beginning of year	19,881,608
Additions	-
At end of year	19,881,608
Cost	-
Valuation	19,881,608
At end of year	19,881,608

The investment property was valued at £19,881,608 on 31 March 2004 on an open market value basis by Mr. Ray Hardy, BSc MRICS, a director of the company.

The historical cost of the investment property was £19,881,608 (2003: £19,881,608).

Headaid Limited

Notes (continued)

7 Debtors	2004	2003
	£	£
Trade debtors	2,033	315,581
	<hr/>	<hr/>
8 Creditors: amounts falling due within one year	2004	2003
	£	£
Accruals & deferred income	401,136	406,339
Other creditors	46,537	46,799
Corporation tax	111,500	111,500
Amounts owed to group undertakings	4,826,308	5,137,588
	<hr/>	<hr/>
	5,385,481	5,702,226
	<hr/>	<hr/>
9 Creditors: amounts falling due after one year	2004	2003
	£	£
Bank loans (Note 10)	13,889,402	14,253,017
	<hr/>	<hr/>

The bank loan is secured by fixed and floating charges over the assets of the company and cross guarantees by certain group undertakings.

10	Bank borrowings	Within one year £	Between two and five years £	Total £
	Repayable other than by instalments	-	13,889,402	13,899,402
		<hr/>	<hr/>	<hr/>
11	Share capital		2004 £	2003 £
	<i>Authorised</i>			
	1,000 ordinary shares of £1 each		1,000	1,000
			<hr/>	<hr/>
	<i>Allotted, called up and fully paid</i>			
	2 ordinary shares of £1 each		2	2

Headaid Limited

Notes (continued)

12 Reconciliation of movement in shareholders' funds	2004	2003
	£	£
Shareholders' funds at 1 April 2003	241,946	59,892
Profit for the year	366,812	182,054
	<hr/>	<hr/>
Shareholders' funds at 31 March 2004	608,758	241,946
	<hr/>	<hr/>

13 Related parties and control

The company is a wholly owned subsidiary of Ballymore Properties Limited (a UK registered company) which prepares consolidated financial statements incorporating the results of this company. Copies of the consolidated financial statements can be obtained from the company's registered office which is St Johns House, 5 South Parade, Summertown, Oxford. OX2 7JL.

The company's ultimate parent company is Ballymore Properties Limited, incorporated in the Republic of Ireland. The largest group in which the results of the company are consolidated is that headed by Ballymore Properties Limited (R of I). The consolidated financial statements of the parent company are filed at the Companies Registration Office, Parnell Square, Dublin 1, Ireland.

The company is under the control of Mr. S. Mulryan by virtue of his controlling interest in the shares of the company's parent company.

The company is taking advantage of the exemption available in Financial Reporting Standard No. 8 - Related Party Disclosures, from disclosing intercompany and related party transactions, on the grounds that the company is a 100% subsidiary and that consolidated financial statements are publicly available.

14 Cash flow statement

A separate cash flow statement has not been prepared under Financial Reporting Standard No. 1 - Cash Flow Statements, as a consolidated cash flow statement has been prepared and included in the consolidated financial statements of Ballymore Properties Limited and its subsidiaries.

15 Approval of financial statements

The directors approved the financial statements on 17 March 2004.

Appendix

The following information does not form part of the audited statutory financial statements and is included solely for the information of management

Headaid Limited

Detailed trading and profit and loss account For the year ended 31 March 2004

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Turnover	1,069,433	1,072,333
Cost of sales	-	-
	<hr/>	<hr/>
Gross profit	1,069,433	1,072,333
Administration expenses	(4,500)	(41,018)
Interest payable	(698,581)	(764,568)
Interest receivable	460	307
	<hr/>	<hr/>
Profit on ordinary activities before taxation	366,812	267,054
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