

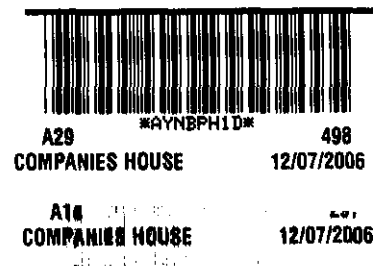


Clearstorm Limited

Directors' report and
financial statements

Year ended 31 December 2004

Registered number: 04151594





Clearstorm Limited

Directors' report and financial statements

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Clearstorm Limited

Directors and other information

Directors

B. Fagan
R. Hardy
W. McCollum

Registered office

St Johns House
5 South Parade
Summertown
Oxford
OX2 7JL

Registered number

04151594

Secretary

B. Fagan

Auditors

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

Solicitors

Howard Kennedy Solicitors
Harcourt House
19 Cavendish Street
London
W1A 2AW

Bankers

Irish Nationwide Building Society
18 Donegall Square East
Belfast
BT1 5HE

Allied Irish Bank
1136 High Road
North Finchley
London
N20 0RA

Clearstorm Limited

Directors' report

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

Principal activity

The principal activity of the company is that of property development. There was no change in this activity during the year.

Results and review of the business

A summary of the results of trading for the year is given on page 7 of the financial statements. The loss for the year was £3,601,942 (2003: £622,438).

Directors

The current directors are listed on page 1.

There were no directors serving at the year end who held beneficial interests in the share capital of the company or group companies.

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



W McCollum
Director

17 February 2005

Clearstorm Limited

Statement of directors' responsibilities

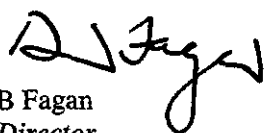
The directors are responsible for preparing these financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the year. In preparing these financial statements, the directors are required to:

- 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

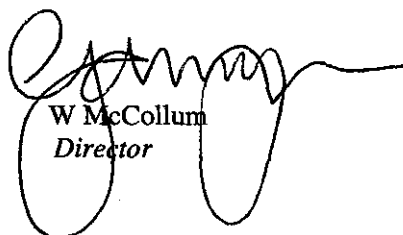
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such 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



W McCollum
Director





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

Independent auditors' report to the members of Clearstorm 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 Clearstorm 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 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to be 'K. M. C.', written in a cursive style.

Chartered Accountants
Registered Auditors

17 February 2005

Clearstorm Limited

Statement of accounting policies *for the year ended 31 December 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 and comply with financial reporting standards of the Accounting Standards Board.

The shareholders have undertaken to provide funds to enable the company to meet its obligations as they fall due and accordingly the financial statements have been prepared on a going concern basis.

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 period in which it is incurred.

Stocks

Development properties

Development properties are properties acquired for future development and properties on which only initial development has commenced. They are stated at the lower of cost and net realisable value.

Turnover

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

Clearstorm Limited

Profit and loss account for the year ended 31 December 2004

	Note	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Turnover	1	12,679	5,800
Cost of sales		(1,615,598)	(118,605)
Gross loss		(1,602,919)	(112,805)
Administration expenses		(10,270)	(18,635)
Operating loss	2	(1,613,189)	(131,440)
Interest payable and similar charges	3	(1,989,314)	(490,998)
Interest receivable and similar charges	4	561	-
Loss on ordinary activities before taxation		(3,601,942)	(622,438)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation for the year/period		(3,601,942)	(622,438)

Statement of retained loss	Year ended 31 December 2004 £	Period ended 31 December 2003 £
At beginning of year/period	(703,005)	(80,567)
Loss for the year/period	(3,601,942)	(622,438)
Retained loss at end of year/period	(4,304,947)	(703,005)

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.

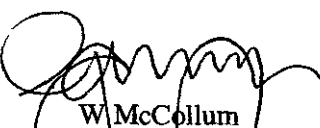
Clearstorm Limited

Balance sheet at 31 December 2004

	Note	31 December 2004 £	31 December 2003 £
Current assets			
Stocks	6	35,051,679	18,122,964
Debtors	7	286,360	61,791
Cash at bank		505,224	1,713,822
		<hr/>	<hr/>
		35,843,263	19,898,577
Creditors: amounts falling due within one year	8	(1,089,667)	(2,709,999)
		<hr/>	<hr/>
Net current assets		34,753,596	17,188,578
		<hr/>	<hr/>
Total assets less current liabilities		34,753,596	17,188,578
Creditors: amounts falling due after one year	9	(39,057,543)	(17,890,583)
		<hr/>	<hr/>
Net liabilities		(4,303,947)	(702,005)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account		(4,304,947)	(703,005)
		<hr/>	<hr/>
Shareholders' deficit - equity interests	11	(4,303,947)	(702,005)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 17 February 2005 and were signed on its behalf by:


B Fagan
Director


W McCollum
Director

Clearstorm Limited

Notes

forming part of the financial statements

1 Turnover

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Rental income	12,679	5,800

2 Operating loss

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Operating loss is stated after charging: Auditors' remuneration	5,000	5,000

3 Interest payable and similar charges

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
On bank loans and overdrafts due to be repaid wholly within 5 years, none of which are repayable by instalments	1,989,314	490,998

4 Interest receivable

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Interest receivable on deposits	561	-

5 Taxation

No charge to corporation tax arises due to losses incurred. A deferred tax asset in respect of tax losses forward has not been recognised as future taxable profits are not virtually certain.

Clearstorm Limited

Notes (continued)

6 Stocks and work in progress	31 December 2004 £	31 December 2003 £
Development properties stated at cost	35,051,679	18,122,964

There are no material differences between the replacement cost of stock and the balance sheet amounts.

7 Debtors	31 December 2004 £	31 December 2003 £
VAT recoverable	286,360	61,791

8 Creditors: amounts falling due within one year	31 December 2004 £	31 December 2003 £
Accruals	30,000	2,020,000
Amounts owed to Ballymore Properties Limited	1,059,667	689,999
	1,089,667	2,709,999

9 Creditors: amounts falling due after one year	31 December 2004 £	31 December 2003 £
Bank loans and overdrafts	39,057,543	17,890,583

The bank loans are secured by fixed and floating charges over the assets of the company. The bank loans are repayable between two and five years.

Clearstorm Limited

Notes (continued)

10 Share capital

	31 December 2004 £	31 December 2003 £
<i>Authorised</i>		
510 'A' ordinary shares of £1 each	510	510
490 'B' ordinary shares of £1 each	490	490
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
510 'A' ordinary shares of £1 each	510	510
490 'B' ordinary shares of £1 each	490	490
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

11 Reconciliation of movement in shareholders' funds

	31 December 2004 £	31 December 2003 £
Shareholders' deficit at beginning of year/period	(702,005)	(79,567)
Loss for the year/period	(3,601,942)	(622,438)
	<hr/>	<hr/>
Shareholders' deficit at end of year/period	(4,303,947)	(702,005)
	<hr/>	<hr/>

12 Ultimate holding entity

Irish Nationwide Building Society owns 51% of the equity of the company with the remaining 49% held by Ballymore Properties Limited.

The directors of the company consider Irish Nationwide Building Society to be the ultimate holding entity.

13 Cash flow statement

A cash flow statement has not been prepared under Financial Reporting Standard No. 1 - Cash Flow Statements, as the company is entitled to an exemption by virtue of its size.

Clearstorm Limited

Notes *(continued)*

14 Post balance sheet events

There are no significant post balance sheet events which would materially affect the financial statements.

15 Approval of financial statements

The directors approved the financial statements on 17 February 2005.