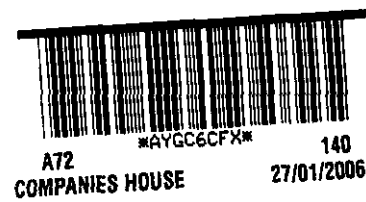


4299396,

B H E HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2004



B H E HOLDINGS LIMITED

CONTENTS TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 ST DECEMBER 2004

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The following pages do not form part of the
statutory Financial Statements:-

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B H E HOLDINGS LIMITED

DIRECTORS AND OFFICIALS
FOR THE YEAR ENDED 31 ST DECEMBER 2004

DIRECTORS:	R M Pesskin A S Bromovsky M Alwis S L Gavurin AM Gavurin A M Pesskin N K Rawlings P A Dickson
SECRETARY:	M Alwis
REGISTERED OFFICE:	Valency House, Batchworth Lane, Northwood, Middx, HA6-3HD.
REGISTERED NUMBER:	4299396 England and Wales
AUDITORS:	Ernst & Young LLP PO Box 9 14 New Street St Peter Port, Guernsey GY1-4AF

B H E HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present herewith their annual report with the financial statements for the year ended 31st December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company was that of is that of a holding company.

REVIEW OF THE BUSINESS

The profit of the company during the year was £63044.

Gains on sale of investments in subsidiary companies amounted to £111376 (2003 £Nil).

RESULTS AND DIVIDENDS

The profit for the year , after taxation, amounted to £63044 (2003: Loss £47500). The directors do not recommend the payment of a dividend for the year (2003: £Nil).

DIRECTORS

All the Directors as listed on page 2 served during the year ended 31 December 2004.

Nigel Rawlings and Peter Dickson were appointed on 30 July 2004, Paul Stockton resigned on 30 July 2004.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts the directors are required to:-

- 1 Select suitable accounting policies and then apply them consistently;
- 2 Make judgements and estimates that are reasonable and prudent;
- 3 Prepare the accounts 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 accounts 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.

B H E HOLDINGS LIMITED

REPORT OF THE DIRECTORS (Continued)

DIRECTORS (Continued)

The directors' beneficial interests in the company's issued ordinary share capital were as follows:-

	<u>31.12.04</u>	<u>31.12.03</u>
	<u>Ordinary</u>	<u>Ordinary</u>
	<u>Shares</u>	<u>Shares</u>
	<u>£0.001</u>	<u>£1.00</u>
R M Pesskin	11,093	26
A S Bromovsky	6,089	15
M Alwis	5,886	17
S L Gavurin	3,556	10
A M Gavurin	5,333	10
A Pesskin	4,872	12
N Rawlings	0	0
PA Dickson	0	0

During the year the company increased its Authorised Share Capital from 100000 to 145000 shares of £1 each. These shares were then converted into £0.001 ordinary shares.

On 14 July 2004 the Directors disposed of 70% of their shareholdings to Medical Property Investment Fund Limited, a company registered in Guernsey.

The ultimate holding company is Medical Property Investment Fund Limited, the interests of the Directors in that company are disclosed in those company's consolidated financial statements.

There has been no change in the interests of the directors between the balance sheet date and the date of approval of these accounts.

No contracts or arrangements of significance in relation to the company's business in which any director had an interest subsisted at any time during the financial year.

SUBSTANTIAL SHAREHOLDINGS

On 31st December 2004 the following shareholders, other than directors, were registered as being interested in 3% or more of the company's issued ordinary share capital:-

	<u>Number of</u>	<u>Percentage</u>
	<u>Shares</u>	<u>Held</u>
Medical Property Investment Fund Limited	99,553	70%
PR Stockton	4,020	3%

CHARITABLE AND POLITICAL CONTRIBUTIONS

No political or charitable donations were made in the year to 31 December 2004.

POST BALANCE SHEET EVENT

There are no events after the balance sheet date that affect the results for the year ended 31 December 2004.

AUDITORS

The directors will place a resolution before the Annual General Meeting to re-appoint Ernst & Young LLP as auditors for the ensuing year, in accordance with Section 385 of the Companies Act 1985.

The above report has been prepared in accordance with the provisions of the Companies Act 1985.

BY ORDER OF THE BOARD

.....
(M Alwis - Secretary)

Date : 2/12/05

Company Number 4299396

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

B H E HOLDINGS LIMITED

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet and notes 1 to 15.

These financial statements have been prepared on the basis of 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 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for preparing the financial statements in accordance with applicable law and 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 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 of 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 in it.

Company Number 4299396

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

B H E HOLDINGS LIMITED (Continued)

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 misstatements, 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 affairs of the company as at 31st December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Date *30 December 2005*

REGISTERED AUDITORS

PO Box 9

14 New Port Street

St Peter Port, Guernsey

GY1-4AF

B H E HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004

	Notes	<u>£</u>	<u>2004</u> <u>£</u>	<u>£</u>	<u>2003</u> <u>£</u>	<u>£</u>
TURNOVER				0		0
Cost of Sales				<u>0</u>		<u>0</u>
GROSS PROFIT				0		0
Selling and Distribution Costs			0		0	
Administrative Expenses		<u>(19,261)</u>		<u>(19,261)</u>	<u>(8,545)</u>	<u>(8,545)</u>
OPERATING (LOSS)	2			(19,261)		(8,545)
Interest Payable	3			<u>(30,879)</u>		<u>(38,955)</u>
				(50,140)		(47,500)
Gain on Sale of Investments	6			111,376		
Interest Receivable				<u>1,808</u>		<u>0</u>
				63,044		(47,500)
Tax on profit on ordinary activities	4			<u>-</u>		<u>0</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION				63,044		(47,500)
Dividends	5			<u>-</u>		<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR				63,044		(47,500)
BALANCE BOUGHT FORWARD				<u>(76,287)</u>		<u>(28,787)</u>
RETAINED PROFIT AT 31ST DECEMBER 2004				<u>(13,243)</u>		<u>(76,287)</u>

There are no other recognised gains or losses other than the Profit of £63044 (2003: Loss £47500) during the year.

B H E HOLDINGS LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
FIXED ASSETS			
Investments	6	4,251	8
		<u>4,251</u>	<u>8</u>
CURRENT ASSETS			
Debtors	7	1,476,168	605,279
Cash at bank and in hand		<u>7,729</u>	<u>4,888</u>
		1,483,897	610,167
CREDITORS: Amounts Falling Due Within One Year	8	<u>281,427</u>	<u>686,362</u>
NET CURRENT ASSETS		<u>1,202,470</u>	<u>(76,195)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,206,721	(76,187)
CREDITORS: Amounts Falling Due After More Than One Year		250,000	0
NET ASSETS/(LIABILITIES)		<u>956,721</u>	<u>(76,187)</u>
CAPITAL AND RESERVES			
Called Up Share Capital	9	142	100
Share Premium Account	15	866,247	0
Profit and Loss Account	10	90,332	(76,287)
TOTAL EQUITY SHAREHOLDERS FUNDS	11	<u>956,721</u> 0	<u>(76,187)</u>

The financial statements have been prepared in accordance with the provisions of the Companies Act 1985.

**SIGNED ON BEHALF OF
THE BOARD OF DIRECTORS**

(R.M.Pesskin - Director)

(N.Rawlings - Director)

Approved by the Board: 2/12/05

The notes on pages 9 to 12 form an integral part of these financial statements.

B H E HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2004

1. ACCOUNTING CONVENTION

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention. They are also prepared in accordance with applicable United Kingdom accounting standards.

TURNOVER

Turnover comprises the value of sales in the normal course of business, excluding VAT.

CASH FLOW STATEMENT

The company is a small company within the meaning of Financial Reporting Standard 1 and is not therefore required to present a cash flow statement.

TAXATION

Corporation tax payable is provided on taxable profits at the current rate. Deferred tax is provided at the rate of corporation tax ruling for the year-end on the excess of the written down value for accounts purposes of the relevant assets over their taxation written down values, to the extent that such a liability will materialise in the foreseeable future.

INVESTMENTS

Investments are stated at the lower of cost and net realisable value.

INTEREST RECEIVABLE

This has been accounted for on an accruals basis.

INTEREST PAYABLE

This has been accounted for on an accruals basis.

GROUP FINANCIAL STATEMENTS

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as these financial statements will be consolidated in the financial statements of the ultimate holding company Medical Property Investment Fund Limited, a company registered in Guernsey.

RELATED PARTY DISCLOSURES

The company is exempt from disclosure of certain transactions required by Financial Reporting Standard 8 as it is a wholly-owned subsidiary company and the consolidated financial statements of the group in which the company is included are publicly available.

2. OPERATING PROFIT

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Operating Profit is stated after charging/(crediting):-		
Auditors Remuneration	3,000	1,500

3. INTEREST PAYABLE

	<u>£</u>	<u>£</u>
Loan Interest	30,879	38,955
Included in the above is £21704 which has been paid to the directors of the company, (2003: £36201).		

4) TAXATION

U.K. Corporation Tax at 30% (2003 -30%)	18913	-14250
Loss Relief	-18913	14250
	<u>0</u>	<u>0</u>

No provision has been made in these accounts for Corporation Tax as Tax Losses was surrendered by a subsidiary company.

B H E HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2004

5 DIVIDENDS

No dividends were paid or proposed on the company's ordinary shares for the year ended 31st December 2004.

6 INVESTMENTS

	<u>Subsidiary Undertakings</u>	<u>Associated Companies</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cost brought forward	8	0	8
Disposal	(4)	0	(4)
Addition in year	2	4245	4247
As At 31st December 2004	<u>6</u>	<u>4245</u>	<u>4251</u>

The company's investment in its subsidiary and associated companies represents the cost of acquisition of the ordinary share capital of the following companies.

Investments			2004	2003
			£	£
Unquoted Shares at Cost			4,251	8
Name of company	Country of incorporation	Holding	Proportion of shares held	Nature of business
BHE (York) Limited	England	Ordinary Shares	100%	Developing Properties
BHE (Management Services) Limited	England	Ordinary Shares	100%	Management & Consultancy Services
The Development Support Partnership Limited	England	Ordinary Shares	100%	Consultancy Company
GB Consortium 1 Limited	England	Ordinary Shares	40%	Developing Properties
GB Consortium 2 Limited	England	Ordinary Shares	45%	Developing Properties

B H E HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2004

- 6 The aggregate amount of Capital and Reserves and the results of these undertakings for the financial year were as follows:

	Capital & Reserves		Profit/(Loss) for Year	
	2004 £	2003 £	2004 £	2003 £
B H E (York) Limited	270,156	(113,666)	383,822	(94,723)
BHE (Management Services) Limited	(1,395,443)	(1,102,685)	(292,758)	(718,713)
The Development Support Partnership Limited	(7,759)	22	(7,781)	-
GB Consortium 1 Limited	(196,833)	2	(207,333)	-
GB Consortium 2 Limited	(67,221)	60	(67,281)	-

GAIN

The gain on sale of investments arose from the disposal of 100% of the shareholdings in two subsidiary companies BHE (Bonnyrigg) Limited and BHE (Heartlands) Limited.

	<u>COMPANY</u> <u>2004</u> £	<u>COMPANY</u> <u>2003</u> £
7 <u>DEBTORS</u>		
Amount owed by subsidiary undertaking	1,309,193	594,372
Other Debtors	-0	10,907
	<u>1,309,193</u>	<u>605,279</u>

Amounts owed by subsidiary undertakings are unsecured, interest free and have no fixed terms of repayment.

- 8 **CREDITORS: Amounts Falling due Within One Year:**

	£	£
Bank Loans & Overdraft (Secured)	0	149,387
Other Creditors	16,649	68,669
Corporation tax	0	0
Directors Loan account	0	468,306
Amounts due to subsidiary undertakings	195,155	0
Amounts due to parent company	6,223	0
	<u>218,027</u>	<u>686,362</u>

Included in Other Creditors is a provision for interest payable on the Directors Loan, the provision at 31 December 2004 was £Nil (2003 £62162).

- 9 **CALLED UP SHARE CAPITAL**

	£	£
AUTHORISED SHARE CAPITAL		
145000 Ordinary Shares of £0.001 each	<u>145</u>	<u>100</u>
ALLOTTED, CALLED UP AND FULLY PAID		
142220 Ordinary Shares of £0.001 each	<u>142</u>	<u>100</u>

- 10 **PROFIT AND LOSS ACCOUNT**

	£	£
Accumulated Losses Brought Forward	(76,287)	(28,787)
Retained Profit/(Loss) for year	63,044	(47,500)
Accumulated Profits/(Losses) at 31 December 2004	<u>(13,243)</u>	<u>(76,287)</u>

B H E HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2004

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit / (Loss) for financial year	166,619	(47,500)
Share Premium Account	866,247	
Issue of share capital	42	100
	<hr/>	<hr/>
Opening Shareholders' Funds	1,032,908	(47,400)
Closing Shareholders' Funds	(76,187)	(28,787)
	<hr/>	<hr/>
	956,721	(76,187)

12 CAPITAL COMMITMENTS

The company has no capital commitments either authorised or contracted as at 31st December 2004.

13 DEFERRED TAXATION

There was no potential deferred liability as at 31st December 2004.

14 POST BALANCE SHEET EVENT

There are no events after the balance sheet date that affect the results for the year ended 31st December 2004.

15 SHARE PREMIUM

	2004	2003
	£	£
Premium on Shares Issued	866,247	0

£866247 representing a loan from the ultimate holding company
Medical Property Investment Fund Limited been capitalised as Share Premium.