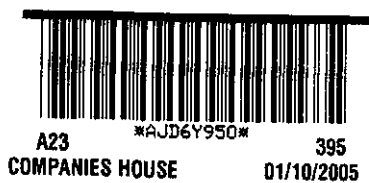


Company Registration Number: 4506650

ESPLANADE INVESTORS LIMITED

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2005



ESPLANADE INVESTORS LIMITED

REPORTS & FINANCIAL STATEMENTS

Year ended 28 February 2005

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ESPLANADE INVESTORS LIMITED

COMPANY INFORMATION

DIRECTORS:	K C McCabe C Di Ciacca
SECRETARY:	Teesland Secretarial Services Limited
REGISTERED OFFICE:	Europa House 20 Esplanade Scarborough North Yorkshire YO11 2AQ
COMPANY NUMBER:	4506650
AUDITORS:	Mazars LLP Chartered Accountants 90 St Vincent Street Glasgow G2 5UB
BANKERS:	Bank of Scotland PO Box 39900 London EC2M 3YB

ESPLANADE INVESTORS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and the Financial Statements for the year ended 28 February 2005.

PRINCIPAL ACTIVITY

The company is an investment company.

RESULTS AND DIVIDENDS

The results of the company for the year ended 28 February 2005 are set out in the profit and loss account on page 3. The Directors do not recommend the payment of a dividend.

DIRECTORS

The Directors named below have held office during the whole of the year ended 28 February 2005:

K C McCabe

C Di Ciacca

According to the register maintained as required by the Companies Act 1985, the Directors do not have any interest in the share capital of the company. C Di Ciacca is a Director of Blairston Investments Limited which owns 16.7% of the share capital and in whose accounts his interest in the share capital of that company is shown.

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;
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

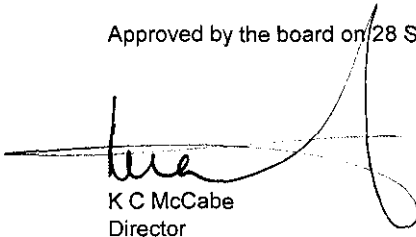
The Directors confirm that the accounts comply with the above requirements.

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.

AUDITORS

During the year, Mazars LLP succeeded to Mazars as independent auditors to the company. A resolution to reappoint Mazars LLP as auditors will be put to the members at the Annual General Meeting.

Approved by the board on 28 September 2005 and signed on its behalf by:



K C McCabe
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESPLANADE INVESTORS LIMITED

We have audited the financial statements for the year ended 28 February 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 - 12. 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 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 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. 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

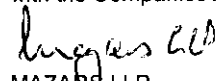
Basis of audit opinion

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


MAZARS LLP
Chartered Accountants and Registered Auditor
GLASGOW
Date: 30 Sept 2005

ESPLANADE INVESTORS LIMITED**PROFIT & LOSS ACCOUNT****Year ended 28 February 2005**

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
TURNOVER	2	4,250	15,389
Administrative expenses		(2,501)	(2,764)
OPERATING PROFIT		<u>1,749</u>	<u>12,625</u>
Provision for diminution in value of investments		(3,105)	(650)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(1,356)</u>	<u>11,975</u>
Taxation	5	-	-
RETAINED (LOSS) / PROFIT FOR THE PERIOD	11	<u><u>(1,356)</u></u>	<u><u>11,975</u></u>

The company's turnover and expenses all relate to continuing operations.

There were no recognised gains or losses other than the loss for the year, and accordingly a separate Statement of Gains and Losses has not been prepared.

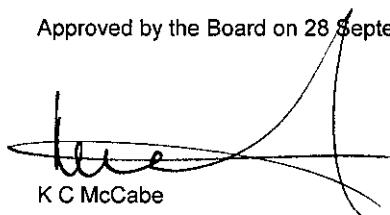
ESPLANADE INVESTORS LIMITED

BALANCE SHEET

At 28 February 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
CURRENT ASSETS			
Investments	6	56,944	56,050
Debtors	7	24	846
Cash at bank and in hand		7,787	23,929
		<u>64,755</u>	<u>80,825</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(1,374)	(1,088)
		<u> </u>	<u> </u>
Net Current assets		63,381	79,737
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(93,232)	(108,232)
		<u> </u>	<u> </u>
NET LIABILITIES		<u><u>(29,851)</u></u>	<u><u>(28,495)</u></u>
 CAPITAL AND RESERVES			
		£	£
Share capital	10	24	24
Profit & loss account	11	(29,875)	(28,519)
		<u> </u>	<u> </u>
SHAREHOLDERS' DEFICIT	11	<u><u>(29,851)</u></u>	<u><u>(28,495)</u></u>

Approved by the Board on 28 September 2005 and signed on its behalf by


K C McCabe Director

The notes on pages 5 and 6 form part of these financial statements.

ESPLANADE INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2005

1. ACCOUNTING POLICIES

The accounts are prepared in accordance with applicable accounting standards.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover is derived from investment activities.

(c) Investments

Investments held as current assets are stated at cost less any provision for a diminution in value.

(d) Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

	2005	2004
	£	£
2. TURNOVER		
Turnover comprises:		
Dividends receivable	-	325
Gain on sale of investments	-	11,495
Bank interest received	454	281
Loan Stock interest received and receivable	3,796	3,288
	<u>4,250</u>	<u>15,389</u>

3. PROFIT BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	£	£
Auditor's remuneration	<u>1,000</u>	<u>1,000</u>

4. EMPLOYEES

The average number of employees during the period was nil (2004: nil). None of the directors received any remuneration in the period.

5. TAXATION

There is no taxation charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

The differences are explained below:

	£	£
(Loss) / Profit on ordinary activities before tax	<u>(1,356)</u>	<u>11,975</u>
(Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK (19%)	(258)	2,275
Effects of:		
Increase in provision for diminution in value of shares	590	124
Income not assessable for tax	-	(2,246)
Brought forward losses utilised	(26)	(153)
Other adjustments	(306)	-
Current tax charge for the year	<u>-</u>	<u>-</u>

ESPLANADE INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 28 February 2005**

	2005	2004
	£	£
6. INVESTMENTS		
At 1 March 2004	56,050	68,387
Additions	3,999	50,000
Disposals	-	(61,687)
Provision for diminution in value	(3,105)	(650)
At 28 February 2005	<u>56,944</u>	<u>56,050</u>

The above investments are shown at the lower of cost and market value.

	£	£
7. DEBTORS		
Other debtors	24	24
Prepayments & accrued income	-	822
	<u>24</u>	<u>846</u>

	£	£
8. CREDITORS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	-	88
Accruals	1,374	1,000
	<u>1,374</u>	<u>1,088</u>

	£	£
9. CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR		
Other creditor	15,537	-
Sub-ordinated shareholder loans	77,695	108,232
	<u>93,232</u>	<u>108,232</u>

The shareholders have sub-ordinated their loans to all other creditors while the company has negative net assets.

	£	£
10. CALLED UP SHARE CAPITAL		
Authorised:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
Ordinary shares of £1 each	<u>24</u>	<u>24</u>

	Share Capital	Profit & Loss Account	Total
	£	£	£
11. RECONCILIATION OF SHAREHOLDERS' (DEFICIT) / FUNDS			
At 1 March 2004	24	(28,519)	(28,495)
Loss for the year	-	(1,356)	(1,356)
Balance at 28 February 2005	<u>24</u>	<u>(29,875)</u>	<u>(29,851)</u>

- 12. ULTIMATE CONTROLLING PARTY**
In the opinion of the directors there is no ultimate controlling party.