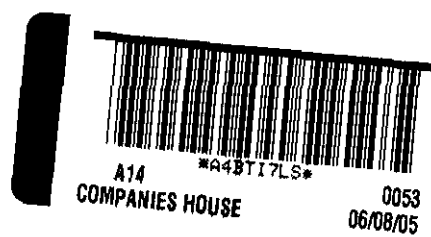


Registered number
5157375

MEDSEA UK LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD FROM 18 JUNE 2004 TO 31 DECEMBER 2004



MEDSEA UK LIMITED

COMPANY INFORMATION

Directors

Tony Gatehouse
Juan Carlos Rodriguez Martinez

Secretary

Robert MacDonald Watson

Auditors

Spofforths
Courtyard House
30 Worthing Road
Horsham
West Sussex
RH12 1SL

Registered office

Suite 303 Park House
22 Park Street
Croydon
Surrey
CR0 1YE

Registered number

5157375

MEDSEA UK LIMITED

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MEDSEA UK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD FROM 18 JUNE 2004 TO 31 DECEMBER 2004

The directors present their report and accounts for the period ended 31 December 2004.

Principal activities

The company's principal activity during the period was to act as a holding company for an investment in Medsea Group SL. This investment happened on 16 July 2004.

Directors

The directors who served during the period and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	31	18
	December	June
	2004	2004
Tony Gatehouse	-	-
Juan Carlos Rodriguez Martinez	-	-

The interests of directors in the holding company are disclosed in the accounts of that company.

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 for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 maintaining 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.

Auditors

A resolution to reappoint Spofforths as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 18 March 2005.



Robert MacDonald Watson
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

MEDSEA UK LIMITED

We have audited the accounts of Medsea UK Limited for the period ended 31 December 2004 on pages 3 to 6.

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 accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 misstatements within it.

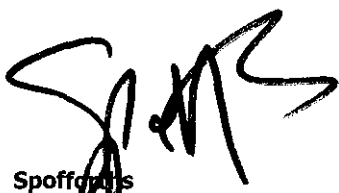
Basis of audit opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Spofforths
Chartered Accountants and Registered Auditors
Courtyard House
30 Worthing Road
Horsham
West Sussex
RH12 1SL

Date: 18 March 2005

MEDSEA UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 18 JUNE 2004 TO 31 DECEMBER 2004

	Notes	2004 £
Administrative expenses		(10)
Retained loss for the period	5	<u><u>(10)</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above period.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above period.

MEDSEA UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2004

	Notes	2004 £
Fixed assets		
Investments	2	2,365
Net assets		<u>2,365</u>
Capital and reserves		
Called up share capital	3	100
Share premium	4	2,275
Profit and loss account	5	(10)
		<u>2,365</u>



Tony Gatehouse

Director

Approved by the board on 18 March 2005

MEDSEA UK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD FROM 18 JUNE 2004 TO 31 DECEMBER 2004

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The company and its subsidiary comprise a large group. The company is exempt from producing and delivering group accounts as provided by section 228 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

2 Investments

	Investments in subsidiary undertakings £
Cost	
Additions	2,365
At end of period	<u>2,365</u>

The entire issued share capital of Medsea Group SL was exchanged on 16 July 2004 for shares in the Company.

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Name	Proportion of voting rights and shares held	Nature of business	Post-tax profit/(loss) for year to 31.12.04 £'000	Capital and reserves as at 31.12.04 £'000
Medsea Group SL	100%	Agent for property sales	(3)	1,574
Medsea Estates Torrevieja SL	100%	Agent for property sales	578	1,935
Property Market SL	100%	Agent for property sales	24	28
Medsea Estates Costa Blanca SL	100%	Agent for property sales	129	308
Medsea Estates Almeria SL	100%	Agent for property sales	687	1,401
Euromed Investments SL	95%	Promoter for property sales	(2)	-
Medsea Estates Costa Tropical SL	100%	Agent for property sales	75	77
Medsea Financial Services SL	100%	Agent for financial products	-	3

All the above companies are incorporated in Spain.

MEDSEA UK LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD FROM 18 JUNE 2004 TO 31 DECEMBER 2004

3 Share capital		2004
		£
Authorised:		
Ordinary shares of 0.1p each		<u>1,000</u>
	2004	2004
	No	£
Allotted, called up and fully paid:		
Ordinary shares of 0.1p each	<u>100,000</u>	<u>100</u>

On 18 June 2004 an intital subscriber share for £1 was issued. A resolution was passed on 16 July 2004 to sub-divide the one issued share and the 999 unissued shares of £1 each into 1,000 ordinary shares of 0.1p each and 999,000 ordinary shares of 0.1p each respectively.

89,990 ordinary shares for 0.1p each were issued on 16 July 2004 to purchase the shares in Medsea Group SL with a nominal value of £2,364.

On 19 July 2004 9,010 ordinary shares of 0.1p each were issued.

4 Reserves

	Merger reserve
	£
Arising on share exchange	<u>2,275</u>
At end of period	<u>2,275</u>

5 Profit and loss account	2004
	£
Retained loss	<u>(10)</u>
At end of period	<u>(10)</u>

6 Ultimate controlling party

Medsea Estates Group PLC is the ultimate parent company.

Tony Gatehouse is a director of Medsea UK limited and is the ultimate controlling shareholder of the group.