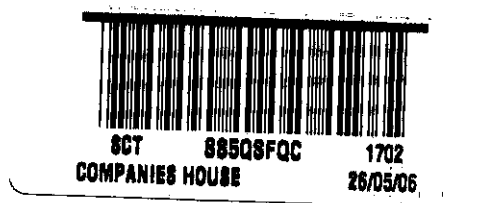


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DEAN ENTERTAINMENTS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2005



Milne, Craig & Corson
Chartered Accountants
and Registered Auditors
Abercorn House
79 Renfrew Road
Paisley
PA3 4DA

DEAN ENTERTAINMENTS LIMITED

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FOR THE YEAR ENDED 31ST JULY 2005**

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DEAN ENTERTAINMENTS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JULY 2005

DIRECTORS:	E Q Melville E D Melville
SECRETARY:	Mr. A B Brodie
REGISTERED OFFICE:	191 Nicol Street Kirkcaldy Fife KY1 1PF
REGISTERED NUMBER:	SC54212
AUDITORS:	Milne, Craig & Corson Chartered Accountants and Registered Auditors Abercorn House 79 Renfrew Road Paisley PA3 4DA
BANKERS:	Bank of Scotland Gordon Street Glasgow G1 3RS
SOLICITORS:	Charles Wood and Son 37 Kirk Wynd Kirkcaldy KY1 1EN

DEAN ENTERTAINMENTS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2005

The directors present their report with the financial statements of the company for the year ended 31st July 2005.

PRINCIPAL ACTIVITY

The principal activity of the company during the year continued to be proprietors and operators of discotheques and public houses.

The directors consider the state of the company's affairs to be satisfactory.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31st July 2005.

DIRECTORS

The directors who served the company during the year were as follows:

E Q Melville
E D Melville

The directors of the company do not hold any interest in the ordinary share capital of the company. The directors' interest in the ordinary share capital of the ultimate holding company, Dean Entertainments (Holdings) Limited, is disclosed in the company's financial statements.

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;
- 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS


So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Milne, Craig & Corson, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

Director



25th May 2006

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
DEAN ENTERTAINMENTS LIMITED**

We have audited the financial statements of Dean Entertainments Limited for the year ended 31st July 2005 on pages four to fourteen. 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 1985. We also report to you if, in our opinion, the Report of the Directors 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 Report of the Directors 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st July 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Milne, Craig & Corson
Chartered Accountants
and Registered Auditors
Abercorn House
79 Renfrew Road
Paisley
PA3 4DA

25th May 2006

DEAN ENTERTAINMENTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2005**

	Notes	2005 £	2004 £
TURNOVER	2	2,084,080	3,507,471
<i>Cost of sales</i>		<u>540,005</u>	<u>917,659</u>
GROSS PROFIT		1,544,075	2,589,812
Administrative expenses		<u>1,941,029</u>	<u>3,549,662</u>
		(396,954)	(959,850)
Other operating income		<u>207,596</u>	<u>170,648</u>
OPERATING LOSS	4	(189,358)	(789,202)
Interest payable and similar charges	5	<u>131,771</u>	<u>173,061</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(321,129)	(962,263)
Tax on loss on ordinary activities	6	<u>(57,114)</u>	<u>140,084</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(264,015)</u>	<u>(1,102,347)</u>
DEFICIT FOR THE YEAR		<u><u>(264,015)</u></u>	<u><u>(1,102,347)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

DEAN ENTERTAINMENTS LIMITED

**BALANCE SHEET
31ST JULY 2005**

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	3,801,149	3,293,430
CURRENT ASSETS			
Stocks	8	46,493	35,258
Debtors	9	377,140	548,796
Cash in hand		19,200	12,033
		<u>442,833</u>	<u>596,087</u>
CREDITORS			
Amounts falling due within one year	10	<u>3,334,134</u>	<u>1,970,409</u>
NET CURRENT LIABILITIES		<u>(2,891,301)</u>	<u>(1,374,322)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		909,848	1,919,108
CREDITORS			
Amounts falling due after more than one year	11	(883,188)	(1,571,319)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(193,786)</u>	<u>(250,900)</u>
NET (LIABILITIES)/ASSETS		<u><u>(167,126)</u></u>	<u><u>96,889</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	1,000	1,000
Profit and loss account	16	<u>(168,126)</u>	<u>95,889</u>
SHAREHOLDERS' FUNDS	22	<u><u>(167,126)</u></u>	<u><u>96,889</u></u>

ON BEHALF OF THE BOARD:

Director



Approved by the Board on 25th May 2006

The notes form part of these financial statements

DEAN ENTERTAINMENTS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2005**

	Notes	2005 £	2004 £
Net cash inflow/(outflow) from operating activities	1	771,898	(1,229,427)
Returns on investments and servicing of finance	2	(131,771)	(173,061)
Taxation		(5,099)	-
Capital expenditure	2	(1,082,139)	2,899,316
		(447,111)	1,496,828
Financing	2	(570,939)	924,197
(Decrease)/Increase in cash in the period		<u>(1,018,050)</u>	<u>2,421,025</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/Increase in cash in the period		(1,018,050)	2,421,025
Cash outflow/(inflow) from decrease/(increase) in debt		<u>570,937</u>	<u>(924,197)</u>
Change in net debt resulting from cash flows		<u>(447,113)</u>	<u>1,496,828</u>
Movement in net debt in the period		(447,113)	1,496,828
Net debt at 1st August		<u>(2,141,878)</u>	<u>(3,638,706)</u>
Net debt at 31st July		<u><u>(2,588,991)</u></u>	<u><u>(2,141,878)</u></u>

The notes form part of these financial statements

DEAN ENTERTAINMENTS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2005**

1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating loss	(189,358)	(789,202)
Depreciation charges	213,203	180,425
Loss on disposal of fixed assets	361,217	1,216,966
(Increase)/Decrease in other provisions	-	(33,201)
(Increase)/Decrease in stocks	(11,233)	41,039
Decrease/(Increase) in debtors	171,656	(492,493)
Increase/(Decrease) in creditors	226,413	(1,352,961)
Net cash inflow/(outflow) from operating activities	<u><u>771,898</u></u>	<u><u>(1,229,427)</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest paid	(131,771)	(173,061)
Net cash outflow for returns on investments and servicing of finance	<u><u>(131,771)</u></u>	<u><u>(173,061)</u></u>
Capital expenditure		
Purchase of tangible fixed assets	(1,082,139)	(93,922)
Sale of tangible fixed assets	-	2,993,238
Net cash (outflow)/inflow for capital expenditure	<u><u>(1,082,139)</u></u>	<u><u>2,899,316</u></u>
Financing		
New loans in year	1,700,000	1,725,874
Loan repayments in year	(2,270,939)	(801,677)
Net cash (outflow)/inflow from financing	<u><u>(570,939)</u></u>	<u><u>924,197</u></u>

The notes form part of these financial statements

DEAN ENTERTAINMENTS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2005**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.04 £	Cash flow £	At 31.7.05 £
Net cash:			
Cash at bank and in hand	12,033	7,167	19,200
Bank overdrafts	(428,036)	(1,025,217)	(1,453,253)
	<u>(416,003)</u>	<u>(1,018,050)</u>	<u>(1,434,053)</u>
 Debt:			
Debts falling due within one year	(154,556)	(117,194)	(271,750)
Debts falling due after one year	(1,571,319)	688,131	(883,188)
	<u>(1,725,875)</u>	<u>570,937</u>	<u>(1,154,938)</u>
 Total	<u>(2,141,878)</u>	<u>(447,113)</u>	<u>(2,588,991)</u>

The notes form part of these financial statements

DEAN ENTERTAINMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Rent received

Rent received is included in the profit and loss account in the period in which it is due.

Going Concern

The accounts have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption relies on the continuing support of the directors and related parties.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2005 £	2004 £
United Kingdom	2,084,080	3,507,471
	<u>2,084,080</u>	<u>3,507,471</u>

3. STAFF COSTS

	2005 £	2004 £
Wages and salaries	718,463	1,038,562
Social security costs	39,336	50,920
	<u>757,799</u>	<u>1,089,482</u>

DEAN ENTERTAINMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2005**

3. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2005	2004
Sales staff	67	114
Administrative staff	5	5
	<u>72</u>	<u>119</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	2005 £	2004 £
Depreciation - owned assets	213,203	180,425
Loss on disposal of fixed assets	361,217	1,216,966
Auditors' remuneration	(4,204)	6,000
	<u>53,000</u>	<u>43,000</u>
Directors' emoluments	<u>53,000</u>	<u>43,000</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank interest	<u>131,771</u>	<u>173,061</u>

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2005 £	2004 £
Current tax:		
UK corporation tax	-	5,059
Deferred tax	(57,114)	135,025
Tax on loss on ordinary activities	<u>(57,114)</u>	<u>140,084</u>

UK corporation tax has been charged at 19% (2004 - 19%).

DEAN ENTERTAINMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2005**

6. TAXATION - continued

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2005 £	2004 £
Loss on ordinary activities before tax	(321,129)	(962,263)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2004 - 19%)	(61,015)	(182,830)
Effects of:		
Expenses not deductible for tax purposes	24,841	282,560
Capital allowances in advance of depreciation	31,097	(37,841)
Tax losses carried forward rebasing	5,077	-
Utilisation of tax losses	-	(56,830)
Current tax (credit)/charge	-	5,059

7. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1st August 2004	1,681,787	2,447,474	16,762	4,146,023
Additions	674,594	404,746	2,800	1,082,140
Disposals	-	(656,982)	-	(656,982)
At 31st July 2005	2,356,381	2,195,238	19,562	4,571,181
DEPRECIATION				
At 1st August 2004	-	841,942	10,651	852,593
Charge for year	47,128	164,314	1,761	213,203
Eliminated on disposal	-	(295,764)	-	(295,764)
At 31st July 2005	47,128	710,492	12,412	770,032
NET BOOK VALUE				
At 31st July 2005	2,309,253	1,484,746	7,150	3,801,149
At 31st July 2004	1,681,787	1,605,532	6,111	3,293,430

8. STOCKS

	2005 £	2004 £
Bar stock	44,476	32,528
Food stock	2,017	2,730
	46,493	35,258

DEAN ENTERTAINMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2005**

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Amounts owed by related undertakings	228,273	191,599
Other debtors	2,817	329,390
VAT	107,483	-
Prepayments and accrued income	38,567	27,807
	<u>377,140</u>	<u>548,796</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank loans and overdrafts (see note 12)	1,725,003	582,592
Trade creditors	423,730	71,406
Directors current accounts	499,594	500,812
Tax	(40)	5,059
Social security and other taxes	12,754	197,646
Other creditors	585,370	518,023
Accruals and deferred income	87,723	94,871
	<u>3,334,134</u>	<u>1,970,409</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Bank loans (see note 12)	<u>883,188</u>	<u>1,571,319</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2005 £	2004 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,453,253	428,036
Bank loans	271,750	154,556
	<u>1,725,003</u>	<u>582,592</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>271,750</u>	<u>154,556</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>611,438</u>	<u>463,668</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>-</u>	<u>953,095</u>

DEAN ENTERTAINMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2005**

13. SECURED DEBTS

The following secured debts are included within creditors:

	2005	2004
	£	£
Bank overdrafts	1,453,253	428,036
Bank loans	1,154,938	1,725,875
	<u>2,608,191</u>	<u>2,153,911</u>

There is one bank loan outstanding at the year end. This loan facility is for £1,400,000 being repayable by equal monthly instalments by 28 October 2009. The loans incur interest at 1.25% over the bank base rate. Standard securities are held over the freehold properties and a bond and floating charge has been granted for all sums due over the whole company assets.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2005	2004
	£	£
Deferred tax	<u>193,786</u>	<u>250,900</u>
		Deferred tax
		£
Balance at 1st August 2004		250,900
Profit and loss account		
Reversal of timing differences		34,881
Effect of changes in tax rate		<u>(91,995)</u>
Balance at 31st July 2005		<u>193,786</u>

15. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2005	2004
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

16. RESERVES

	Profit and loss account
	£
At 1st August 2004	95,889
Deficit for the year	<u>(264,015)</u>
At 31st July 2005	<u>(168,126)</u>

17. PENSION COMMITMENTS

The company has not operated, or contributed to any pension scheme on behalf of its employees.

DEAN ENTERTAINMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST JULY 2005

18. ULTIMATE PARENT COMPANY

In the directors opinion the company's ultimate parent company and controlling party is Dean Entertainments (Holdings) Limited which is incorporated in Scotland.

19. CONTINGENT LIABILITIES

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 July 2005.

20. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 31 July 2005.

21. RELATED PARTY DISCLOSURES

At 31 July 2005 the amounts due from Ainslie Homes Limited, Dean Park Hotel, Kingdom Taverns Limited and Drive In were £227,223 (2004:£180,966); £2,500 (2004:£11,034); £2,144 (2004: £15,980) and £833 (2004:£5,000) respectively. These amounts are included in debtors.

During the year the company purchased goods and services in the normal course of business from Ainslie Homes Limited, Drive In, Kingdom Taverns Limited and Dean Park Hotel at a cost of £22,901 (2004:£11,412); £1,449 (2004:£3,310); £nil (2004:£180) and £1,635 (2004: £890) respectively. The company also sold goods and services in the normal course of business to Kingdom Taverns Limited, Ainslie Homes Limited, Drive In and Dean Park Hotel £2,275 (2004: £6,630); £3,144 (2004: £2,248); £558 (2004: £2,248) and £1,418 (2004: £3,899) respectively.

The company received management income of £30,000 (2004:£nil) from Ainslie Homes Limited, £40,000 (2004:£nil) from Kingdom Taverns Limited, £15,000 (2004:£nil) from Dean Park Hotel and £5,000 from Drive In (2004:£nil).

At 31 July 2005 the amounts due to Kingdom Taverns Limited, Dean Park Hotel, Drive In and EQM Properties were £215,334 (2004:£215,334), £1,452 (2004:£422), £75,283 (2004:£75,265) and £212,984 (2004:£211,190) respectively. These amounts are included in creditors.

During the year the company benefited from an interest free loan from Mr E Q Melville, a director. The amount owed at 31 July 2005 was £499,594 (2004: £500,812).

The businesses are all related due to Mr E Q Melville, a director of the company, having a controlling or material interest.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Loss for the financial year	(264,015)	(1,102,347)
Net reduction of shareholders' funds	(264,015)	(1,102,347)
Opening shareholders' funds	96,889	1,199,236
Closing shareholders' funds	(167,126)	96,889
Equity interests	(167,126)	96,889