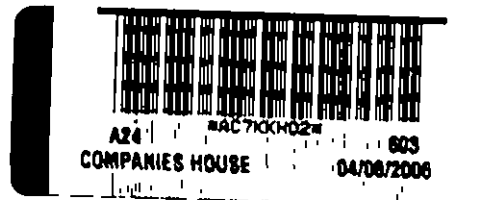


Company Registration Number Sc 123618

HAVERSTOCK HOMES PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2005



HAVERSTOCK HOMES PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2005

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HAVERSTOCK HOMES PLC

COMPANY INFORMATION

The board of directors	Mr A N Zorbas Mr T Zorbas Mrs N Polity-Zorbas
Company secretary	Mr A N Zorbas
Date of incorporation	9 March 1990
Registered office	125 West Regent Street Glasgow G2 2SA
Auditors	BSG Valentine Chartered Accountants & Registered Auditors Lynton House 7 - 12 Tavistock Square London WC1H 9BQ

HAVERSTOCK HOMES PLC
THE DIRECTORS' REPORT
YEAR ENDED 31 MAY 2005

The directors present their report and the financial statements of the company for the year ended 31 May 2005

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year was that of developing properties and the letting of property on assured tenancies

During the year the company developed and sold one property. The directors could not find any suitable properties to buy to let. A further property has been bought post year end.

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

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows.

	Ordinary Shares of £0.50 each	
	At	At
	31 May 2005	1 June 2004
Mr A N Zorbas	18,500	100,120
Mr T Zorbas	-	-
Mrs N Polity-Zorbas	-	-
	<hr/>	<hr/>

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy to agree terms of transactions, including payment terms with suppliers and provided suppliers perform in accordance with the agreed terms. It is the company's normal practice that payment is made accordingly.

At the balance sheet date the company had no days of purchases outstanding in trade creditors.

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 year. In preparing those financial statements, the directors are required to

select suitable accounting policies, as described on page 10, 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, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

HAVERSTOCK HOMES PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2005

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. The directors 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 re-appoint BSG Valentine as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office.
125 West Regent Street
Glasgow
G2 2SA

Signed by order of the directors



MR A N ZORBAS
Company Secretary

Approved by the board on 2/8/06

HAVERSTOCK HOMES PLC
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
HAVERSTOCK HOMES PLC
YEAR ENDED 31 MAY 2005

We have audited the financial statements of Haverstock Homes PLC for the year ended 31 May 2005 on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 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.

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 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.

HAVERSTOCK HOMES PLC

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
HAVERSTOCK HOMES PLC *(continued)***

YEAR ENDED 31 MAY 2005

OPINION

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



BSG VALENTINE
Chartered Accountants
& Registered Auditors

Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

2 August 2006

HAVERSTOCK HOMES PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MAY 2005

	Note	2005 £	2004 £
TURNOVER	2	562,220	1,050,000
Cost of sales		(591,844)	(944,274)
GROSS (LOSS)/PROFIT		(29,624)	105,726
Administrative expenses		(38,780)	(45,646)
Other operating income	3	—	92
OPERATING (LOSS)/PROFIT	4	(68,404)	60,172
Interest receivable		1,430	2,859
Interest payable and similar charges	7	(13,648)	(34,139)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(80,622)	28,892
Tax on (loss)/profit on ordinary activities		—	—
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(80,622)	28,892
Balance brought forward		(22,820)	(51,712)
Balance carried forward		<u>(103,442)</u>	<u>(22,820)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 13 form part of these financial statements.

HAVERSTOCK HOMES PLC

BALANCE SHEET

AS AT 31 MAY 2005

	Note	2005 £	£	2004 £	£
FIXED ASSETS					
Tangible assets	8		1		325
Investments	9		—		<u>6,805</u>
			<u>1</u>		<u>7,130</u>
CURRENT ASSETS					
Stocks	10	31,428		423,496	
Debtors	11	58,841		31,451	
Cash at bank		<u>212,063</u>		<u>217,987</u>	
		302,332		672,934	
CREDITORS: Amounts falling due within one year	12	<u>(10,591)</u>		<u>(307,700)</u>	
NET CURRENT ASSETS			<u>291,741</u>		<u>365,234</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>291,742</u>		<u>372,364</u>
CAPITAL AND RESERVES					
Called-up equity share capital	15		229,983		229,983
Share premium account	16		165,201		165,201
Profit and loss account			<u>(103,442)</u>		<u>(22,820)</u>
SHAREHOLDERS' FUNDS	17		<u>291,742</u>		<u>372,364</u>

These financial statements were approved by the directors on the 2/8/06 and are signed on their behalf by:

X 

MR A N ZORBAS
Director

The notes on pages 10 to 13 form part of these financial statements.

HAVERSTOCK HOMES PLC

CASH FLOW STATEMENT

YEAR ENDED 31 MAY 2005

	2005		2004	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		269,214		553,014
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	1,430		2,859	
Interest paid	<u>(13,648)</u>		<u>(34,139)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(12,218)		(31,280)
TAXATION		–		16,247
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Receipts from sale of fixed assets	195		–	
Disposal of investments	<u>40,413</u>		<u>–</u>	
NET CASH INFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		40,608		–
CASH INFLOW BEFORE FINANCING		<u>297,604</u>		<u>537,981</u>
FINANCING				
Repayment of bank loans	<u>(273,000)</u>		<u>(222,000)</u>	
NET CASH OUTFLOW FROM FINANCING		(273,000)		(222,000)
INCREASE IN CASH		<u>24,604</u>		<u>315,981</u>
RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
	2005		2004	
	£		£	
Operating (loss)/profit	(68,404)		60,172	
Depreciation	324		487	
Profit on disposal of fixed assets	(195)		–	
Decrease in stocks	392,068		526,629	
Increase in debtors	(27,390)		(2,859)	
Decrease in creditors	<u>(27,189)</u>		<u>(31,415)</u>	
Net cash inflow from operating activities	<u>269,214</u>		<u>553,014</u>	

The notes on pages 10 to 13 form part of these financial statements.

HAVERSTOCK HOMES PLC
CASH FLOW STATEMENT *(continued)*
YEAR ENDED 31 MAY 2005

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005		2004	
	£	£	£	£
Increase in cash in the period	24,604		315,981	
Net cash outflow from bank loans	<u>273,000</u>		<u>222,000</u>	
		<u>297,604</u>		<u>537,981</u>
Change in net funds		<u>297,604</u>		<u>537,981</u>
Net debt at 1 June 2004		<u>(55,013)</u>		<u>(592,995)</u>
Net funds at 31 May 2005		<u>208,983</u>		<u>(55,013)</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jun 2004 £	Cash flows £	At 31 May 2005 £
Net cash:			
Cash in hand and at bank	217,987	(5,924)	212,063
Overdrafts	<u>-</u>	<u>(3,080)</u>	<u>(3,080)</u>
	<u>217,987</u>	<u>(9,004)</u>	<u>208,983</u>
Debt			
Debt due within 1 year	<u>(273,000)</u>	<u>273,000</u>	<u>-</u>
Net funds	<u>(55,013)</u>	<u>263,996</u>	<u>208,983</u>

The notes on pages 10 to 13 form part of these financial statements.

HAVERSTOCK HOMES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows.

Computer Equipment - 25% Straight line method

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

2. TURNOVER

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

An analysis of turnover is given below

	2005 £	2004 £
United Kingdom	<u>562,220</u>	<u>1,050,000</u>

3. OTHER OPERATING INCOME

	2005 £	2004 £
Other operating income	<u>-</u>	<u>92</u>

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting)

	2005 £	2004 £
Depreciation of owned fixed assets	324	487
Profit on disposal of fixed assets	(195)	-
Auditors' remuneration		
- as auditors	<u>4,700</u>	<u>3,525</u>

HAVERSTOCK HOMES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2005

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005 No	2004 No
Number of management staff	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	12,000	8,016
Social security costs	<u>-</u>	<u>-</u>
	<u>12,000</u>	<u>8,016</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Emoluments receivable	<u>12,000</u>	<u>8,016</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Interest payable on bank borrowing	<u>13,648</u>	<u>34,139</u>

8. TANGIBLE FIXED ASSETS

	Computer Equipment £
COST	
At 1 June 2004 and 31 May 2005	<u>1,951</u>
DEPRECIATION	
At 1 June 2004	1,626
Charge for the year	<u>324</u>
At 31 May 2005	<u>1,950</u>
NET BOOK VALUE	
At 31 May 2005	<u>1</u>
At 31 May 2004	<u>325</u>

HAVERSTOCK HOMES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2005

9. INVESTMENTS

Shares acquired in quoted companies

	£
COST	
At 1 June 2004	40,413
Disposals	<u>(40,413)</u>
At 31 May 2005	<u>-</u>
AMOUNTS WRITTEN OFF	
At 1 June 2004	33,608
Written off in prior years written back	<u>(33,608)</u>
At 31 May 2005	<u>-</u>
NET BOOK VALUE	
At 31 May 2005	<u>-</u>
At 31 May 2004	<u>6,805</u>

Listed investments

Listed investments having a net book value of £Nil (2004 - £6,805) are held by the company and had a market value of £Nil at the end of the year (2004 - £7,000)

10. STOCKS

	2005 £	2004 £
Work in progress	<u>31,428</u>	<u>423,496</u>

11. DEBTORS

	2005 £	2004 £
Other debtors	53,581	31,451
Directors current accounts	<u>5,260</u>	<u>-</u>
	<u>58,841</u>	<u>31,451</u>

12. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	3,080	273,000
Directors current accounts	-	25,575
Accruals and deferred income	<u>7,511</u>	<u>9,125</u>
	<u>10,591</u>	<u>307,700</u>

The bank hold as security a first legal mortgage over the freehold property known as 122 Fellows Road, London

HAVERSTOCK HOMES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2005

13. TRANSACTIONS WITH THE DIRECTORS

At the year end the directors have an overdrawn loan account of £5,260. This was the maximum amount outstanding during the year.

14. RELATED PARTY TRANSACTIONS

The controlling party during the period was I Kareliotis, by virtue of holding the majority of the issued share capital.

15. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
15,000,000 Ordinary shares of £0.50 each	<u>7,500,000</u>	<u>7,500,000</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £0.50 each	<u>459,965</u>	<u>229,983</u>	<u>459,965</u>	<u>229,983</u>

16. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
(Loss)/Profit for the financial year	(80,622)	28,892
Opening shareholders' equity funds	<u>372,364</u>	<u>343,472</u>
Closing shareholders' equity funds	<u>291,742</u>	<u>372,364</u>

18. POST BALANCE SHEET EVENTS

Shortly after the year end a leasehold property was bought for £207,000, for development and resale.