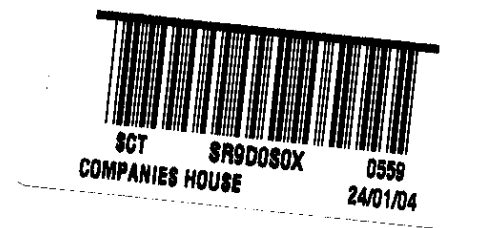


Company Registration No. 192082 (Scotland)

Cromdale Properties Limited

Directors' Report and Financial Statements

For The Year Ended 31 March 2003



CROMDALE PROPERTIES LIMITED

COMPANY INFORMATION

Directors	M J Callan S E Ritchie
Secretary	Grant Smith Law Practice
Company number	192082
Registered office	Amicable House 252 Union Street Aberdeen AB10 1TN
Auditors	Johnston Carmichael Bishops Court 29 Albyn Place Aberdeen AB10 1YL
Solicitors	Grant Smith Law Practice Amicable House 252 Union Street Aberdeen AB10 1TN

CROMDALE PROPERTIES LIMITED

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CROMDALE PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

Principal activities

The principal activity of the company continued to be that of property development.

Directors

The following directors have held office since 1 April 2002:

M J Callan
S E Ritchie

Directors' interests

The company is a wholly owned subsidiary and the interests of M J Callan are disclosed in the financial statements of the parent company, Cromdale Limited. Mrs S E Ritchie has no interest in the shares of the parent company.

Directors' responsibilities

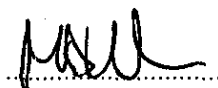
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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.

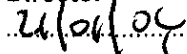
This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



M J Callan

Director



CROMDALE PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CROMDALE PROPERTIES LIMITED

We have audited the financial statements of Cromdale Properties Limited on pages 3 to 6 for the year ended 31 March 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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 auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 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.

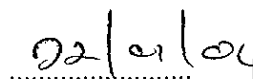
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Johnston Carmichael

Chartered Accountants and
Registered Auditor



Bishops Court
29 Albyn Place
Aberdeen
AB10 1YL

CROMDALE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

		2003 £	2002 £
	Notes		
Turnover		150,000	-
Cost of sales		(153,891)	(64,631)
Gross loss		(3,891)	(64,631)
Administrative expenses		(18,680)	(5,303)
Loss on ordinary activities before taxation	2	(22,571)	(69,934)
Tax on loss on ordinary activities	3	19,648	-
Loss on ordinary activities after taxation	7	(2,923)	(69,934)

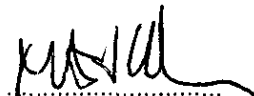
CROMDALE PROPERTIES LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
Current assets					
Stocks		-		150,000	
Debtors	4	-		3,193	
		-		153,193	
Creditors: amounts falling due within one year	5	(125,974)		(276,244)	
Total assets less current liabilities			(125,974)		(123,051)
Capital and reserves					
Called up share capital	6		2		2
Profit and loss account	7		(125,976)		(123,053)
Deficiency			(125,974)		(123,051)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 21/04/03.



M J Callan
Director

CROMDALE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

2 Operating loss	2003	2002
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	750	750
	<u>750</u>	<u>750</u>
3 Taxation	2003	2002
	£	£
Domestic current year tax		
Receipt in respect of group relief	(19,648)	-
	<u>(19,648)</u>	<u>-</u>
Current tax charge	<u>(19,648)</u>	<u>-</u>
4 Debtors	2003	2002
	£	£
Other debtors	-	3,193
	<u>-</u>	<u>3,193</u>
5 Creditors: amounts falling due within one year	2003	2002
	£	£
Amounts owed to group undertakings	100,737	274,244
Taxation and social security	22,416	-
Other creditors	2,821	2,000
	<u>125,974</u>	<u>276,244</u>
6 Share capital	2003	2002
	£	£
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £ 1 each	2	2
	<u>2</u>	<u>2</u>

CROMDALE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

7 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2002	(123,053)
Loss for the year	(2,923)
	<hr/>
Balance at 31 March 2003	(125,976)
	<hr/>

8 Ultimate parent company

The ultimate parent company and controlling party is Cromdale Limited, a company registered in Scotland. Cromdale Limited has confirmed that it will continue to make funds available to Cromdale Properties Limited in order to enable Cromdale Properties Limited to continue to meet its financial obligations for the next 18 months, therefore the accounts have been prepared on a going concern basis.

9 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

CROMDALE PROPERTIES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

		2003		2002
	£	£	£	£
Turnover				
Property sales		150,000		-
Cost of sales				
Purchases	153,891		-	
Provision to reduce stock to recoverable amount	-		64,631	
		<u>(153,891)</u>		<u>(64,631)</u>
Gross loss		<u>(3,891)</u>		<u>(64,631)</u>
Administrative expenses		<u>(18,680)</u>		<u>(5,303)</u>
Operating loss		<u><u>(22,571)</u></u>		<u><u>(69,934)</u></u>

CROMDALE PROPERTIES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	£	£
Administrative expenses		
Rent	14,502	18,698
Rates	907	-
Legal and professional fees	75	(16,595)
Accountancy fees	2,446	2,450
Audit fees	750	750
	<hr/>	<hr/>
	18,680	5,303
	<hr/>	<hr/>
