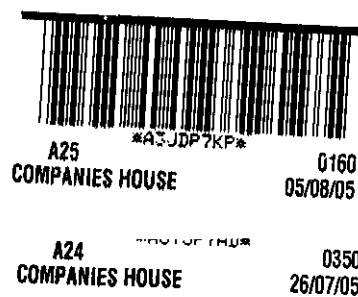


Company Registration No. 4928846 (England and Wales)

GGRD PROPERTY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2004



GGRD PROPERTY LIMITED

COMPANY INFORMATION

Directors	G Piacquadio (Italian)(Appointed 11 January 2004) R Piacquadio (Italian)(Appointed 11 January 2004)
Secretary	R Piacquadio (Italian)
Company number	4928846
Registered office	Unit 4 6 and 7 West Mews West Road Tottenham London Great Britain N17 0QT
Auditors	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ
Business address	Unit 4 6 and 7 West Mews West Road Tottenham London Great Britain N17 0QT

GGRD PROPERTY LIMITED

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GGRD PROPERTY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the period from incorporation to 31 December 2004.

Principal activities and review of the business

The principal activity of the company is the letting of property.

The company was incorporated as Keoco 224 Ltd on 10th October 2003 and changed its name to GGRD Property Limited on 20th January 2004. It commenced trading on 13 May 2004.

The directors are satisfied with the company's first period of trading and look to the future with confidence.

Results and dividends

The results for the period are set out on page 5.

Directors

The following directors have held office since 10 October 2003:

G Piacquadio (Italian)	(Appointed 11 January 2004)
R Piacquadio (Italian)	(Appointed 11 January 2004)
Keoco Company Director Limited	(Appointed 10 October 2003 and resigned 11 January 2004)

Directors' interests

Mr G & Mrs R Piacquadio do not hold any shares in the company, but two trusts, in which they are both beneficiaries currently own 1,000 ordinary shares in GGRD Property Ltd.

Auditors

On 1 June 2005 Goodman Jones, the company's auditors, transferred its business to Goodman Jones LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly, Goodman Jones resigned as auditors on 9 June 2005 and the directors appointed Goodman Jones LLP as its successor. A resolution to reappoint Goodman Jones LLP as auditors will be proposed at the next Annual General Meeting.

GGRD PROPERTY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2004

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.

On behalf of the board



28.6.05

GGRD PROPERTY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GGRD PROPERTY LIMITED

We have audited the financial statements of GGRD Property Limited on pages 4 to 10 for the period ended 31 December 2004. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 2 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.

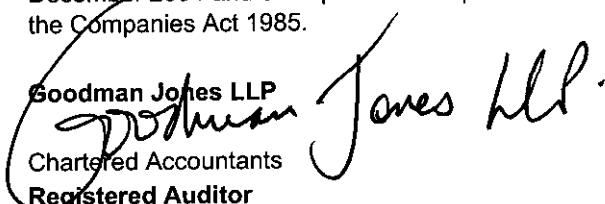
Basis of audit opinion

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 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Goodman Jones LLP
Chartered Accountants
Registered Auditor

1 July 2005

29/30 Fitzroy Square
London
W1T 6LQ

GGRD PROPERTY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2004

	Notes	2004 £
Turnover	2	111,021
Administrative expenses		(64,488)
Operating profit	3	<u>46,533</u>
Other interest receivable and similar income	4	26,948
Interest payable and similar charges	5	(57,162)
Profit on ordinary activities before taxation		<u>16,319</u>
Tax on profit on ordinary activities	6	(13,578)
Profit on ordinary activities after taxation	12	<u><u>2,741</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

GGRD PROPERTY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	£
Fixed assets			
Tangible assets	7		2,944,858
Current assets			
Debtors: amounts falling due within one year	8	4,533	
Debtors: amounts falling due after more than one year	8	750,000	
Cash at bank and in hand		55,910	
		<u>810,443</u>	
Creditors: amounts falling due within one year	9	<u>(343,539)</u>	
Net current assets			<u>466,904</u>
Total assets less current liabilities			<u>3,411,762</u>
Creditors: amounts falling due after more than one year	10		<u>(1,097,154)</u>
			<u>2,314,608</u>
Capital and reserves			
Called up share capital	11		1,000
Share premium account	12		326,288
Revaluation reserve	12		1,984,579
Profit and loss account	12		<u>2,741</u>
Shareholders' funds - equity interests	13		<u>2,314,608</u>

The financial statements were approved by the Board on 28.6.05


Director


Director

GGRD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold Buildings	4% Straight line
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1.4 Deferred 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. The deferred tax balance has not been discounted.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2004
	£

Operating profit is stated after charging:

Depreciation of tangible assets	55,142
Auditors' remuneration	1,000

4 Investment income	2004
	£

Bank interest	783
Other interest	26,165
	<hr/>
	26,948
	<hr/>

5 Interest payable	2004
	£

On bank loans and overdrafts	57,162
	<hr/>

GGRD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2004

6	Taxation	2004
		£
	Domestic current year tax	
	U.K. corporation tax	13,578
	Factors affecting the tax charge for the period	
	Profit on ordinary activities before taxation	16,319
		<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00%	3,101
	Effects of:	
	Depreciation add back	10,477
		<hr/>
	Current tax charge	13,578
		<hr/>
7	Tangible fixed assets	
		Freehold Buildings
		£
	Cost or valuation	
	At 10 October 2003	-
	Additions	1,015,421
	Revaluation	1,984,579
		<hr/>
	At 31 December 2004	3,000,000
		<hr/>
	Depreciation	
	At 10 October 2003	-
	Charge for the period	55,142
		<hr/>
	At 31 December 2004	55,142
		<hr/>
	Net book value	
	At 31 December 2004	2,944,858
		<hr/>

The freehold property was acquired at Net Book Value from A.W.Morris Limited (now Keoco 225 Limited) as part of a group reconstruction, on 13 May 2004. The property was revalued by the directors on 13 May 2004 based on a professional valuation carried out on 7 January 2004 which indicated a market value with vacant possession of £3m.

GGRD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2004

8 Debtors	2004
	£

Other debtors	751,149
Prepayments and accrued income	3,384
	<hr/>
	754,533
	<hr/>

Amounts falling due after more than one year and included in the debtors above are:

	2004
	£
Other debtors	750,000
	<hr/>

9 Creditors: amounts falling due within one year	2004
	£

Bank loans and overdrafts	216,263
Corporation tax	13,578
Other creditors	108,237
Accruals and deferred income	5,461
	<hr/>
	343,539
	<hr/>

GGRD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2004

10 Creditors: amounts falling due after more than one year	2004
	£
Bank loans	1,097,154
	<u> </u>
Analysis of loans	
Wholly repayable within five years	1,313,417
	<u> </u>
	1,313,417
Included in current liabilities	(216,263)
	<u> </u>
	1,097,154
	<u> </u>
Loan maturity analysis	
In more than one year but not more than two years	67,883
In more than two years but not more than five years	214,402
In more than five years	814,869
	<u> </u>

The bank loans are secured by a legal charge over the property of the company and a debenture.

During the year the company was granted a loan of £1,200,000, repayable over a period of 15 years. Interest is charged at a fixed rate of 7.34% on £600,000 of this loan, with interest on the other £600,000 at 1.75% over the base rate.

11 Share capital	2004
	£
Authorised	
1,000 Authorised Ordinary Shares of £1 each	1,000
	<u> </u>
Allotted, called up and fully paid	
1,000 Authorised Ordinary Shares of £1 each	1,000
	<u> </u>

GGRD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2004

12 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Retained profit for the period	-	-	2,741
Premium on shares issued during the period	326,288	-	-
Revaluation during the period	-	1,984,579	-
Balance at 31 December 2004	<u>326,288</u>	<u>1,984,579</u>	<u>2,741</u>

13 Reconciliation of movements in shareholders' funds

	2004 £
Profit for the financial period	2,741
Other recognised gains and losses	1,984,579
Proceeds from issue of shares	327,288
Net addition to shareholders' funds	<u>2,314,608</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>2,314,608</u>

14 Employees

Number of employees

There were no employees during the period apart from the directors.

15 Control

The company is controlled by G & R Piacquadio.

16 Related party transactions

The company's freehold property was let to A W Morris (Repro)(1992) Ltd, a company controlled by G & R Piacquadio. Rent of £111,021 was charged in the period.

In addition, £750,000 was advanced by the company to A W Morris (Repro) (1992) Ltd with interest of £26,165 charged in the period.

Finally, other creditors includes an amount of £108,237 due to A W Morris (Repro)(1992) Ltd which was transferred from Keoco 225 Ltd (formerly A W Morris Ltd) as part of the group reconstruction.