

HALLMARK HEALTHCARE (MAESTEG)
LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005



GRAVESTOCK & OWEN LIMITED
Chartered Accountants & Registered Auditors
33 Market Place
Willenhall
West Midlands
WV13 2AA

HALLMARK HEALTHCARE (MAESTEG) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

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HALLMARK HEALTHCARE (MAESTEG) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE COMPANY
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 7, together with the financial statements of the company for the year ended 31 March 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 4 to 7 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On 19/1/06 we reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 March 2005, and the full text of our audit report is reproduced on pages 2 to 3.

33 Market Place
Willenhall
West Midlands
WV13 2AA


GRAVESTOCK & OWEN LIMITED
CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

19/1/06

HALLMARK HEALTHCARE (MAESTEG) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
HALLMARK HEALTHCARE (MAESTEG) LIMITED
YEAR ENDED 31 MARCH 2005

We have audited the financial statements of Hallmark Healthcare (Maesteg) Limited for the year ended 31 March 2005 on pages 6 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on pages 8 to 9.

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.

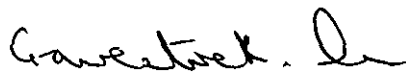
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HALLMARK HEALTHCARE (MAESTEG) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
HALLMARK HEALTHCARE (MAESTEG) LIMITED (CONTINUED)
YEAR ENDED 31 MARCH 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 March 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

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GRAVESTOCK & OWEN LIMITED
CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

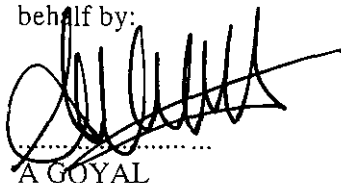
19/1/06

HALLMARK HEALTHCARE (MAESTEG) LIMITED**ABBREVIATED BALANCE SHEET****31 MARCH 2005**

	<u>Note</u>	<u>2005</u>	<u>2004</u>
		£	£
FIXED ASSETS	2		
Intangible assets		929	979
Tangible assets		<u>1,676,485</u>	<u>1,814,825</u>
		1,677,414	1,815,804
CURRENT ASSETS			
Debtors		31,154	50,253
Cash at bank and in hand		<u>45,046</u>	<u>41,421</u>
		76,200	91,674
CREDITORS: Amounts falling due within one year	3	<u>481,268</u>	<u>627,808</u>
NET CURRENT LIABILITIES		(405,068)	(536,134)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,272,346	1,279,670
CREDITORS: Amounts falling due after more than one year	4	1,265,609	1,294,894
PROVISIONS FOR LIABILITIES AND CHARGES		<u>13,241</u>	<u>-</u>
		<u>(6,504)</u>	<u>(15,224)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	6	1	1
Profit and loss account		<u>(6,505)</u>	<u>(15,225)</u>
DEFICIENCY		<u>(6,504)</u>	<u>(15,224)</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 19/1/06 and are signed on their behalf by:



A GOYAL

HALLMARK HEALTHCARE (MAESTEG) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

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

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation 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:

Goodwill - 5% on cost

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:

Freehold Buildings	-	2% on cost
Plant & Machinery	-	25% on net book value
Fixtures & Fittings	-	25% on net book value
Equipment	-	25% on net book value

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

HALLMARK HEALTHCARE (MAESTEG) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2005

1. ACCOUNTING POLICIES (CONTINUED)

Deferred taxation (continued)

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. FIXED ASSETS

	<u>Intangible</u> <u>Assets</u> £	<u>Tangible</u> <u>Assets</u> £	<u>Total</u> £
COST			
At 1 April 2004	1,000	1,881,305	1,882,305
Additions	—	2,081	2,081
At 31 March 2005	<u>1,000</u>	<u>1,883,386</u>	<u>1,884,386</u>
DEPRECIATION			
At 1 April 2004	21	66,480	66,501
Charge for year	50	140,421	140,471
At 31 March 2005	<u>71</u>	<u>206,901</u>	<u>206,972</u>
NET BOOK VALUE			
At 31 March 2005	<u>929</u>	<u>1,676,485</u>	<u>1,677,414</u>
At 31 March 2004	<u>979</u>	<u>1,814,825</u>	<u>1,815,804</u>

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	<u>2005</u> £	<u>2004</u> £
Bank loans and overdrafts	<u>110,040</u>	<u>110,040</u>

HALLMARK HEALTHCARE (MAESTEG) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2005

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	<u>2005</u>	<u>2004</u>
	£	£
Bank loans and overdrafts	<u>1,265,609</u>	<u>1,294,894</u>

Included within creditors falling due after more than one year is an amount of £825,449 (2004 - £854,734) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

5. TRANSACTIONS WITH THE DIRECTORS

R Goyal, A Goyal and V Goyal are also directors of Hallmark Healthcare Group Limited. The company received a loan from that company amounting to £45000 (£230000) during the year. The amount outstanding as at the year end was £275000 (2004 £230000).

6. SHARE CAPITAL

Authorised share capital:

	<u>2005</u>	<u>2004</u>
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted and called up:

	<u>2005</u>	<u>2004</u>
	No £	No £
Ordinary shares of £1 each	<u>1 1</u>	<u>1 1</u>

The amounts of paid-up share capital for the following category of shares differed from the called-up share capital stated above due to unpaid calls and were as follows:

	<u>2005</u>	<u>2004</u>
	£	£
Ordinary shares	<u>1</u>	<u>1</u>

7. ULTIMATE PARENT COMPANY

The ultimate parent company is Hallmark Healthcare Group Limited (100% holding) incorporated and registered in England and Wales.