

MILK STREET HOLDINGS LIMITED

Report and Financial Statements

31 March 2004



MILK STREET HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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MILK STREET HOLDINGS LIMITED

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 March 2004.

STATE OF AFFAIRS AND DIVIDENDS

The company is dormant.

The director does not recommend the payment of a dividend.

DIRECTOR

The director who served throughout the year is Mr J H Williamson. He had no interest in the share capital of the company. His interest in the share capital of Cadastra Limited, the ultimate parent company of the group, is set out in the report of the directors of that company.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

United Kingdom company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Approved by the Director
and signed on his behalf

for CADAstra LIMITED


DIRECTOR/SECRETARY

Secretary

Cambridge

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILK STREET HOLDINGS LIMITED

We have audited the financial statements of Milk Street Holdings Limited for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 6. These financial statements have been prepared under 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 the director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

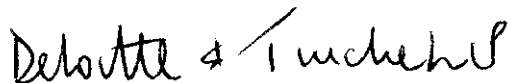
Basis of audit opinion

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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors

Cambridge

28. June 2005

MILK STREET HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2004

	Note	2004 £	2003 £
Increase in provision for liability re assignment	3	(131,000)	(138,000)
LOSS FOR THE FINANCIAL YEAR		<u>(131,000)</u>	<u>(138,000)</u>
RETAINED LOSS			
Opening balance 1 April		<u>(2,028,851)</u>	<u>(1,890,851)</u>
Closing balance 31 March		<u><u>(2,159,851)</u></u>	<u><u>(2,028,851)</u></u>

All amounts derive from discontinued operations.

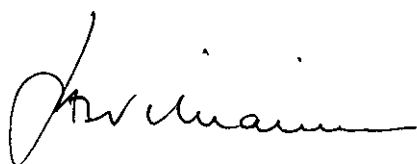
There are no recognised gains and losses other than as shown in the profit and loss account. Accordingly no separate statement of total recognised gains and losses and no reconciliation of movements in shareholders' funds are given.

MILK STREET HOLDINGS LIMITED

BALANCE SHEET 31 March 2004

	Note	2004 £	2003 £
CURRENT ASSETS			
Debtors:			
Amounts due from parent company due after more than one year		4,730,299	4,730,299
CREDITORS: amounts falling due within one year			
Other creditors	3	4,890,000	4,759,000
NET CURRENT LIABILITIES		<u>(159,701)</u>	<u>(28,701)</u>
CAPITAL AND RESERVES			
Called up share capital	2	2,000,150	2,000,150
Profit and loss account		<u>(2,159,851)</u>	<u>(2,028,851)</u>
SHAREHOLDERS' FUNDS		<u>(159,701)</u>	<u>(28,701)</u>
Equity shareholders' funds		(2,159,751)	(2,028,751)
Non-equity shareholders' funds		<u>2,000,050</u>	<u>2,000,050</u>
		<u>(159,701)</u>	<u>(28,701)</u>

These financial statements were approved by the Director on 28 June 2005



Director

MILK STREET HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

2. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted and fully paid		
Participating preference shares of £1 each	50	50
15% non-cumulative preference shares of £1 each	2,000,000	2,000,000
Ordinary shares of £1 each	100	100
	<u>2,000,150</u>	<u>2,000,150</u>

The 15% non-cumulative preference shares rank in priority to the ordinary shares as regards Capital as well as Dividend, but do not carry any further right to participate in the profits or assets of the company. The participating preference shares rank in priority to the ordinary shares as regards Capital as well as Dividend to the extent of a 10% non-cumulative preference dividend and thereafter at varying rates as laid down in the Company's Articles of Association. The holders of the preference shares do not have the right to attend or vote at any General Meeting except in respect of a resolution varying the rights of the holders of the shares.

3. OTHER CREDITORS

The company is in dispute with the Assignee under a Deed of Assignment dated 30 September 1987 as to the validity and effect of the Deed which expressed to assign to the Assignee an interest in certain receivables. Pending determination of the matter, a provision has been included in the amount (including interest) of £4,890,000 (2003 - £4,759,000) for the contingent liability of the company in respect of such receivables.

	2004 £	2003 £
Provision for liability for interest assigned	<u>4,890,000</u>	<u>4,759,000</u>

4. PARENT AND ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Haras Investments Limited which is registered in England and Wales.

The ultimate parent company is Cadastra Limited, which is registered in England and Wales. The group accounts are available at Leda House, Station Road, Cambridge.

5. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr J H Williamson.

6. RELATED PARTY DISCLOSURES

The company is exempt from disclosing details of transactions with its ultimate parent company, Cadastra Limited, together with its subsidiaries, because copies of Cadastra Limited group financial statements are available at Leda House, Station Road, Cambridge.