

ABREU TRAVEL AGENCY LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 28 December 2005

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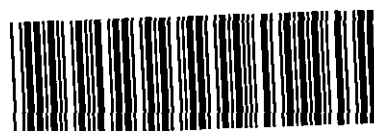
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ABREU TRAVEL AGENCY LIMITED

COMPANY INFORMATION

DIRECTORS

Dr A.Barros
A.P.Ferreira

SECRETARY

A.P.Ferreira

REGISTERED OFFICE

22 Hillcrest Road
Loughton Essex
IG10 4QQ

AUDITOR

F.Heaney
Chartered Accountant
22 Hillcrest Road
Loughton Essex
IG10 4QQ

BANKERS

National Westminster Bank Plc
74 Westbourne Grove
London
W2 5SQ

COMPANY NUMBER

1319450

ABREU TRAVEL AGENCY LIMITED**Report of the Directors**

The directors have pleasure in submitting their report and the audited Financial Statements of the Company for the year ended 28 December 2005.

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.

1. The principal activities of the Company are those of a Tour Operator and Travel Agency. The Company ceased all trading activity on 30 October 2005 and its financial position at 28 December 2005 is shown in the attached Balance Sheet.

2. The Directors who served during the year are as follows:

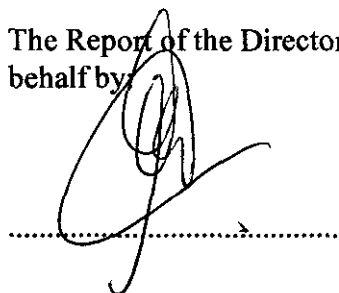
Dr A.Barros

A.P.Ferreira

3. No Director has any interest in the shares of the Company.

Advantage has been taken, in the preparation of the Directors' Report, of the special exemptions applicable to Small Companies conferred by Part II of Schedule 8 to The Companies Act 1985.

The Report of the Directors was approved by the Board on 27-9-2006 and signed on its behalf by



A.P.Ferreira, Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ABREU TRAVEL AGENCY LIMITED**

I have audited the financial statements of Abreu Travel Agency Limited for the period ended 28 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Report of the Directors.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

I read the Report of the Directors and consider the implications for my report if I become aware of any apparent misstatements within it.

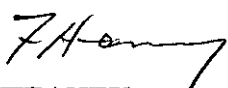
Basis of audit opinion

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 December 2005 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



F. HEANEY

Chartered Accountant
Registered Auditor

27-9-2006

ABREU TRAVEL AGENCY LIMITED**Profit and Loss Account
for the year ended 28 December 2005**

	<i>Note</i>	£ 2005	£ 2004
TURNOVER	1(c)	1,381,124	1,636,682
Cost of Sales		1,366,478	1,535,350
GROSS PROFIT		14,646	101,332
Distribution Costs		311,373	166,042
Administrative Expenses		136,853	61,542
		448,226	227,584
Operating loss	3	(433,580)	(126,252)
Other Interest Receivable	4	29,057	26,484
Loss on Ordinary Activities before Taxation		(404,523)	(99,768)
Tax on Loss on Ordinary Activities	5	-	-
LOSS FOR THE YEAR		(404,523)	(99,768)

Statement of Total Recognised Gains and Losses

Loss for the year	(404,523)	(99,768)
Realised Surplus on Sale of Property	42,664	-
Unrealised Surplus on Revaluation of Property	-	185,000
Total Recognised Gains and Losses relating to the year	(361,859)	85,232

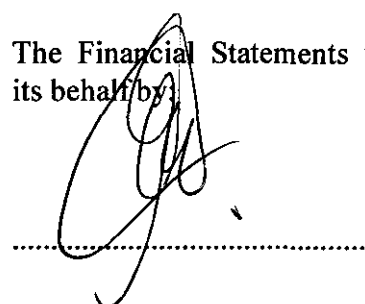
The notes on pages 6 to 9 form an integral part of these accounts.

ABREU TRAVEL AGENCY LIMITED**Balance Sheet as at 28 December 2005**

	Note	£ 2005	£ 2004
FIXED ASSETS			
Tangible Assets	7	-	624,900
Debenture	8	950,000	600,000
		<u>950,000</u>	<u>1,224,900</u>
CURRENT ASSETS			
Debtors	9	4,718	30,667
Cash at Bank & in Hand		268,065	150,311
		<u>272,783</u>	<u>180,978</u>
CREDITORS - amounts falling due within one year	10	(297,982)	(119,218)
		<u>(25,199)</u>	<u>61,760</u>
		<u>924,801</u>	<u>1,286,660</u>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	11	215,000	215,000
RESERVES	12		
Revaluation Reserve		-	293,574
Profit and Loss Account		709,801	778,086
		<u>709,801</u>	<u>1,071,660</u>
SHAREHOLDERS FUNDS	13	<u>924,801</u>	<u>1,286,660</u>

Advantage has been taken, in the preparation of the accounts, of the special exemptions conferred by Part II of Schedule 8 to The Companies Act 1985, on the grounds that the Company qualifies as a Small Company.

The Financial Statements were approved by the Board on 27-9-2006 and signed on its behalf by:



A.P.Ferreira, Director

The notes on pages 6 to 9 form an integral part of these accounts.

ABREU TRAVEL AGENCY LIMITED**Notes to the Financial Statements
28 December 2005****1. ACCOUNTING POLICIES****(a) Convention**

These Financial Statements have been prepared in accordance with the Historical Cost Convention. The principal accounting policies which the Directors have adopted within that convention are set out below.

(b) Tangible Fixed Assets and Depreciation*Tangible Fixed Assets*

All fixed assets are initially recorded at cost. The freehold property was sold during the year and the surplus on sale has been taken to the Profit and Loss account.

Depreciation

Other Tangible Fixed Assets - on the sale of the freehold property all other tangible fixed assets were written off.

(c) Turnover

Turnover represents receipts from the activities carried out by the Company as a Tour Operator and Travel Agent, stated net of Value Added Tax, and is recognised at the date of payment of the balance of monies due in respect of holidays booked.

2. ANALYSIS OF TURNOVER

50% of the Company's turnover is to non-UK markets.

3. OPERATING LOSS

	2005	2004
Operating loss is arrived at after charging:		
Depreciation	54,900	6,100
Auditor's Remuneration	5,500	5,500
	<hr/>	<hr/>

4. OTHER INTEREST RECEIVABLE

Bank deposit interest	11,057	8,484
Debenture interest	18,000	18,000
	<hr/>	<hr/>
	29,057	26,484
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ABREU TRAVEL AGENCY LIMITED**Notes to the Financial Statements
28 December 2005****5. TAXATION**

	2005	2004
Tax on loss on Ordinary Activities		
Corporation Tax	-	-

6. PENSIONS

The Company operates a Defined Contribution Pension Scheme. The assets of the Scheme are held separately from those of the Company in independently administered funds. The Pension Cost charge represents contributions payable to the funds, and amounted to £2,000 (2004 - £2,000).

7. TANGIBLE ASSETS

	Plant & Machinery	Freehold Buildings	TOTAL
COST			
At 29/12/2004	129,669	570,000	699,669
Additions	-	-	-
Disposals	-	(570,000)	(570,000)
At 28/12/2005	129,669	-	129,669
DEPRECIATION			
At 29/12/2004	74,769	-	74,769
Charge for Year	54,900	-	54,900
At 28/12/2005	129,669	-	129,669
NET BOOK VALUE			
At 28/12/2005	-	-	-
At 28/12/2004	54,900	570,000	624,900

The freehold property was sold during the year for £620,000. The resulting profit on disposal has been taken to the Profit & Loss account.

ABREU TRAVEL AGENCY LIMITED**Notes to the Financial Statements
28 December 2005**

8. DEBENTURE	2005	2004
3% Debenture repayable on demand - Viagens Abreu S.A. Porto, Portugal	950,000	600,000
9. DEBTORS		
Other Debtors	4,718	30,667
10. CREDITORS		
Trade Creditors	269,533	109,987
Other Creditors	28,449	9,231
	297,982	119,218
11. SHARE CAPITAL		
Authorised & Allotted		
215,000 £1 Shares	215,000	215,000
12. RESERVES		
	Revaluation Reserve	Profit and Loss Account
Balance 29 December 2004	293,574	778,086
Realised Surplus on Sale of Property		42,664
Realised revaluation surplus on Sale of Property	(293,574)	293,574
Retained loss for the year	-	(404,523)
Balance 28 December 2005	-	709,801

ABREU TRAVEL AGENCY LIMITED**Notes to the Financial Statements
28 December 2005****13. SHAREHOLDERS FUNDS**

Reconciliation of movement in Shareholders Funds	2005	2004
Opening Shareholders Funds	1,286,660	1,201,428
Realised Surplus on Sale of Property	42,664	-
Unrealised Surplus on Revaluation of Property	-	185,000
Retained loss for the year	(404,523)	(99,768)
Closing Shareholders Funds	<u>924,801</u>	<u>1,286,660</u>

14. CHARGE ON ASSETS

The Company's bankers, National Westminster Bank Plc, have guaranteed the bond required by the C.A.A., I.A.T.A. and A.B.T.A. in connection with the Company's Air travel Organizers Licence (A.T.O.L.) and tour operations. The Company has deposited the sum of £200,000 with National Westminster Bank Plc as security for this guarantee.