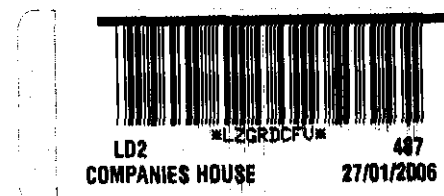


MOUNTGRANGE LAND LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2005



MOUNTGRANGE LAND LIMITED

COMPANY INFORMATION

DIRECTOR	M T Myers Esq
SECRETARY	N A Berry Esq
COMPANY NUMBER	04401506
REGISTERED OFFICE	13 Albemarle Street Mayfair London W1S 4HJ
AUDITORS	Barnes Roffe LLP Chartered Accountants 13 Albemarle Street Mayfair London W1S 4HJ
BANKERS	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR

MOUNTGRANGE LAND LIMITED

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Company detailed profit and loss account	19-20

MOUNTGRANGE LAND LIMITED

DIRECTOR'S REPORT For the year ended 31 March 2005

The director presents his report and the financial statements for the year ended 31 March 2005.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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 and group and of the profit or loss of the group for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company during the period under review was that of a holding company.

The principal activities of the group's subsidiary undertakings are disclosed at note 10(a) to these financial statements.

The director is satisfied with the results of the group for the period under review and views the coming year with optimism.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £351,725 (2004 - Profit £8,298,716) .

The director does not recommend the payment of a final dividend.

DIRECTOR

The director who served during the year and his beneficial interest in the company's issued share capital was:

	Ordinary shares of £1 each	
	31 st March 2005	31 st March 2004
M T Myers Esq	200	200

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is the company's policy to ensure that creditors are paid as they fall due within mutually agreed credit terms. Trade creditors expressed as number of days purchases were 19 days (2004 - 11 days).

AUDITORS

A resolution for the appointment of Barnes Roffe LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 18th January 2006 and signed on its behalf.

M T Myers Esq
Director

MOUNTGRANGE LAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNTGRANGE LAND LIMITED

We have audited the financial statements of Mountgrange Land Limited for the year ended 31 March 2005 set out on pages 3 to 18. 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 on pages 8 to 10.

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 DIRECTORS AND AUDITORS

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of 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 Director's Report is not consistent with the financial statements, if the group 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 and other members of the Group is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

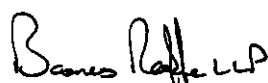
BASIS OF AUDIT OPINION

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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 affairs of the company and the group as at 31 March 2005 and of the profit the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as amended.



Barnes Roffe LLP
Chartered Accountants
Registered Auditors
13 Albemarle Street
Mayfair
London
W1S 4HJ

Date: 18th June 2006

MOUNTGRANGE LAND LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 March 2005

	Note	2005 £	2004 £
TURNOVER	1,2	1,399,150	1,462,548
Cost of sales		<u>(2,407,179)</u>	<u>(2,659,267)</u>
GROSS (LOSS)		(1,008,029)	(1,196,719)
Administrative expenses		(205,104)	(157,621)
Other operating charges		-	(2,470)
Other operating income	3	<u>2,732</u>	<u>-</u>
OPERATING (LOSS)	4	(1,210,401)	(1,356,810)
Share of operating (loss)/profit in associates		<u>(886,190)</u>	<u>9,539,518</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(2,096,591)	8,182,708
Income from investments in related companies - group		-	2,690,836
Income from other fixed asset investments - group		32,000	13,948
- associates		<u>959,201</u>	<u>2,119,695</u>
Amounts written off investments – associates		(761,487)	29
- group		<u>(1,395)</u>	<u>-</u>
Loss/Profit on disposal of investments - associates		2,935,129	122,779
Interest receivable - group		1,216	6,313
- associates		<u>101,839</u>	<u>91,673</u>
Interest payable - group	6	(239,367)	(133,317)
- associates		<u>(1,182,464)</u>	<u>(1,851,006)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(251,919)	11,243,658
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES -			
- group	7	(13,637)	505
- associates		<u>(86,169)</u>	<u>(2,945,447)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(351,725)	8,298,716
Minority interest		<u>5,307</u>	<u>(21,822)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(357,032)	8,276,894
Dividends – on equity shares - group	8	-	(1,100,000)
- associates		<u>(78,884)</u>	<u>(5,876,906)</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	<u>(435,916)</u>	<u>1,299,988</u>

All amounts relate to continuing operations.

The notes on pages 8 to 18 form part of these financial statements.

MOUNTGRANGE LAND LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 March 2005

	2005 £	2004 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(351,725)	8,298,716
Unrealised surplus on revaluation of fixed assets - group	-	(45,478)
- associates	-	(2,346,833)
Movement on other reserves - group	-	-
- associates	-	1,010,543
Minority interest movement	-	(2,392,624)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	£(351,725)	£4,524,324

NOTE OF HISTORICAL COST PROFITS AND LOSSES For the year ended 31 March 2005

	2005 £	2004 £
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(251,919)	11,243,568
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£(251,919)	£11,243,568
HISTORICAL (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	£(435,916)	£ 1,299,988

The notes on pages 8 to 18 form part of these financial statements.

MOUNTGRANGE LAND LIMITED

CONSOLIDATED BALANCE SHEET As at 31 March 2005

		2005	2004
	Note	£	£
FIXED ASSETS			
Tangible fixed assets	9	2,712,010	1,932,797
Investments	10	3,827,873	2,167,818
Investments in associates	10	<u>10,921,565</u>	<u>10,616,674</u>
		17,461,448	14,717,289
CURRENT ASSETS			
Stocks	11	2,551,559	2,191,480
Debtors	12	300,040	949,381
Cash at bank and in hand		<u>143,991</u>	<u>326,815</u>
		2,995,590	3,467,676
CREDITORS: amounts falling due within one year	13	<u>(6,325,247)</u>	<u>(4,565,968)</u>
NET CURRENT (LIABILITIES)		<u>(3,329,657)</u>	<u>(1,098,292)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,131,791	13,618,997
CREDITORS: amounts falling due after more than one year	14	<u>(1,692,200)</u>	<u>(20,000)</u>
NET ASSETS		<u><u>£12,439,591</u></u>	<u><u>£ 13,598,997</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	200	200
Merger reserve	16	99,900	99,900
Revaluation reserve	16	637,268	637,268
Profit and loss account	16	<u>11,620,329</u>	<u>12,774,431</u>
SHAREHOLDERS' FUNDS - ALL EQUITY	17	12,357,697	13,511,799
MINORITY INTERESTS - EQUITY		<u>81,894</u>	<u>87,198</u>
		<u><u>£12,439,591</u></u>	<u><u>£ 13,598,997</u></u>

The financial statements were approved by the board on 18 Jan 2006 and signed on its behalf.


M T Myers Esq
Director

The notes on pages 8 to 18 form part of these financial statements.

MOUNTGRANGE LAND LIMITED

COMPANY BALANCE SHEET As at 31 March 2005

			2005	2004
	Note	£	£	£
FIXED ASSETS				
Investments	10		1,755,208	95,153
Investments in Associates	10		<u>112,340</u>	<u>112,340</u>
CURRENT ASSETS			1,867,548	207,493
Debtors	12	6,844,434		6,891,482
Cash at bank		<u>-</u>	<u>219,958</u>	
		6,844,434	7,111,440	
CREDITORS: amounts falling due within one year	13	<u>(225,730)</u>	<u>(292,104)</u>	
NET CURRENT ASSETS			6,618,704	6,819,336
			8,486,252	7,026,829
TOTAL ASSETS LESS CURRENT LIABILITIES				
CREDITORS amounts falling due after more than one year	14		<u>(1,682,200)</u>	<u>-</u>
NET ASSETS			6,804,052	7,026,829
CAPITAL AND RESERVES				
Called up share capital	15		200	200
Merger reserve	16		99,900	99,900
Profit and loss account	16		<u>6,703,952</u>	<u>6,926,729</u>
SHAREHOLDERS' FUNDS - All Equity	17		6,804,052	7,026,829

The financial statements were approved by the board on 18 Jan 2006 and signed on its behalf.

M T Myers Esq
Director

The notes on pages 8 to 18 form part of these financial statements.

MOUNTGRANGE LAND LIMITED

CASH FLOW STATEMENT For the year ended 31 March 2005

	Note	2005 £	2004 £
Net cash flow from operating activities	18	(384,065)	(692,149)
Returns on investments and servicing of finance	19	(206,151)	1,748,008
Taxation		(14,063)	(52,336)
Capital expenditure and financial investment	19	(2,468,223)	(197,554)
Equity dividends paid		-	(1,100,000)
		<hr/>	<hr/>
INCREASE/(DECREASE) IN CASH IN THE YEAR		£ (3,072,502)	£ (294,031)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT For the year ended 31 March 2005

	2005 £	2004 £
Increase/(Decrease) in cash in the year	(3,072,502)	(294,031)
		<hr/>
MOVEMENT IN NET DEBT IN THE YEAR		
Net debt at 1 April 2004	(3,755,120)	(3,461,089)
		<hr/>
NET DEBT AT 31 MARCH 2005	£ (6,827,622)	£ (3,755,120)

The notes on pages 8 to 18 form part of these financial statements.

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards, as modified by the revaluation of freehold land and buildings.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Mountgrange Land Limited and all of its subsidiary undertakings ('subsidiaries') as at 31st March 2005 using the merger or acquisition method of accounting as required.

Where the acquisition method is used, the results of the subsidiary undertakings are included from the date of acquisition.

Goodwill arising on consolidation, being the excess of fair value of the consideration over the fair value of the net assets is capitalized and amortised over its useful economic life. Impairment reviews on the carrying value of the goodwill are undertaken at the end of each year or at other times if events or changes in circumstances indicate that the carrying value may not be recoverable.

1.3 Investments

(i) Subsidiary Undertakings

Share in subsidiaries are valued at cost less provision for permanent impairment. Amounts eliminated on consolidation include the investor's share of post acquisition profits, where an interest has become a controlling interest.

(ii) Associated undertakings

Investments in associates are stated at the amount of the company's share of net assets. The consolidated profit and loss includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

(iii) Other investments

Investments held as fixed assets are shown at cost less provisions for their permanent impairment.

Land and buildings

In accordance with accounting standards, investment properties are not subject to periodic charges for depreciation (except for properties held on lease, which are depreciated over the period when the unexpired term is 20 years or less) but are included in the balance sheet at their estimated open market value at the balance sheet date.

Changes in market value of fixed asset investments are dealt with as a movement on the revaluation reserve unless a deficit (or its reversal) on an individual investment property is expected to be permanent, in which case it is charged (or credited) in the profit and loss of the period.

The departure from the Companies Act 1985's requirement for all fixed assets with a limited useful economic life to be depreciated is necessary in order to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified.

1.4 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax.

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

1.5 Intangible fixed assets and amortisation

Goodwill, whether positive or negative is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is capitalised and amortised to the profit and loss over the shorter of its estimated economic life and 20 years.

For step by step acquisitions, total consideration is aggregated and compared to the value of net assets acquired at the point when an interest becomes a controlling interest.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	Nil	
Plant & Machinery	-	25%	straight line

1.7 Revaluation of tangible fixed assets

Freehold properties and properties held on leases with an expected remaining life of more than 20 years are stated at valuation. Independent valuations are performed at intervals not exceeding three years on an open market basis. In the intervening years the Directors review the carrying value of properties and adjustment is made where there has been a material change. Revaluation surpluses and deficits are dealt with in capital reserves except for movements on individual properties below cost which are dealt with in the consolidation profit and loss account. Other tangible assets are stated at cost less amounts provided for depreciation.

1.8 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss as incurred.

1.9 Stocks and work in progress

Bloodstock is valued at the lower of cost and estimated net market value. Nominations are written off in the year of payment and are included in the cost of the subsequent foal together with one year's keep of the broodmare and the keep of the foal from the date of weaning.

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

1.10 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for timing differences arising on revaluations of fixed assets which are not intended to be sold and gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

1.11 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

1.12 Finance Leases and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful life. Assets acquired under hire purchase agreements are depreciated over their useful life.

Finance leases are those where substantially all of the benefits and ownership are assumed by the company. Obligations under such agreements are included in creditors net of any finance charges allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligations outstanding in each period

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2005 £	2004 £
Horse racing and stud farming	1,238,697	1,184,724
Management of farms and stables	158,213	208,422
Proceeds from investment activities	2,240	69,402
	<u>£1,399,150</u>	<u>£ 1,462,548</u>

3. OTHER OPERATING INCOME

	2005 £	2004 £
Other operating income	<u>2,732</u>	<u>-</u>

4. OPERATING PROFIT/(LOSS)

The Operating profit/(loss) is stated after charging:

	2005 £	2004 £
Amortisation - intangible fixed assets		-
Depreciation of tangible fixed assets:		
- owned by the company	13,955	8,440
- held under hire purchase	15,000	10,000
Auditors' remuneration	11,337	16,500
Operating lease rentals:		
- plant and machinery	-	-
- other operating leases	-	-
Difference on foreign exchange	8,426	8,822
Pension Costs	<u>23,058</u>	<u>20,534</u>

Auditors fees for the Company were £2,337 (2004:£2,500)

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

5. STAFF COSTS

Staff costs, including director's remuneration, were as follows:

	2005 £	2004 £
Wages and salaries	45,133	41,479
	<u>45,133</u>	<u>41,479</u>

The average monthly number of employees during the year was as follows:

	2005 No.	2004 No.
Management	2	2
Maintenance	2	2
	<u>4</u>	<u>4</u>

6. INTEREST PAYABLE

	2005 £	2004 £
On bank loans and overdrafts	238,835	128,904
Other interest payable	532	4,413
	<u>£239,367</u>	<u>£ 133,317</u>

7. TAXATION

	2005 £	2004 £
Analysis of tax (credit)/charge in year		
UK corporation tax charge on profits of the year	-	-
Adjustments in respect of prior periods	(13,637)	505
Tax on profit on ordinary activities	<u>£(13,637)</u>	<u>£ 505</u>

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

Factors affecting tax charge for year

The tax assessed for the prior year is lower than the standard rate of corporation tax in the UK (30%). The difference is explained below:

	2005	2004
	£	£
(Loss)/Profit on ordinary activities before tax	<u>(251,919)</u>	<u>11,243,658</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 - 30)		3,373,097
Effects of:		
Expenses not deductible for tax purposes		82,997
Capital allowances for period in excess of depreciation		13,218
Utilisation of tax losses		(122,050)
Group relief		(2,986)
Difference between profit on disposal and Chargeable gain		(7,830)
Adjustments to tax charge in respect of prior periods		-
Marginal relief		(1,078)
Dividend income		(3,840,104)
Unrelieved loss		507,579
Adjustment to tax re prior year		(2,338)
Current tax charge for year (see note above)		<u>£ 505</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges other than Corporation Tax losses available for offset against future trading profits..

8. DIVIDENDS

	2005	2004
	£	£
Total Dividends paid	<u>£ -</u>	<u>£ 1,100,000</u>

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

9. TANGIBLE FIXED ASSETS

	<u>Land & Buildings</u> £	<u>Plant & Machinery</u> £	<u>Furniture, Fittings & Equipment</u> £	<u>Total</u> £
Group				
Cost				
At 1 April 2004	1,841,969	122,145	-	1,964,114
Additions	804,565	1,596	2,007	808,168
Disposals				
As at 31 March 2005	<u>2,646,534</u>	<u>123,741</u>	<u>2,007</u>	<u>2,772,282</u>
Depreciation				
At 1 April 2004	-	31,317	-	31,317
Charge for the Year	-	28,453	502	28,955
On disposals				
As at 31 March 2005	<u>-</u>	<u>59,770</u>	<u>502</u>	<u>60,272</u>
Net book value				
At 31 March 2005	<u>2,646,534</u>	<u>63,971</u>	<u>1,505</u>	<u>2,712,010</u>
At 31 March 2004	<u>1,841,969</u>	<u>90,828</u>	<u>-</u>	<u>1,932,797</u>
		2005	2004	
		£	£	
The net book value of assets held under finance leases or hire purchase contract included above are as follows:				
Plant and Machinery		<u>£ 35,000</u>	<u>£ 50,000</u>	

The land and buildings are included at cost. They were revalued on 20 June 2003 by Windsor Clive International, Chartered Surveyors on an open market existing use basis. The Directors consider the properties not to have suffered any diminution in value.

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

10. FIXED ASSET INVESTMENTS

	<u>Investments in Associates</u>	<u>Unlisted Investments</u>	<u>Land and Buildings</u>	<u>Total</u>
	£	£	£	£
Group				
Cost				
As at 1 April 2004	10,616,674	42,818	2,125,000	12,784,492
Additions	304,891	1,682,200	-	1,987,091
Disposals	-	(22,145)	-	(22,145)
As at 31 March 2005	10,921,565	1,702,873	2,125,000	14,749,438

The investment property was revalued by Windsor Clive International, a firm of Chartered Surveyors on 20 June 2003.

The Directors consider the open market value of the investment property as at 31 March 2005 to be £2,125,000.

	<u>Shares in Group Undertakings</u>	<u>Investments in Associates</u>	<u>Unlisted Investments</u>	<u>Total</u>
	£	£	£	£
Company				
Cost				
As at 1 April 2004	60,577	112,340	34,576	207,493
Additions	-	-	1,682,200	1,682,200
Disposals	-	-	(22,145)	(22,145)
As at 31 March 2005	60,577	112,340	1,694,631	1,867,548

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

a Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Mountgrange Stud Limited	United Kingdom	100.00	Horse racing & stud farming
Mountgrange Farms & Stables Limited	United Kingdom	100.00	Management of farms & stables
Mountgrange (Kingsdown Stables) Limited	United Kingdom	100.00	Bloodstock training
Buxstat Limited	United Kingdom	59.875	Investment company
Buxstat Investments Limited	United Kingdom	59.875	Investment company

b Principal associates

Company name	Country	Percentage Shareholding	Description
Mountgrange Capital Plc	United Kingdom	44.847	Holding and management company

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

10. FIXED ASSET INVESTMENTS (continued)

Additional disclosure is given below in respect of Mountgrange Capital Plc which exceeds certain threshold under Financial Reporting Standard No.9, *Associates and Joint Ventures*:-

	2005	2004
	£	£
Turnover	3,706,625	43,078,657
Profit/(loss) before taxation	1,166,020	10,023,298
Taxation	(86,168)	(2,945,626)
Profit/(loss) after taxation	1,079,852	7,077,672
Fixed assets	1,752,521	8,250,510
Current assets	34,248,448	8,108,324
Liabilities due within one year	(8,280,394)	(2,967,761)
Liabilities due after more than one year	<u>(16,810,538)</u>	<u>(2,784,245)</u>

11. STOCKS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bloodstock - Stud	525,103	775,286	-	-
Bloodstock - Racing	2,026,456	1,416,194	-	-
	<u>£2,551,559</u>	<u>£2,191,480</u>	<u>£ -</u>	<u>£ -</u>

The difference between purchase price of stocks and their replacement cost is not material.

12. DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Due within one year				
Trade debtors	2,193	24,295	-	-
Amounts owed by group undertakings	-	-	6,618,774	6,118,773
Amounts owed by undertakings in which the company has a participating interest	-	672,709	-	672,709
Other debtors	297,847	236,378	225,660	100,000
Prepayments and accrued income	-	15,999	-	-
	<u>£ 300,040</u>	<u>£ 949,381</u>	<u>£ 6,844,434</u>	<u>£ 6,891,482</u>

Included within other debtors due within one year is a loan to M T Myers Esq, a director, amounting to £125,660 (2004 £nil).

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

13. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	5,269,413	4,051,935	45,664	-
Net obligations under finance leases and hire purchase contracts	10,000	10,000	-	-
Trade creditors	127,723	78,437	-	-
Corporation tax	(2,824)	(1,270)	-	-
Social security and other taxes	1,295	824	-	-
Other creditors	898,772	397,189	180,066	284,104
Accruals and deferred income	20,868	28,853	-	8,000
	<u>£ 6,325,247</u>	<u>£ 4,565,968</u>	<u>£ 225,730</u>	<u>£ 292,104</u>

Bank loans and overdrafts are secured by way of a debenture granted by Mountgrange Land Limited over Mountgrange Stud Limited and Mountgrange Farms & Stables Limited, its subsidiary undertakings.

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

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Other Loans	1,682,200	-	1,682,200	-
Net obligations under finance leases and hire purchase contracts	10,000	20,000	-	-
	<u>1,692,200</u>	<u>20,000</u>	<u>1,682,200</u>	<u>-</u>

15. SHARE CAPITAL

	2005	2004
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 200</u>

16. RESERVES

Group	Merger reserve £	Revaluation reserve £	Profit and loss account £
At 1 April 2004	99,900	637,268	12,774,431
Profit retained for the year	-	-	(435,916)
Other associated reserves movement	-	-	(718,186)
At 31 March 2005	<u>99,900</u>	<u>637,268</u>	<u>11,620,329</u>

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

Company	Merger reserve £	Profit and loss account £
At 1 April 2004	99,900	6,926,729
Profit/(Loss) retained for the year	-	(222,777)
At 31 March 2005	<u>99,900</u>	<u>6,703,952</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Group		
(Loss)/Profit for the year	(435,916)	1,299,988
Shares issued during the year	-	-
Merger reserve	-	-
Other recognised gains and losses during the period	(718,186)	(3,977,967)
	<u>(1,154,102)</u>	<u>(2,677,979)</u>
Opening shareholders' funds	<u>13,511,799</u>	<u>16,189,778</u>
Closing shareholders' funds	<u>£ 12,357,697</u>	<u>£ 13,511,799</u>

	2005 £	2004 £
Company		
(Loss)/Profit for the year	(222,777)	2,557,615
Shares issued during the year	-	-
Merger reserve	-	-
Dividends paid during the year	-	1,100,000
	<u>(222,777)</u>	<u>1,457,615</u>
Opening shareholders' funds	<u>7,026,829</u>	<u>5,569,214</u>
Closing shareholders' funds	<u>£ 6,804,052</u>	<u>£ 7,026,829</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account.
The (loss)/profit for the year dealt with in the accounts of the company was £(222,777) (2004- £2,557,615)

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit/(loss)	(1,210,401)	(1,356,810)
Depreciation of tangible fixed assets	28,955	18,440
Loss on Sale of Fixed Assets	1,395	2,400
Decrease/(Increase) in stocks	(360,079)	78,726
(Increase)/decrease in debtors	605,818	108,908
Increase in amounts owed by participating interests	-	250,000
Increase in creditors	550,247	239,177
Revaluation of fixed assets investments	-	(32,990)
NET CASH OUTFLOW FROM OPERATIONS	<u>£ (384,065)</u>	<u>£ (692,149)</u>

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2005 £	2004 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,216	6,355
Interest paid	(239,367)	(146,669)
Income from investments	32,000	13,948
Income from investments in related companies	-	1,874,374
	<hr/>	<hr/>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ (206,151)	£ 1,748,008
	<hr/>	<hr/>
	2005 £	2004 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(808,168)	(227,903)
Purchase of unlisted and other investments	(1,682,200)	(5,639)
Sale of Tangible fixed assets	22,145	35,988
	<hr/>	<hr/>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (2,468,223)	£ (197,554)

20. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2004 £	Cash flow £	Other non-cash changes £	31 March 2005 £
Cash at bank and in hand:	326,815	(182,824)	-	143,991
Bank overdraft	(4,051,935)	(1,217,478)	-	(5,269,413)
Hire Purchase	(30,000)	10,000	-	(20,000)
Other Loans	-	(1,682,200)	-	(1,682,200)
	<hr/>	<hr/>	<hr/>	<hr/>
NET DEBT	£ (3,755,120)	£ 3,072,502	£ -	£ (6,827,622)

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Ultimate control of the company is held by M T Myers Esq.