

CUBUS LUX PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005
Company Number: 5127325

CUBUS LUX PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

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CUBUS LUX PLC

CHAIRMAN'S STATEMENT

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

I am pleased to submit results for the year ended 31 December 2005.

Operations

In the second half of 2005 we took over full control of the wholly owned subsidiary Cubus Lux d.o.o. from the previous management. The local management was changed entirely, the operation streamlined and a marketing function established. We brought in a new manager for the casino in Rabac and a new very experienced overall casino operations manager. We also developed a new IT system which gives a much clearer and timely picture of our daily results. We are beginning to see the impact of this by mid-2006.

In 2005, we were also starting the acquisition of Plava Vala d.o.o. to establish the second of a three-pillar strategy for the new Cubus Lux PLC. This transaction was completed in early 2006.

Financial

For the year ended 31 December 2005, the company is reporting revenues of £571,000 and net loss of £497,000. Our results are below expectations, due to an increase in our administrative expenses as a result of operating as a public company, which was not matched by an increase in revenues due to a below budget junket business. We have implemented corrective action and we are seeing already improvements in results in 2006.

The acquisition of Plava Vala d.o.o. gave us the opportunity to raise more than £1,000,000 in equity in early 2006 for working capital for the current operations.

Our plans for the future

We want to reposition the company from a casino operator into the number one tourist company in Croatia. We want to establish operations which are complementary to gaming. These may include marinas and hotels especially golf hotels. The acquisition of Plava Vala, our first marina operation is well underway and was finalised in early 2006.

We are also in negotiations to take over a development project in order to complete the repositioning of the company.

If you have any questions please feel free to contact me.



GERHARD HUBER
Chairman
Executive Director

21 June 2006

CUBUS LUX PLC

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present the annual report together with the financial statements and auditors report for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The group's principal activity is tourism and leisure in Croatia. The results for the group can be found on page 6.

DIVIDENDS

The directors do not propose a final dividend (2004: £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their direct and indirect beneficial interest in the company's issued share capital are:-

		Ordinary shares of £0.01 each		
		21 June 2006	31 December 2005	31 December 2004
			No	No
G Huber	(appointed 21 July 2005)	10,847,429	3,316,180	-
M Janssen	(appointed 19 July 2005)	3,189,000	1,848,750	-
L Nahon		589,665	-	-
H Ravid		983,713	894,050	694,050
E Abramovich		-	-	-
M Har Adir	(resigned 19 July 2005)	-	-	9,878,763

On 6 March 2006, C Kaiser was appointed as a director of the company. At 31 December 2005, C Kaiser owned 600,000 ordinary shares of £0.01 each (2004: nil) in the company. At 21 June 2006, C Kaiser owned 9,266,667 ordinary shares of £0.01 each in the company.

SHARE OPTIONS

At the 31 December 2005, the company had issued a three year option over 140,000 £0.01 ordinary shares exercisable at par value to Eli Abramovich vesting at a rate of 70,000 on 7 June 2005 and 7 June 2006 based on continuing service with the company.

On 27 April 2006 the Company granted options to Directors as follows:

G Huber	2,000,000
M Janssen	1,000,000
L Nahon	1,000,000
H Ravid	1,000,000
E Abramovich	1,000,000
C Kaiser	1,000,000

All the above options are over £0.01 ordinary shares at the exercise price of 10p and expire on 26 April 2011.

CUBUS LUX PLC

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

SUBSTANTIAL SHAREHOLDINGS

In addition to the directors' shareholdings, the directors are aware of the following substantial shareholdings in the company:

	Ordinary shares of £0.01 each			
	31 December 2005		31 December 2004	
	Number of shares	Per cent	Number of shares	Per cent
L Alter	3,299,588	13.4	3,299,588	14.9
Active Management Fund 1 AG	1,955,000	7.9	-	-
M Schumacher	1,500,000	6.1	-	-
Brada Investments Limited	1,120,000	4.5	-	-
Forest Nominees Limited	861,334	3.5	-	-

CHARITABLE AND POLITICAL DONATIONS

The Group did not make any charitable or political contributions during the year.

DIRECTORS' INTERESTS IN CONTRACTS

No director was, or is, materially interested in any contract subsisting during, or at the end of the financial year which was significant in relation to the business of the Group.

COMPLIANCE

As an AIM listed company, the Combined Code is not mandatory and the company has therefore not produced a separate Corporate Governance or Directors' Remuneration Report.

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 year. 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

SUPPLIER PAYMENT POLICY

It is the group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade creditors at the year end amount to 76 days (2004: 82 days) of average supplies for the year.

CUBUS LUX PLC

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

CREST

The company's ordinary shares are eligible for settlement through CREST, the system for securities to be held and transferred in electronic form rather than in paper. Shareholders are not obliged to use CREST and can continue to hold and transfer shares in paper without loss of rights.

AUDITORS

A resolution reappointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985.

ELECTRONIC COMMUNICATIONS

The company may deliver shareholder information including Annual and Interim Reports, Forms of Proxy and Notices of General Meetings in an electronic format to shareholders.

If you would like to receive shareholder information in electronic format, please register your request on the Company's Registrar's electronic database at www.capitaregistrars.com. You will initially need your unique 'investor code' which you will find at the top of your share certificate. There is no charge for this service. If you wish to subsequently change your mind, you may do so by contacting the Company's Registrars by post or through their website.

If you elect to receive shareholder information electronically, please note that it is the shareholder's responsibility to notify the company of any change to their name, address, email address or other contact details. Shareholders should also note that, with electronic communication, the company's obligations will be satisfied when it transmits the notification of availability of information or such other document as may be involved to the electronic address it has on file. The company cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failure. In the event of the company becoming aware that an electronic notification is not successfully transmitted, a further two attempts will be made. In the event that the transmission is still unsuccessful a hard copy of the notification will be mailed to the shareholder. In the event that specific software is required to access information placed on the company's website it will be available via the website without charge. Before electing for electronic communications shareholders should ensure that they have the appropriate equipment and computer capabilities sufficient for the purpose. The company takes all reasonable precautions to ensure no viruses are present in any communication it sends out but cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the company and recommends that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the company that is found to contain any virus will not be accepted.

Shareholders wishing to receive shareholder information in the conventional printed form will continue to do so and need take no further action.

Should you have any further questions on this, please contact the Company's Registrars, Capita Registrars on 0870 162 1313.

ON BEHALF OF THE BOARD



GERHARD HUBER
Chairman
Executive Director

21 June 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CUBUS LUX PLC**

We have audited the financial statements of Cubus Lux Plc for the year ended 31 December 2005, which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the parent company 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. 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 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 and the Chairman's Statement 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 other transactions is not disclosed.

We read the Directors' Report and the Chairman's Statement 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 International Standards on Auditing (UK and Ireland) 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 group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre
Chartered Accountants
Registered Auditors

21 June 2006

Fairfax House
15 Fulwood Place
London
WC1V 6AY

CUBUS LUX PLC**CONSOLIDATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £'000	2004 £'000
TURNOVER	1,2	571	484
Cost of sales		(70)	(58)
GROSS PROFIT		<u>501</u>	<u>426</u>
Administrative expenses		(981)	(886)
OPERATING LOSS	3	<u>(480)</u>	<u>(460)</u>
Interest payable and similar charges	6	(18)	(7)
Interest receivable and other income	7	1	14
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(497)</u>	<u>(453)</u>
Tax on loss on ordinary activities	8	-	-
RETAINED LOSS		<u>(497)</u>	<u>(453)</u>
LOSS PER SHARE			
Basic and diluted	21	<u>(2.15p)</u>	<u>(2.41p)</u>

All activities arose from continuing activities.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2005 £'000	2004 £'000
Loss for the financial year	(497)	(453)
Exchange rate movements	(20)	(8)
Total recognised losses relating to the year	<u>(517)</u>	<u>(461)</u>

The notes on pages 12-18 are an integral part of these consolidated financial statements

CUBUS LUX PLC

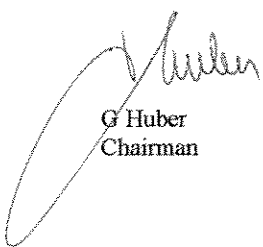
CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2005

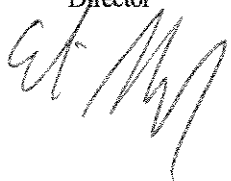
	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	10	590	594
CURRENT ASSETS			
Stock	12	10	6
Debtors	13	301	54
Cash at bank	14	431	385
		<u>742</u>	<u>445</u>
CREDITORS: amounts falling due within one year	15	(740)	(361)
NET CURRENT ASSETS		<u>2</u>	<u>84</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		592	678
CREDITORS: amounts falling due in more than one year	16	(325)	(140)
		<u>267</u>	<u>538</u>
CAPITAL AND RESERVES			
Called up share capital	19	249	223
Share premium account	20	1,321	1,101
Merger reserve	20	347	347
Profit and loss account	20	(1,650)	(1,133)
EQUITY SHAREHOLDERS' FUNDS		<u>267</u>	<u>538</u>

These financial statements were approved by the Board of Directors on 21 June 2006

Signed on behalf of the Board of Directors


G Huber
Chairman

E Abramovich
Director

 The notes on pages 12-18 are an integral part of these consolidated financial statements

CUBUS LUX PLC

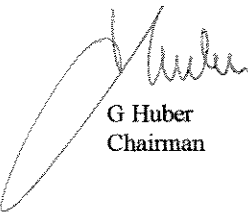
PARENT COMPANY BALANCE SHEET

AT 31 DECEMBER 2005


	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Investments	11	319	319
CURRENT ASSETS			
Debtors	13	703	743
Cash at bank	14	15	5
		<u>718</u>	<u>748</u>
CREDITORS: amounts falling due within one year	15	<u>(83)</u>	<u>(76)</u>
NET CURRENT ASSETS		<u>635</u>	<u>672</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>954</u>	<u>991</u>
CAPITAL AND RESERVES			
Called up share capital	19	249	223
Share premium account	20	1,321	1,101
Profit and loss account	20	(616)	(333)
EQUITY SHAREHOLDERS' FUNDS		<u>954</u>	<u>991</u>

These financial statements were approved by the Board of Directors on 21 June 2006

Signed on behalf of the Board of Directors


G Huber
Chairman

E Abramovich
Director



The notes on pages 12-18 are an integral part of these consolidated financial statements

CUBUS LUX PLC**CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	£'000	£'000
Operating loss	(480)	(460)
(Profit)/loss on disposal of fixed assets	(4)	21
Depreciation	113	61
Increase in debtors	(247)	(51)
Increase in stock	(4)	(3)
Increase in creditors	111	92
	<hr/>	<hr/>
CASH OUTFLOW FROM OPERATING ACTIVITIES	(511)	(340)
RETURN ON INVESTMENT AND SERVICING OF FINANCE		
Interest payable	(18)	(7)
Interest receivable	1	14
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of fixed assets	(120)	(426)
Proceeds from the sale of fixed assets	15	-
	<hr/>	<hr/>
CASH OUTFLOW BEFORE FINANCING	(633)	(759)
FINANCING		
Issue of shares in Cubus Lux Plc (net of issue costs)	246	1,004
New loans undertaken less repayments	453	60
	<hr/>	<hr/>
INCREASE IN CASH IN THE YEAR	66	305
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF NET CASH FLOW TO NET FUNDS/(DEBT)

	2005	2004
	£'000	£'000
Increase in cash in the period	66	305
Exchange differences	(20)	(8)
Cash inflow from movement in debt	(448)	(60)
New finance leases undertaken in year	-	(24)
Loans converted to shares in Cubus Lux d.o.o.	-	310
	<hr/>	<hr/>
Movement in net funds in the period	(402)	523
Net funds/(debt) at beginning of period	232	(291)
	<hr/>	<hr/>
Net (debt)/funds at end of period	(170)	232
	<hr/> <hr/>	<hr/> <hr/>

CUBUS LUX PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2005 £'000	Cash flows £'000	Exchange differences £'000	At 31 December 2005 £'000
Cash at bank and in hand	385	66	(20)	431
	<u>385</u>	<u>66</u>	<u>(20)</u>	<u>431</u>
Debt due in less than one year				
Finance leases	(5)	-	-	(5)
Loans	(8)	(263)	-	(271)
	<u>372</u>	<u>(197)</u>	<u>(20)</u>	<u>155</u>
Debt due in more than one year				
Finance leases	(19)	5	-	(14)
Loans	(121)	(190)	-	(311)
	<u>232</u>	<u>(382)</u>	<u>(20)</u>	<u>(170)</u>

CUBUS LUX PLC

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £'000	2004 £'000
Loss for the year	(497)	(453)
	<u>(497)</u>	<u>(453)</u>
Exchange rate differences	(20)	(8)
New shares issued in Cubus Lux Plc (net of issue costs)	246	1,004
New shares issued in Cubus Lux d.o.o. (net of issue costs)	-	310
	<u>(271)</u>	<u>853</u>
Net movement in shareholders' funds	(271)	853
Opening shareholders' funds/(deficit)	538	(315)
	<u>267</u>	<u>538</u>
Closing shareholders' funds	<u>267</u>	<u>538</u>

CUBUS LUX PLC

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are prepared on the historical cost basis in accordance with the applicable accounting standards. It comprises the consolidated financial information of Cubus Lux Plc and its subsidiary.

(b) Basis of Consolidation

On 20 May 2004, the company purchased 100% of the issued share capital of Cubus Lux d.o.o., a company registered in the Commercial Court in Rijeka, Croatia, by way of a share for share exchange. Under Financial Reporting Standard 6, merger accounting has been adopted as the basis of consolidation.

(c) Depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset by equal monthly instalments over its expected useful life as follows:-

Leasehold premises	33 ¹ / ₃ % per annum
Plant and machinery	10-25% per annum

(d) Stocks

Stocks are valued at the lower of cost and net realisable value.

(e) Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. The results and balance sheets of overseas operations are translated at the rate of exchange rating at the balance sheet date. The rate of exchange used at 31 December 2005 was 10.69351 HRK to £1 (2004: 10.839 HRK to £1).

(f) Turnover

Turnover represents the invoiced amount of goods sold and services provided in the year, net of value added tax.

(g) Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

(h) Operating leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

2. BUSINESS SEGMENT ANALYSIS

The turnover, loss on ordinary activities before taxation and net assets of the Group are attributable to one activity, that of the operation of casinos in the Republic of Croatia.

3. OPERATING LOSS

	2005 £'000	2004 £'000
Operating loss is stated after charging/(crediting):-		
Depreciation of fixed assets		
- owned by the group	107	61
Auditors remuneration – audit services	19	14
Operating lease rentals – plant and machinery	32	30
Operating lease rentals – land and buildings	67	-
(Profit)/loss on disposal of fixed assets	(4)	21
	<u> </u>	<u> </u>

CUBUS LUX PLC**NOTES TO THE REPORT AND FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2005**

4. STAFF COSTS

The staff costs for the year ending 31 December 2005, totalled £312,075 (2004: £194,927).

There were no pension expenses for the company for the year ending 31 December 2005. (2004: £nil).

The average number of persons (including directors) employed by the Group during the year was 35 (2004: 31).

5. DIRECTORS' REMUNERATION

	2005 £'000	2004 £'000
Directors' emoluments	47	53

6. INTEREST PAYABLE

Other interest payable	18	7
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7. INTEREST RECEIVABLE

Bank interest receivable	1	14
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8. TAXATION**(a) Analysis of charge in the year**

Corporation tax	-	-
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(b) Factors affecting tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax. The differences are explained below:

Loss on ordinary activities before taxation	(497)	(453)
Multiplied by the standard rate of corporation tax of 30%	(149)	(136)
Effects of:		
Disallowable expenditure	-	28
Losses carried forward	149	108
Current year tax charge	-	-

(c) Factors affecting future tax charges

The directors believe that the future tax charges will be reduced by the use of tax losses carried forward in Croatia.

9. LOSS FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the period includes a loss after taxation of £283,000 which is dealt with in the financial statements of the company.

10. TANGIBLE FIXED ASSETS

Group	Leasehold premises £'000	Plant and machinery £'000	Total £'000
Cost or valuation			
At 1 January 2005	45	706	751
Additions	6	114	120
Disposals	-	(19)	(19)
At 31 December 2005	51	801	852
Depreciation			
At 1 January 2005	3	154	157
Charge for the year	13	100	113
Eliminated on disposal	-	(8)	(8)
At 31 December 2005	16	246	262
Net Book Value			
At 31 December 2005	35	555	590
At 31 December 2004	42	552	594

At 31 December 2005, included within other fixed assets are assets held under finance leases with a net book value of £16,480 (2004: £23,539). £6,261 depreciation (2004: £nil) has been charged on this asset in the year.

11. INVESTMENTS

Company	2005 £'000
At 1 January 2005 and 31 December 2005	319

At 31 December 2005, the company held the following investment:

Name of undertaking	Country of registration	Proportion held by parent company	Nature of business
Cubus Lux d.o.o.	Croatia	100%	Operation of casinos

CUBUS LUX PLC

NOTES TO THE REPORT AND FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

12. STOCK	2005 £'000	2004 £'000
Group		
Goods held for resale	10	6

13. DEBTORS	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Amounts owed by group undertakings	-	702	-	740
Other debtors	277	-	25	-
Prepayments and accrued income	24	1	29	3
	<u>301</u>	<u>703</u>	<u>54</u>	<u>743</u>

14. CASH AT BANK AND IN HAND

Included within the cash at bank and in hand at 31 December 2005, is £220,000 (2004: £110,000) which is held by the Croatian Ministry of Finance as a bond to cover any large casinos wins. Cubus Lux d.o.o. is required to keep this bond in place in order to maintain its gaming licence.

Cubus Lux d.o.o. is also required by law to maintain cash on site of €50,000 and HRK 150,000 at each casino.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Loans	271	-	8	-
Trade creditors	324	9	189	-
Other taxes and social security	60	-	77	-
Amounts held under finance lease	5	-	5	-
Accruals and deferred income	80	74	82	76
	<u>740</u>	<u>83</u>	<u>361</u>	<u>76</u>

16. CREDITORS: AMOUNTS FALLING
DUE IN MORE THAN ONE YEAR

Loans	311	-	121	-
Amounts held under finance lease	14	-	19	-
	<u>325</u>	<u>-</u>	<u>140</u>	<u>-</u>

The loan due in more than one year is due to Western Hemisphere Consultants LLC. Mr Gerhard Huber, a director of Cubus Lux Plc, is also an executive director of Western Hemisphere Consultants LLC. The loan is repayable on or before 16 December 2007 at interest rate of 7%.

17. BORROWINGS

Group	2005 £'000	2004 £'000
Amounts due in less than one year	271	8
Amounts due within two to five years	311	121
	<u>582</u>	<u>129</u>

18. FINANCE LEASES

Group		
Payable within one year	5	5
Payable in one to five years	14	19
	<u>19</u>	<u>24</u>

19. CALLED UP SHARE CAPITAL**Authorised:**

The authorised share capital consists of 30,000,000 ordinary shares of £0.01 each and 2,000,000 deferred shares of £0.001 each.

Allotted, called up and fully paid:

24,702,001 (2004: 22,102,001) ordinary shares of £0.01 each	247	221
1,555,554 deferred shares of £0.001 each	2	2
	<u>249</u>	<u>223</u>

The 1,555,554 deferred shares of £0.001 each can be converted to ordinary shares once the difference between £0.001 and £0.225 is paid.

On 11 August 2005, the company issued 2,500,000 ordinary shares of £0.01 each for £0.10 each.

On 19 August 2005, the company issued 100,000 ordinary shares of £0.01 each for £0.10 each.

On 6 March 2006 the Company acquired the entire issued share capital of Plava Vala d.o.o., a company registered in Croatia. The consideration for the acquisition was satisfied by the issue of 35,000,000 new ordinary shares of £0.01 each at a value of £0.10 each.

On 6 March 2006 the Company placed 10,250,000 ordinary shares of £0.01 each at £0.10 per share.

CUBUS LUX PLC

NOTES TO THE REPORT AND FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

20. SHARE PREMIUM AND RESERVES

	Share premium £'000	Merger reserve £'000	Profit and loss account £'000
Group			
At 1 January 2005	1,101	347	(1,133)
Issue of shares in year	234	-	-
Costs of share issue	(14)		
Exchange rate differences	-	-	(20)
Retained loss for the period	-	-	(497)
At 31 December 2005	<u>1,321</u>	<u>347</u>	<u>(1,650)</u>

	Share premium £'000	Profit and loss account £'000
Company		
At 1 January 2005	1,101	(333)
Issue of shares in year	234	-
Costs of share issue	(14)	-
Retained loss for the period	-	(283)
At 31 December 2005	<u>1,321</u>	<u>(616)</u>

21. LOSS PER SHARE

The loss per share of 2.15p (2004: 2.41p) has been calculated on the weighted average number of shares in issue during the year namely 23,120,334 (2004: 18,772,476) and losses of £496,852 (2004: £453,452).

FRS 14 does not require the calculation of diluted earnings per share, where the figure would be similar to basic earnings per share.

22. OPERATING LEASE COMMITMENTS

At 31 December 2005, the company had annual commitments under non-cancellable operating leases expiring as follows:-

Group	2005		2004	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Between two and five years	<u>32</u>	<u>64</u>	<u>-</u>	<u>15</u>

CUBUS LUX PLC

NOTES TO THE REPORT AND FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

23. RELATED PARTIES

Full provision for amounts due to, and receivable from, former director, Mr Moshe Har Adir are reflected in the Consolidated Balance Sheet. At 31 December 2005 these include loans payable of £215,000 (HRK 2,300,000) and receivables of £168,000 (HRK 1,801,000). The net liability is £47,000 (HRK 499,000).

24. CONTINGENT LIABILITY

There is an outstanding legal case against the company from Glendon Advisors Inc relating to unpaid invoices. The directors are disputing these invoices and do not believe that they are payable.