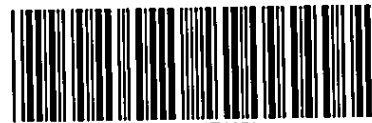


Company Registration No 01387774 (England and Wales)

CONEGATE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

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CONEGATE LIMITED

COMPANY INFORMATION

Director	Mr C Sullivan
Secretary	Mrs C Sullivan
Company number	01387774
Registered office	Ramillies House 2 Ramillies Street London W1F 7LN
Auditors	F Winter & Co Ramillies House 2 Ramillies Street London W1F 7LN
Business address	Birch Hall Coppice Row Theydon Bois Essex CM16 7DR

CONEGATE LIMITED

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CONEGATE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The director presents his report and financial statements for the year ended 30 September 2006

Principal activities

The principal activities of the company are those of investors and dealers in properties and securities, etc

The company's subsidiary undertakings are listed in Note 11 to the accounts

Director

The following director has held office since 1 October 2005

Mr C Sullivan

Director's interests

The director's interest in the shares of the company was as stated below

	Ordinary shares of £ 1 each	
	30 September 2006	1 October 2005
Mr C Sullivan	-	-

	2006	2005
Charitable donations	£	£

During the year the company made the following payments

Charitable donations	-	5,000
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Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that F Winter & Co be reappointed as auditors of the company will be put to the Annual General Meeting

CONEGATE LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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 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

Statement of disclosure to auditor

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

On behalf of the board



Mr C Sullivan

Director

19 July 2007

CONEGATE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONEGATE LIMITED

We have audited the financial statements of Conegate Limited for the year ended 30 September 2006 set out on pages 5 to 18. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 on page 2, the company's director is 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 director's report is not consistent with the financial statements, if the company has not kept proper accounting records or 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 other transactions 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 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 director 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.

CONEGATE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF CONEGATE LIMITED

Opinion

In our opinion the financial statements

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended ,
- the information given in the director's report is consistent with the financial statements, and
- have been properly prepared in accordance with the Companies Act 1985

F. Winter & Co.

Chartered Accountants
Registered Auditor

19 July 2007

Ramillies House
2 Ramillies Street
London
W1F 7LN

CONEGATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £	2005 £
Turnover	2	18,635,059	5,025,351
Cost of sales		(7,925,121)	(190,179)
Gross profit		10,709,938	4,835,172
Administrative expenses		(901,701)	(828,520)
Other operating income	3	774,678	683,205
Operating profit	4	10,582,915	4,689,857
(Loss)/ profit on disposal of fixed assets	5	303,608	277,736
Other interest receivable and similar income	6	1,144,084	1,170,060
Interest payable and similar charges	7	(3,108,156)	(1,535,391)
Profit on ordinary activities before taxation		9,422,451	4,602,262
Tax on profit on ordinary activities	8	(2,749,192)	(1,063,622)
Profit for the year	20	6,673,259	3,538,640

The profit and loss account has been prepared on the basis that all operations are continuing operations

CONEGATE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2006

	2006	2005
	£	£
Profit for the financial year	6,673,259	3,538,640
Unrealised surplus on revaluation of properties	15,052,848	6,568,406
Total recognised gains and losses relating to the year	21,726,107	10,107,046

CONEGATE LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	9 and 10	162,710,710		106,073,089	
Investments	11	3,832,541		4,257,761	
		<u>166,543,251</u>		<u>110,330,850</u>	
Current assets					
Stocks	12	456,772	7,487,370		
Debtors	13	2,834,349	5,262,984		
Investments	14	3,924,273	10,457,793		
Cash at bank and in hand		27,821,109	20,118,146		
		<u>35,036,503</u>	<u>43,326,293</u>		
Creditors, amounts falling due within one year	15	(6,694,961)	(6,198,908)		
Net current assets		<u>28,341,542</u>		<u>37,127,385</u>	
Total assets less current liabilities		<u>194,884,793</u>		<u>147,458,235</u>	
Creditors: amounts falling due after more than one year	16	(104,387,240)		(78,690,722)	
Provisions for liabilities	17	(184,888)		(180,955)	
		<u>90,312,665</u>		<u>68,586,558</u>	
		<u>90,312,665</u>		<u>68,586,558</u>	
Capital and reserves					
Called up share capital	19	100		100	
Revaluation reserve	20	27,106,058		12,664,018	
Profit and loss account	20	63,206,507		55,922,440	
Shareholders' funds	21	<u>90,312,665</u>		<u>68,586,558</u>	

CONEGATE LIMITED

BALANCE SHEET (CONTINUED) AS AT 30 SEPTEMBER 2006

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Approved by the Board for issue on 19 July 2007



C Sullivan
Director

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents rental income from property investments and proceeds from disposal of properties held for resale

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Short leasehold buildings	Over the Life of the Lease
Fixtures, fittings & equipment	10% per annum on a straight line basis
Motor vehicles	20% per annum on a straight line basis

Investment properties are included in the balance sheet at their open market value. Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.5 Leasing

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

1.6 Investments

Investments are stated at cost less provision for any permanent diminution in value.

Current asset investments are stated at the cost less provision for any permanent diminution in value. The market value of listed investments is based on the closing middle market price on a recognised stock exchange.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

1 Accounting policies (continued)

1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax has not been discounted.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.11 Leasing Income

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The total turnover of the company for the year has been derived from its principle activity wholly undertaken in the United Kingdom.

In the opinion of the director, given the integrated nature of the company's services, it would be both prejudicial & misleading to provide an analysis of turnover & profit by classes of business.

3 Other operating income	2006 £	2005 £
Profit on disposal of current asset investments	432,987	414,802
Dividends received from listed investments	339,211	176,497
Lease rentals receivable	2,480	91,906
	<u>774,678</u>	<u>683,205</u>
4 Operating profit	2006 £	2005 £
Operating profit is stated after charging		
Depreciation of tangible assets	32,874	25,526
Auditors' remuneration	28,500	27,000
Operating Lease rentals	11,977	24,712
	<u></u>	<u></u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2006**

5	Profit on disposal of fixed assets	2006	2005
		£	£
	Profit on sale of investment properties	520,725	40,088
	Profit on sale of unlisted investments	282,883	237,648
		<u>803,608</u>	<u>277,736</u>
6	Other interest receivable and similar income	2006	2005
		£	£
	Deposit interest	700,196	1,096,269
	Other interest	443,888	73,791
		<u>1,144,084</u>	<u>1,170,060</u>
7	Interest payable	2006	2005
		£	£
	On bank loans and overdrafts	3,086,946	1,520,297
	On overdue tax	21,210	15,094
		<u>3,108,156</u>	<u>1,535,391</u>
8	Taxation	2006	2005
		£	£
	Domestic current year tax		
	U K corporation tax	2,750,970	1,142,200
	Adjustment for prior years	(5,711)	(102,258)
	Current tax charge	<u>2,745,259</u>	<u>1,039,942</u>
	Deferred tax		
	Deferred tax charge/credit current year	3,933	23,680
		<u>2,749,192</u>	<u>1,063,622</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2006**

9 Tangible fixed assets

	Short leasehold buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2005	8,138	46,396	105,850	160,384
Additions	-	-	114,790	114,790
Disposals	-	-	(71,407)	(71,407)
At 30 September 2006	8,138	46,396	149,233	203,767
Depreciation				
At 1 October 2005	8,138	33,381	49,168	90,687
On disposals	-	-	(42,279)	(42,279)
Charge for the year	-	3,028	29,846	32,874
At 30 September 2006	8,138	36,409	36,735	81,282
Net book value				
At 30 September 2006	-	9,987	112,498	122,485
At 30 September 2005	-	13,015	56,682	69,697

10 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 October 2005	106,003,392
Additions	47,531,985
Revaluation	15,052,848
Disposals	(6,000,000)
At 30 September 2006	162,588,225

The valuations of investment properties were made as at 30 September 2006 by the Director on an open market basis. No depreciation is provided in respect of these properties.

On a historical cost basis these would have been included at an original cost of £135,482,167 (2005 - £92,513,386).

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2006**

11 Fixed asset investments

	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£
Cost or valuation			
At 1 October 2005	4,257,061	700	4,257,761
Disposals	(425,220)	-	(425,220)
At 30 September 2006	<u>3,831,841</u>	<u>700</u>	<u>3,832,541</u>
			Director's valuation
			£
At 30 September 2006			<u>5,648,552</u>
At 30 September 2005			<u>6,275,598</u>

Should the investments be sold at their valuation, a tax charge not exceeding £545,013 (2005 - £605,561) would arise

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Centrewall Limited	England & Wales	Ordinary	100 00
Shape-Up Shops Limited	England & Wales	Ordinary	100 00
Conegate (2002) Limited	England & Wales	Ordinary	100 00
Conegate (2003) Limited	England & Wales	Ordinary	100 00
Conegate (2004) Limited	England & Wales	Ordinary	100 00
Conegate (2005) Limited	England & Wales	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

11 Fixed asset investments

(continued)

		Capital and reserves 2006 £	Profit for the year 2006 £
Centrewall Limited	Dormant	(16,663)	-
Shape-Up Shops Limited	Dormant	(26,147)	-
Conegate (2002) Limited	Investors in properties	2,655,481	(445,721)
Conegate (2003) Limited	Investors in properties	5,140,550	183,950
Conegate (2004) Limited	Investors in properties	1,288	912
Conegate (2005) Limited	Investors in properties	(5,815)	(5,915)

12 Stocks

	2006 £	2005 £
Stocks	456,772	7,487,370

13 Debtors

	2006 £	2005 £
Trade debtors	8,326	34,699
Amounts owed by group undertakings and undertakings in which the company has a participating interest	2,323,708	4,288,110
Other debtors	502,315	940,175
	<u>2,834,349</u>	<u>5,262,984</u>

14 Current asset investments

	2006 £	2005 £
Other investments	<u>3,924,273</u>	<u>10,457,793</u>
Market valuation of listed investments	<u>1,564,535</u>	<u>11,166,949</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2006**

15 Creditors amounts falling due within one year	2006	2005
	£	£
Bank loans and overdrafts	2,564,541	2,329,028
Trade creditors	1,144,615	2,959,098
Amounts owed to group undertakings and undertakings in which the company has a participating interest	428,073	200
Taxation and social security	2,181,686	451,461
Other creditors	376,046	459,121
	<u>6,694,961</u>	<u>6,198,908</u>
16 Creditors amounts falling due after more than one year	2006	2005
	£	£
Bank loans	64,856,932	39,160,414
Capital funding from parent undertaking	39,530,308	39,530,308
	<u>104,387,240</u>	<u>78,690,722</u>
Analysis of loans		
Not wholly repayable within five years by instalments		
Bank loans	67,421,473	41,488,945
Capital funding from parent undertaking	39,530,308	39,530,308
	<u>106,951,781</u>	<u>81,019,253</u>
Included in current liabilities	(2,564,541)	(2,328,531)
	<u>104,387,240</u>	<u>78,690,722</u>
Loan maturity analysis		
Between one and two years	2,528,297	2,428,370
Between two and five years	8,260,260	7,718,504
In five years or more	93,598,683	68,543,848

The bank loans are secured by a fixed and floating charge over the assets of the company

The above bank loans are repayable by instalments which will be fully repaid by 2008, 2010, 2011, 2012, 2015 & 2019. Interest on bank loans will continue to be charged at a rate of 1% above the bank's base rate

The long term liability amounting to £39,530,308 represents capital funding provided by Conegate Holdings Limited

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2006**

17 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 October 2005	180,955
Profit and loss account	3,933
	<u>184,888</u>
Balance at 30 September 2006	<u>184,888</u>

The deferred tax liability is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	<u>184,888</u>	<u>180,955</u>

The revaluation of properties does not constitute a timing difference and the potential amount of deferred tax on this has therefore not been quantified

18 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,000 (2005- £2,000)

Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	<u>2,000</u>	<u>2,000</u>

19 Share capital

	2006 £	2005 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2006**

20 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 October 2005	12,664,019	55,922,439
Profit for the year	-	6,673,259
Transfer from revaluation reserve to profit and loss account	(610,809)	610,809
Revaluation during the year	15,052,848	-
Balance at 30 September 2006	<u>27,106,058</u>	<u>63,206,507</u>

21 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	6,673,259	3,538,640
Other recognised gains and losses	15,052,848	6,568,406
Reallocation in the course of reorganisation	-	(4,811,356)
Net addition to shareholders' funds	<u>21,726,107</u>	<u>5,295,690</u>
Opening shareholders' funds	<u>68,586,558</u>	<u>63,290,868</u>
Closing shareholders' funds	<u>90,312,665</u>	<u>68,586,558</u>

22 Financial commitments

At 30 September 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2007

	2006 £	2005 £
Operating leases which expire		
Within one year	5,000	5,000
In over five years	6,250	6,250
	<u>11,250</u>	<u>11,250</u>

23 Control

The Company is under the control of Conegate Holdings Limited and the ultimate control of Mr D Sullivan by virtue of his shareholding in Conegate Holdings Limited

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

24 Related party transactions

The material related party transactions during the year ended 30th September 2006 were

- VAT amounting to £Nil (2005 £154,266) was paid on behalf of the company by Roldvale Limited a company in which Mr D Sullivan has an interest
- VAT amounting to £62,905 (2005 £46,727) was paid by company on behalf of group undertakings

As at 30 September 2006, the following balances were due

- £2,323,708 (2005 £4,287,909) from group undertakings
- £Nil (2005 £39,997) from Roldvale Limited
- £487,500 (2005 £Nil) from Winford Estates Limited in which Mr D Sullivan holds 50% of the shareholding
- £428,073 (2005 £Nil) to group undertakings
- £9321 (2005 £Nil) to Roldvale Limited

CONEGATE LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 30 SEPTEMBER 2006

	2006 £	2005 £
Administrative expenses		
Wages and salaries	387,728	348,487
Directors' remuneration	169,500	167,250
Employer's N I contributions	67,952	60,231
Directors' pension costs	2,000	2,000
Rent	11,977	24,712
Insurance	43,584	52,984
Repairs and maintenance	10,256	4,520
Printing, postage and stationery	2,877	2,758
Advertising	5,280	2,535
Telephone	5,869	6,315
Motor vehicle expenses	19,155	24,103
Travelling and entertainment expenses	13,297	23,933
Legal and professional charges	66,793	31,381
Accountancy	30,500	30,000
Audit fees	28,500	27,000
Bank charges	121	125
Sundry expenses	2,061	3,386
Charitable donations	-	5,000
Depreciation on fixtures, fittings & equipment	3,028	4,357
Depreciation on motor vehicles	29,846	21,169
Loss on disposal of tangible assets	1,377	(13,726)
	<u>901,701</u>	<u>828,520</u>