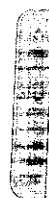


Company Registration No. 598098 (England and Wales)

FACTORY HOLDINGS GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004



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FACTORY HOLDINGS GROUP LIMITED

COMPANY INFORMATION

Directors

N G Ellis
A R Wyatt
N S K Shattock
R J Worthington
J R Hamilton Stubber

Secretary

S Dixon

Company number

598098

Registered office

58 Davies Street
London
W1K 5JF

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

FACTORY HOLDINGS GROUP LIMITED

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FACTORY HOLDINGS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report and financial statements for the year ended 31 March 2004.

Principal activities and review of the business

The principal activity of the Company is property investment.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividends

The directors do not recommend payment of an ordinary dividend (2003: £nil).

Directors

The following directors have held office since 1 April 2003:

N G Ellis
A R Wyatt
N S K Shattock
R J Worthington
J R Hamilton Stubber

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 1985. The directors listed above at 31 March 2004, are also directors of the ultimate parent company and, as such, their interests in the share and loan capital of that company are shown in its directors' report.

Auditors

The Company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, KPMG Audit Plc, will be deemed to be reappointed for each succeeding financial year.

By order of the board



S Dixon

Secretary

24 December 2004

FACTORY HOLDINGS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2004**

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 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.

FACTORY HOLDINGS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FACTORY HOLDINGS GROUP LIMITED

We have audited the financial statements on pages 4 to 8.

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 the directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants and
Registered Auditor

24 December 2004

8 Salisbury Square
London
EC4Y 8BB

FACTORY HOLDINGS GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
Result on ordinary activities before taxation		-	-
Tax on result on ordinary activities	3	334,538	(334,538)
Profit/(loss) on ordinary activities after taxation	8	334,538	(334,538)

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

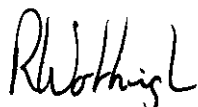
There are no recognised gains and losses other than those passing through the profit and loss account.

FACTORY HOLDINGS GROUP LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	£	2003 £	£
Current assets					
Debtors	4	347,562		347,562	
Creditors: amounts falling due within one year	5	(52,350)		(52,350)	
Total assets less current liabilities			295,212		295,212
Provisions for liabilities and charges	6		-		(334,538)
Net assets/(liabilities)			295,212		(39,326)
Capital and reserves					
Called up share capital	7		100		100
Profit and loss account	8		295,112		(39,426)
Equity shareholders' funds/(deficit)	9		295,212		(39,326)

The financial statements were approved by the Board on 24 December 2004



R J Worthington
Director

FACTORY HOLDINGS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with all applicable accounting standards and the requirements of the Companies Act 1985.

Under the provision of FRS1 (Revised), the Company has not prepared a cashflow statement because its ultimate parent company, Quintain Estates and Development PLC, which is incorporated in Great Britain, has prepared consolidated financial statements which include the financial statements of the Company for the year and which contain a cashflow statement.

1.2 Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date, except that as permitted by FRS 19, Deferred Tax, no provision is made for the tax on unrealised property revaluation surpluses. Deferred tax assets are recognised to the extent that they are considered recoverable.

2 Operating result

Auditors' remuneration has been wholly borne by the ultimate parent company, Quintain Estates and Development PLC in the current and prior year.

All of the directors who served during the year are also directors of the ultimate parent company. Their remuneration for services as directors to the group is wholly borne by and disclosed in the accounts of that company in the current and prior year.

3 Taxation

	£	£
Current tax charge	-	-
Origination and reversal of timing differences	(334,538)	334,538
	<u> </u>	<u> </u>
Factors affecting the tax charge for the year		
Result on ordinary activities before taxation	-	-
	<u> </u>	<u> </u>
Result on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2003: 30%)	-	-
	<u> </u>	<u> </u>
Effects of:		
Capital allowances	334,538	(334,538)
Tax losses surrendered	(334,538)	334,538
	<u> </u>	<u> </u>
Current tax charge	-	-
	<u> </u>	<u> </u>

Group relief has been (claimed)/surrendered for nil payment.

FACTORY HOLDINGS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

4	Debtors	2004 £	2003 £
	Amounts owed by group undertakings	<u>347,562</u>	<u>347,562</u>

5	Creditors: amounts falling due within one year	2004 £	2003 £
	Amounts owed to group undertakings	<u>52,350</u>	<u>52,350</u>

6	Provisions for liabilities and charges	Deferred tax liability £
	Balance at 1 April 2003	334,538
	Released to profit and loss account	<u>(334,538)</u>
	Balance at 31 March 2004	<u>-</u>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	<u>-</u>	<u>334,538</u>

The Company owns the freehold of a property which is rented on a long lease at a peppercorn rent. As a result of the negligible value of this fixed asset, it is not recognised in these accounts.

7	Share capital	2004 £	2003 £
	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>

FACTORY HOLDINGS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

8 Reserves

	Profit and loss account £
Balance at 1 April 2003	(39,426)
Retained profit for the year	334,538
	<hr/>
Balance at 31 March 2004	295,112
	<hr/>

9 Reconciliation of movements in shareholders' funds/(deficit)

	2004 £	2003 £
Profit/(loss) for the financial year	334,538	(334,538)
Opening shareholders' (deficit)/funds	(39,326)	295,212
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	295,212	(39,326)
	<hr/>	<hr/>

10 Employees

Number of employees

There were no employees during the year apart from the directors (2003:none).

11 Control

The Company's immediate parent company is Estates Property Investment Company Limited and its ultimate parent company is Quintain Estates and Development PLC. The only group in which results of the Company are consolidated is that headed by Quintain Estates and Development PLC. Group financial statements are available on request from 58 Davies Street, London W1K 5JF.

12 Related party transactions

The Company has taken advantage of the exemption in FRS 8, Related Party Disclosures, from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company, Quintain Estates and Development PLC.