

THE CROMLECH PROPERTY CO. LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 MARCH 2007

COMPANY REGISTRATION NUMBER 613900



COHEN ARNOLD
Chartered Accountants & Registered Auditors
New Burlington House
1075 Finchley Road
London
NW11 0PU

THE CROMLECH PROPERTY CO. LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 4
Independent auditor's report to the shareholders	5 to 6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10 to 15
The following pages do not form part of the financial statements	
Property Revenue Account - Summary	17
Schedule of Administrative Expenses	18

THE CROMLECH PROPERTY CO. LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

B S E Freshwater
D Davis

COMPANY SECRETARY

M R M Jenner, F C I S

REGISTERED OFFICE

Freshwater House
158-162 Shaftesbury Avenue
London
WC2H 8HR

AUDITOR

Cohen Arnold
Chartered Accountants
& Registered Auditors
New Burlington House
1075 Finchley Road
London
NW11 0PU

THE CROMLECH PROPERTY CO. LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2007

The directors present their report and the financial statements of the company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is property investment. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

RESULTS AND DIVIDENDS

The loss for the year amounted to £316,538. The directors have not recommended a dividend.

INVESTMENT PROPERTIES

A professional revaluation of the whole of the company's investment portfolio was carried out at 31 March 2007 by the company's external valuers, Colliers CRE, Chartered Surveyors. The resultant figures have been included in the Financial Statements now being presented. The surplus of £2,000,000 over previous book values has been transferred to Revaluation Reserve.

DIRECTORS

The directors who served the company during the year were as follows:

B S E Freshwater
D Davis

The Articles of Association of the company do not require the directors to retire by rotation. Neither director has a service contract, nor do they receive any emoluments from the company.

The company does not grant share options to its directors nor does it pay pension contributions on their behalf.

DIRECTORS' INTERESTS IN CONTRACTS

Day to day management of the company's properties is carried out by Highdorn Co. Limited and by Freshwater Property Management Limited. Mr B S E Freshwater is a director of both companies and has a non-beneficial interest in the share capital of Highdorn Co. Limited. Mr B S E Freshwater and Mr D Davis are also Governors of the parent undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

The only contracts in which directors were interested were those entered into in the normal course of business.

DIRECTORS' INTERESTS IN SHARE CAPITAL

The whole of the issued share capital of the company is owned by City and Country Properties Limited. At 31 March 2007, neither director has any interest in the share capital of the company, the parent undertaking or any subsidiary of the company's parent undertaking.

The interest of the directors, and those of their families and family trusts, in the share capital of Daejan Holdings PLC, the ultimate parent undertaking, are set out in the Directors' Report of that company.

THE CROMLECH PROPERTY CO. LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

DONATIONS

During the year the company made no charitable donation nor political contribution

THE CROMLECH PROPERTY CO. LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

AUDITOR

A resolution to re-appoint Cohen Arnold as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'M R M JENNER', followed by a long horizontal line ending in a small checkmark.

M R M JENNER, F C I S
Company Secretary

Approved by the directors on 3 August 2007

THE CROMLECH PROPERTY CO. LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
THE CROMLECH PROPERTY CO. LIMITED
YEAR ENDED 31 MARCH 2007

We have audited the financial statements of The Cromlech Property Co Limited for the year ended 31 March 2007 on pages 7 to 15, which have been prepared on the basis of the accounting policies set out on pages 10 to 11

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 company's circumstances, consistently applied and adequately disclosed.

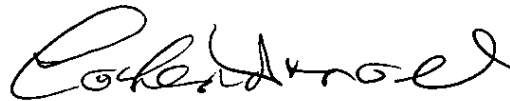
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

THE CROMLECH PROPERTY CO. LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
THE CROMLECH PROPERTY CO. LIMITED *(continued)*
YEAR ENDED 31 MARCH 2007

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 company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



COHEN ARNOLD
Chartered Accountants
& Registered Auditors

New Burlington House
1075 Finchley Road
London
NW11 0PU

3 August 2007

THE CROMLECH PROPERTY CO. LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2007

	Note	2007 £	2006 £
Net Rental Income	2	1,255,194	1,157,120
Administrative expenses		<u>(148,646)</u>	<u>(987,711)</u>
OPERATING PROFIT	3	1,106,548	169,409
Interest payable and similar charges	5	<u>(1,496,000)</u>	<u>(1,110,000)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(389,452)	(940,591)
Tax on loss on ordinary activities	6	72,914	(13,000)
LOSS FOR THE FINANCIAL YEAR		<u>(316,538)</u>	<u>(953,591)</u>

All of the activities of the company are classed as continuing

The notes on pages 10 to 15 form part of these financial statements

THE CROMLECH PROPERTY CO. LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2007

	2007 £	2006 £
Loss for the financial year attributable to the shareholders	(316,538)	(953,591)
Unrealised profit on revaluation of certain fixed assets	<u>2,000,000</u>	<u>500,000</u>
Total gains and losses recognised since the last annual report	<u>1,683,462</u>	<u>(453,591)</u>

The notes on pages 10 to 15 form part of these financial statements

THE CROMLECH PROPERTY CO. LIMITED

BALANCE SHEET

31 MARCH 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	7	18,000,000	16,000,000
CURRENT ASSETS			
Debtors	8	37,059	11,192
CREDITORS: Amounts falling due within one year	9	<u>19,893,199</u>	<u>19,550,794</u>
NET CURRENT LIABILITIES		<u>(19,856,140)</u>	<u>(19,539,602)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,856,140)</u>	<u>(3,539,602)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	120,800	120,800
Revaluation reserve	12	6,929,738	4,929,738
Profit and loss account	12	<u>(8,906,678)</u>	<u>(8,590,140)</u>
DEFICIT	13	<u>(1,856,140)</u>	<u>(3,539,602)</u>

These financial statements were approved by the directors and authorised for issue on 3 August 2007, and are signed on their behalf by


B S E FRESHWATER
 Director

The notes on pages 10 to 15 form part of these financial statements

THE CROMLECH PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards, subject to the departures referred to below

Cash flow statement

Under Financial Reporting Standard No 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of a parent undertaking registered in England and Wales, which prepares Consolidated Financial Statements that include a Consolidated Cash Flow Statement

Related parties transactions

The company has taken advantage of the exemptions in Financial Reporting Standard No 8 "Related Party Disclosures" in order to dispense with the requirement to disclose transactions with other Daejan Holdings Plc Group Companies

Depreciation

In accordance with Statement of Standard Accounting Practice No 19, no depreciation or amortisation is provided in respect of Freehold investment properties nor on Leasehold investment properties having an unexpired term of more than twenty years. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is necessary, as the directors consider that this Accounting Policy results in the Financial Statements giving a true and fair view

Investment properties

Investment properties are included in the Balance Sheet at professional valuation. Any surplus, and any temporary deficit is transferred to the revaluation reserve, and on realisation this surplus or deficit is transferred to the cumulative Profit and Loss Account. Deficits which are expected to be permanent are charged to Profit and Loss Account, and subsequent reversals of such deficits are credited to Profit and Loss Account in the same way

Deferred taxation

Deferred tax is provided in respect of all timing differences that have originated but not reversed by the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in future, except that

- No provision is made in respect of unrealised property revaluation surpluses, and
- Deferred tax assets are recognised to the extent that they are considered recoverable

THE CROMLECH PROPERTY CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Acquisitions and disposals of properties

Acquisitions and disposals are considered to have taken place at the date of legal completion and are included in the financial statements accordingly.

Format of financial statements

The Financial Statements are presented in accordance with the format prescribed by Schedule 4 Companies Act 1985 with suitable adaptation thereof which the directors consider to be appropriate having regard to the nature of the company's activities.

2. TURNOVER

The turnover of the company is represented by rents and charges receivable in respect of the properties held for investment purposes.

The net rental income is comprised as follows:

	2007 £	2006 £
Rents and charges receivable	1,280,000	1,245,861
Property outgoings	(24,806)	(88,741)
Net Rental Income	<u>1,255,194</u>	<u>1,157,120</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2007 £	2006 £
Auditor's remuneration - as auditor	<u>3,500</u>	<u>3,500</u>

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

THE CROMLECH PROPERTY CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Other similar charges payable	<u>1,496,000</u>	<u>1,110,000</u>

Other similar charges payable relate to interest payable to group undertakings of £1,496,000 (2006 £1,110,000)

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	-	13,000
Over/under provision in prior year	<u>86</u>	-
	86	13,000
Consideration receivable for group relief	<u>(73,000)</u>	-
Total current tax	<u>(72,914)</u>	<u>13,000</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Loss on ordinary activities before taxation	<u>(389,452)</u>	<u>(940,591)</u>
Consideration receivable for Group Relief at the standard rate of 30%	(116,836)	(282,177)
Disallowed expenses	43,544	295,263
Prior year adjustments	86	-
Other differences	<u>292</u>	<u>(86)</u>
Total current tax (note 6(a))	<u>(72,914)</u>	<u>13,000</u>

(c) Factors that may affect future tax charges

In the event of a realisation of the company's property at an amount equal to the valuation recorded in the Financial Statements, a liability to corporation tax would not arise (2006 - £Nil)

THE CROMLECH PROPERTY CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

7. TANGIBLE FIXED ASSETS

	Freehold Property £
COST OR VALUATION	
At 1 April 2006	16,000,000
Revaluation	<u>2,000,000</u>
At 31 March 2007	<u>18,000,000</u>
NET BOOK VALUE	
At 31 March 2007	<u>18,000,000</u>
At 31 March 2006	<u>16,000,000</u>

The historical cost of investment properties at 31 March 2007 is £11,070,262

The company's investment properties were professionally valued at 31 March 2007 by Colliers CRE, Chartered Surveyors. The valuation figures are based upon open market values in accordance with the Practice Statements in the R I C S Appraisal and Valuation Manual

8. DEBTORS

	2007 £	2006 £
Trade debtors	31,497	5,630
Other debtors	5,562	—
Prepayments and accrued income	<u>—</u>	<u>5,562</u>
	<u>37,059</u>	<u>11,192</u>

9. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	234,222	234,222
Amounts owed to group undertakings	19,651,559	19,297,872
Other creditors including taxation	—	13,000
Corporation tax	7,418	5,700
Other creditors	<u>—</u>	<u>—</u>
	<u>19,893,199</u>	<u>19,550,794</u>

THE CROMLECH PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

10. DIRECTORS' INTEREST IN CONTRACTS

Day to day management of the company's properties is carried out by Freshwater Property Management Limited. Freshwater Property Management Limited is a member of the Freshwater Group of Companies, with which this company is closely associated. Mr B S E Freshwater is a Director of Freshwater Property Management Limited.

Mr B S E Freshwater and Mr D Davis are also governors of the parent undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

The amounts paid for the provision of management services charged for at normal commercial rates was £29,473 (2006 £30,571).

11. SHARE CAPITAL

Authorised share capital:

	2007 £	2006 £
120,800 Ordinary shares of £1 each	<u>120,800</u>	<u>120,800</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>120,800</u>	<u>120,800</u>	<u>120,800</u>	<u>120,800</u>

12. RESERVES

	Revaluation reserve £	Profit and loss account £
Balance brought forward	4,929,738	(8,590,140)
Loss for the year	—	(316,538)
Other gains and losses		
- Revaluation of fixed assets	2,000,000	—
Balance carried forward	<u>6,929,738</u>	<u>(8,906,678)</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Loss for the financial year	(316,538)	(953,591)
Other net recognised gains and losses	<u>2,000,000</u>	<u>500,000</u>
Net addition/(reduction) to shareholders' deficit	1,683,462	(453,591)
Opening shareholders' deficit	<u>(3,539,602)</u>	<u>(3,086,011)</u>
Closing shareholders' deficit	<u>(1,856,140)</u>	<u>(3,539,602)</u>

THE CROMLECH PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

14. PARENT COMPANY AND CONTROLLING PARTY

The parent company is City and Country Properties Limited, a company incorporated in the United Kingdom and registered in England and Wales

The company's ultimate parent undertaking and controlling party is Daejan Holdings PLC, a company incorporated in the United Kingdom and registered in England and Wales

Copies of the Group Financial Statements of Daejan Holdings PLC can be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London, WC2H 8HR