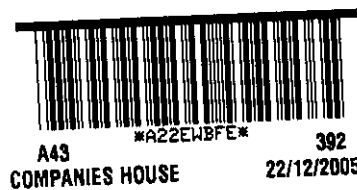


LLANOVER PROPERTIES LIMITED

Report and Financial Statements

31 March 2005



REPORT AND FINANCIAL STATEMENTS 2005

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R A E Herbert, CBE
R E Phillips, FRICS

SECRETARY

D G Metters

REGISTERED OFFICE

23a Gold Tops
Newport
South Wales
NP20 4UL

BANKERS

Butterfield Bank (UK) Limited
National Westminster Bank Plc

AUDITORS

Deloitte & Touche LLP
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

ACTIVITIES

The company is engaged in the business of trading in land, letting property and investment dealing.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results of the company for the financial year are set out in the profit and loss account on page 5 and the position of the company at the year-end is shown in the balance sheet on page 6.

The directors consider that the company is well placed to continue to trade profitably in the future.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2004 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company, who served throughout the financial year, are as set out on page 1.

Their beneficial interests, as defined by the Companies Act 1985, in the £1 ordinary shares of the company at the beginning and the end of the financial year were as follows:

	31 March 2005 No.	1 April 2004 No.
R A E Herbert, CBE	9,998	9,998
R E Phillips, FRICS	1	1

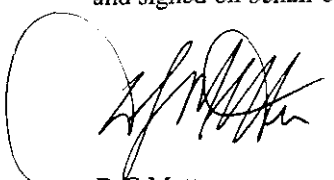
CHARITABLE DONATIONS

The company made charitable donations of £20,000 (2004 - £20,000) during the year.

AUDITORS

Deloitte & Touche LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D G Metters
Secretary

Date 6/12/05

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLANOVER PROPERTIES LIMITED

We have audited the financial statements of Llanover Properties Limited for the year ended 31 March 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 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 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff

Date *20 Dec 2005*

LLANOVER PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2005

	Note	2005 £	2004 £
TURNOVER: continuing operations	2	450,928	443,850
Gross profit		450,928	443,850
Income from fixed asset investments		-	45,009
Administrative expenses		(454,216)	(436,558)
OPERATING (LOSS)/PROFIT: continuing operations		(3,288)	52,301
Profit on disposal of fixed asset investment		1,003,905	-
Interest receivable and similar income	4	63,870	42,786
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,064,487	95,087
Tax on profit on ordinary activities	6	(259,084)	(13,728)
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	805,403	81,359

There have been no recognised gains and losses for the current financial year or the prior financial period other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

LLANOVER PROPERTIES LIMITED

BALANCE SHEET 31 March 2005

	Note	£	2005 £	£	2004 £
FIXED ASSETS					
Tangible assets	7	4,660,506		3,094,062	
Investments	8	892,674		949,710	
			5,553,180		4,043,772
CURRENT ASSETS					
Amounts due from related companies	13	125,000		125,000	
Other debtors and prepayments		137,717		36,327	
Amounts due from subsidiary		-		56,010	
Cash at bank and in hand		273,177		478,057	
Short-term investments		500,000		-	
		1,035,894		695,394	
CREDITORS: amounts falling due within one year	9	(1,311,535)		(273,566)	
NET CURRENT (LIABILITIES)/ASSETS			(275,641)		421,828
TOTAL ASSETS LESS CURRENT LIABILITIES			5,277,539		4,465,600
PROVISIONS FOR LIABILITIES AND CHARGES	10		(25,619)		(19,083)
NET ASSETS			5,251,920		4,446,517
SHARE CAPITAL AND RESERVES					
Called up share capital	11		20,000		20,000
Capital reserve	12		553,221		553,221
Profit and loss account	12		4,678,699		3,873,296
TOTAL EQUITY SHAREHOLDERS' FUNDS			5,251,920		4,446,517

These financial statements were approved by the Board of Directors on 6/12/05
Signed on behalf of the Board of Directors

R A E Herbert, CBE

Director

R L Phillips, FRCGS

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the financial year and the prior financial period, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

Group financial statements

Group financial statements have not been prepared as the group is entitled to the exemption conferred by section 248 of the Companies Act 1985 from the requirements to prepare them. These financial statements therefore present information concerning Llanover Properties Limited only.

Cash flow statement

As a small company, Llanover Properties Limited is exempt from the requirement to prepare a cash flow statement.

Tangible fixed assets

Tangible fixed assets are depreciated at cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	- 2% per annum
Plant, machinery and office equipment	- 15%-25% per annum

Investment properties

The company's freehold land and buildings at Tyson Courtyard, Corby, are treated as investment properties, as defined by Statement of Standard Accounting Practice No. 19, and are therefore revalued annually by the directors. Accordingly, they are not depreciated.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, it is necessary to adopt SSAP 19 and not depreciate in order to give a true and fair view.

If this departure from the Act had not been made, the result for the year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

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

Turnover

Turnover in respect of rents receivable is recognised over the period to which the rent relates.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

Investments

Fixed asset investments are stated at cost less provision for any impairment.

2. TURNOVER

	2005 £	2004 £
This relates to:		
Rents receivable	450,928	443,850

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005 £	2004 £
Directors' emoluments		
Fees	90,061	89,848
Employee costs during the year (including directors)		
Wages and salaries	84,783	80,200
Social security costs	9,663	9,648
	94,446	89,848
	No.	No.
Average number of persons employed (excluding directors)		
Administration	1	-

The directors were the only employees of the company during the prior financial period.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £	2004 £
Bank interest	50,276	8,701
Related party loans	13,586	34,000
Miscellaneous income	8	85
	63,870	42,786

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2005

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005 £	2004 £
Profit on ordinary activities before taxation is after charging		
Auditors' remuneration	3,600	3,500
Depreciation - owned assets	5,379	5,216
	<u> </u>	<u> </u>
And after crediting		
Income from listed investments	-	45,009
Profit on disposal of fixed asset investment	1,003,905	-
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	2004 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30% (2004 - 30%)	252,548	3,915
Deferred taxation	6,536	9,813
	<u> </u>	<u> </u>
	259,084	13,728
	<u> </u>	<u> </u>

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	1,064,487	95,087
	<u> </u>	<u> </u>
Tax on profit on ordinary activities before tax at 30% (2004 - 30%)	319,346	28,526
Factors affecting charge for the year		
Expenses not deductible for tax purposes	393	971
Capital allowances for the year in excess of depreciation	(6,536)	(9,813)
UK dividend income	-	(13,503)
Marginal rate tax relief	-	(2,266)
Chargeable gains	240,516	-
Non taxable profit on disposal of investment	(301,171)	-
	<u> </u>	<u> </u>
Current tax charge for year	252,548	3,915
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2005

7. TANGIBLE FIXED ASSETS

	<u>Freehold properties</u>			Investment property, Tyson Courtyard, Corby	Plant, machinery and office equipment	Total
	<u>Cordes Trading Estate £</u>	<u>Abercarn Industrial Estate £</u>	<u>Belmont Road, Abergavenny £</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost						
At 1 April 2004	36,412	59,799	1	3,021,589	21,161	3,138,962
Additions	-	-	-	1,571,170	653	1,571,823
At 31 March 2005	<u>36,412</u>	<u>59,799</u>	<u>1</u>	<u>4,592,759</u>	<u>21,814</u>	<u>4,648,785</u>
Depreciation						
At 1 April 2004	17,318	24,212	-	-	3,370	44,900
Charge for year	750	1,096	-	-	3,533	5,379
At 31 March 2005	<u>18,068</u>	<u>25,308</u>	<u>-</u>	<u>-</u>	<u>6,903</u>	<u>50,279</u>
Net book value						
At 31 March 2005	<u>18,344</u>	<u>34,491</u>	<u>1</u>	<u>4,592,759</u>	<u>14,911</u>	<u>4,660,506</u>
At 31 March 2004	<u>19,094</u>	<u>35,587</u>	<u>1</u>	<u>3,021,589</u>	<u>17,791</u>	<u>3,094,062</u>

The directors consider that the market value of the investment properties at 31 March 2005 was not materially different from the cost.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2005

8. INVESTMENTS

	Subsidiary £	Other listed £	Other unlisted £	Total £
Cost				
At 1 April 2004	10,000	777,716	213,628	1,001,344
Additions	-	-	720,680	720,680
Disposals	-	(777,716)	-	(777,716)
	<u>10,000</u>	<u>-</u>	<u>934,308</u>	<u>944,308</u>
At 31 March 2005				
Provisions				
At 1 April 2004 and at 31 March 2005	-	-	51,634	51,634
	<u>-</u>	<u>-</u>	<u>51,634</u>	<u>51,634</u>
Net book value				
At 31 March 2005	10,000	-	882,674	892,674
	<u>10,000</u>	<u>-</u>	<u>882,674</u>	<u>892,674</u>
At 31 March 2004	10,000	777,716	161,994	949,710
	<u>10,000</u>	<u>777,716</u>	<u>161,994</u>	<u>949,710</u>

The market value of the listed investments at 31 March 2005 was £nil (2004 - £1,781,620). The listed investments consist of nil (2004 - 187,539) £1 ordinary shares in Leopold Joseph Plc. R A E Herbert, CBE was a director of Leopold Joseph Plc at 31 March 2004 and ceased to be a director with effect from 30 April 2004. On 2 April 2004, 187,539 £1 ordinary shares were sold for £1,781,620.

The investment in the subsidiary relates to a 100% holding in Llanover Properties (Corby) Limited, a company registered in England and Wales. The company, whose principal activity is that of property investment, during the period to 31 March 2005 made a profit of £190,886 (2004 - £200,275) and had net assets of £1,081,680 (2004 - £890,794) at that date.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade creditors	6,042	41,501
Amounts due to subsidiary company	622,724	-
Corporation tax	252,548	3,915
Other taxation and social security	174	4,926
Accruals and deferred income	210,552	33,190
Other creditors	219,495	190,034
	<u>1,311,535</u>	<u>273,566</u>

The amounts due to subsidiary company are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2005

10. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred taxation	
Provision brought forward	19,083
Charge to profit and loss account	6,536
	<u>25,619</u>
Provision carried forward	<u>25,619</u>

The amounts of deferred taxation provided in the financial statements are as follows:

	2005 £	2004 £
Capital allowances in excess of depreciation	<u>25,619</u>	<u>19,083</u>

11. CALLED UP SHARE CAPITAL

	2005 £	2004 £
		Authorised, allotted and fully paid
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

12. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £	Capital reserve £
At 1 April 2004	3,873,296	553,221
Profit for the year	<u>805,403</u>	<u>-</u>
At 31 March 2005	<u>4,678,699</u>	<u>553,221</u>

The company's articles require profits arising on sale of fixed assets to be transferred to the capital reserve.

13. TRANSACTIONS WITH RELATED PARTIES

Name of related party	Director with a significant interest
Newbridge Construction Limited	R A E Herbert, CBE and R E Phillips, FRICS
Trustees of Llanarth Estate	R A E Herbert, CBE
R E Phillips & Partners	R E Phillips, FRICS
Pontymister Developments Limited	R E Phillips, FRICS
Sully Development Company Limited	R A E Herbert, CBE

During the year, Llanover Properties Limited made purchases from Trustees of Llanarth Estate of £16,235 (2004 - £15,580); R E Phillips & Partner of £77,599 (2004 - £197,813) and Pontymister Developments Limited of £23,631 (2004 - £73,411).

Sully Development Company Limited owed £125,000 at 31 March 2005 (2004 - £125,000).