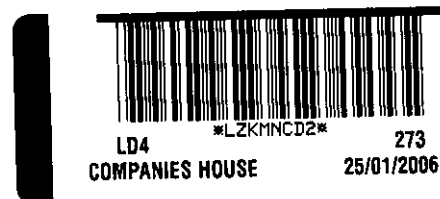


LEOWELL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31ST MARCH 2005

Company number 1612740



LEOWELL LIMITED

REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 31ST MARCH 2005

CONTENTS	Page
Directors' Report	1 - 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 8

LEOWELL LIMITED

DIRECTORS' REPORT

PERIOD ENDED 31ST MARCH 2005

The directors present their annual report together with the audited financial statements for the period ended 31st March 2005.

PRINCIPAL ACTIVITY

The principal activity of the company is that of property trading and development.

RESULTS FOR THE PERIOD

The profit for the period after taxation was £1,251,122 (2004: £512,948). The directors consider the results for the period to be reasonable.

DIVIDENDS

The directors recommend that no dividend be paid.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period were as follows:-

T S Cole
S R Collins
M N Steinberg

None of the directors at 31st March 2005 held any interest in the shares of the company.

Details of the directors' interests in the shares of the holding company City & General Securities Limited are given in the directors' report of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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;
- 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 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.

LEOWELL LIMITED

DIRECTORS' REPORT (continued)

PERIOD ENDED 31ST MARCH 2005

AUDITORS

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

BY ORDER OF THE BOARD 26 JULY 2005



R J De Barr
Secretary

Registered office:
10 Upper Berkeley Street
London W1H 7PE

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LEOWELL LIMITED

We have audited the financial statements of Leowell Limited for the period ended 31st March 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom 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 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.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


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 31st March 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

LEOWELL LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 31ST MARCH 2005**

	Note	Period ended 31st March 2005 £ £		Year ended 25th March 2004 £ £	
TURNOVER	2		-		59
Direct expenses			-		-
GROSS PROFIT			-		59
Administration expenses		(5)		-	
Other income		-		488	
(Loss)/profit on property trading		(406)		562,320	
			(411)		562,808
OPERATING (LOSS)/PROFIT			(411)		562,867
Dividend receivable		1,247,321		-	
Interest receivable		14		65	
			1,247,335		65
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,246,924		562,932
Taxation on profit on ordinary activities	3		4,198		(49,984)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8		£1,251,122		£512,948

All rental income and operating loss are derived from continuing activities.

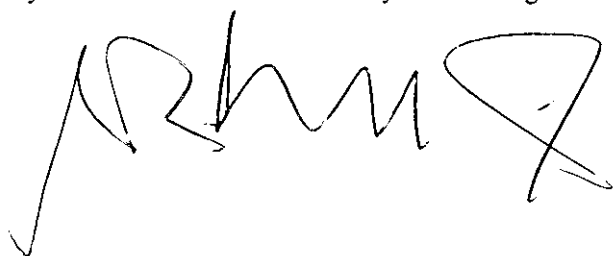
All recognised gains and losses have been included in the profit and loss account.

LEOWELL LIMITED**BALANCE SHEET****AT 31ST MARCH 2005**

	Notes	2005 £	2004 £
FIXED ASSETS			
Investments	4	1	1
CURRENT ASSETS			
Debtors	5	1,855,915	670,694
Cash at bank and in hand		-	11,063
		<u>1,855,915</u>	<u>681,757</u>
CREDITORS: Amounts falling due within one year	6	-	(76,964)
NET CURRENT ASSETS		<u>1,855,915</u>	<u>604,793</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£1,855,916</u>	<u>£604,794</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	1,855,816	604,694
Equity shareholders' funds	9	<u>£1,855,916</u>	<u>£604,794</u>

Approved by the board of directors on 26 July 2005 and signed on its behalf by:

Director



LEOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31ST MARCH 2005

1. ACCOUNTING POLICIES

- a) **Basis of preparation of financial statements**
The following financial statements have been prepared on the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.
- b) **Consolidation**
The company has taken advantage of the exemption given by Section 228(2) of the Companies Act 1985 not to prepare consolidated financial statements.
- c) **Cashflow statement**
The cashflow statement included in the consolidated financial statements of the holding company, City & General Securities Limited, complies with the conditions of Financial Reporting Standard No. 1 (revised 1996) 'Cash flow statements' (FRS1). The company therefore is exempt under FRS1 from the requirement to prepare a separate cashflow statement.
- d) **Rental income**
Rents are accounted for on a receivable basis, all rental income arose in the United Kingdom.
- e) **Repairs and renewals**
Expenditure on repairs and renewals is charged to direct expenses as incurred.
- f) **Interest charges**
Interest is charged to the profit and loss account as incurred.
- g) **Deferred taxation**
Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. It is the group's policy not to discount deferred tax to reflect the time value of money.
- h) **Investments in subsidiary undertakings**
The parent company's investment in subsidiary undertakings is shown at cost.
- i) **Properties held for resale**
Properties held for resale are stated at the lower of cost and net realisable value. Property acquisitions and disposals are accounted for when legally binding contracts which are irrevocable and unconditional are exchanged.

2. TURNOVER

	2005	2004
	£	£
Turnover, which excludes value added tax, represents:		
Rental income	£ -	£59

LEOWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

PERIOD ENDED 31ST MARCH 2005

3.	TAXATION	2005 £	2004 £			
(a)	Analysis of (credit)/charge in the period:					
	Current tax:					
	UK corporation tax on profit for the period	(4,198)	49,984			
	Tax on profit on ordinary activities	£(4,198)	£49,984			
(b)	Factors affecting tax (credit)/charge for the period:					
	The tax assessed for the period is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:					
		2005 £	2004 £			
	Profit on ordinary activities before tax	£1,246,924	£562,932			
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	374,077	168,880			
	Effect of difference between cost of sale for accounts purposes and for tax purposes	-	(118,896)			
	Adjustment in respect of prior periods	(4,079)	-			
	Dividends receivable	(374,196)	-			
	Current tax (credit)/charge for the period	£(4,198)	£49,984			
4.	INVESTMENTS	£	£			
	At 26th March 2004 and 31st March 2005	£1	£1			
	Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:					
	Name	Country of Registration	Type of shares	Proportion of voting rights and shares held	Nature of Business	Cost of investment £
	Subsidiary undertakings					
	Solafresh Limited	England and Wales	Ordinary	100%	Property investment	1
5.	DEBTORS	2005 £	2004 £			
	Amounts due from group undertakings	1,855,796	670,694			
	Tax	119	-			
		£1,855,915	£670,694			

LEOWELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****PERIOD ENDED 31ST MARCH 2005**

6. CREDITORS: Amounts falling due within one year	2005 £	2004 £
Other tax and social security	-	24,500
Other creditors	-	2,480
Corporation tax	-	49,984
	<u>£ -</u>	<u>£76,964</u>
7. SHARE CAPITAL	2005 £	2004 £
Authorised: 100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Issued, allotted and fully paid: 100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
8. PROFIT AND LOSS ACCOUNT		2005 £
At 25th March 2004		604,694
Retained profit for the period		1,251,122
At 31st March 2005		<u>£1,855,816</u>
9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2005 £	2004 £
Retained profit for the period	1,251,122	512,948
Opening shareholders' funds	604,794	91,846
Closing shareholders' funds	<u>£1,855,916</u>	<u>£604,794</u>

10. ULTIMATE CONTROLLING PARTIES

The largest and smallest group into which the company is consolidated is City & General Securities Limited which is registered in England and Wales. Group financial statements for City & General Securities Limited are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Cardiff, CF14 3UZ. The company is ultimately controlled by the directors.

11. CONTINGENT LIABILITIES

There are cross guarantees in respect of bank borrowings of the ultimate parent undertaking. The borrowings are secured by a fixed and floating charge over the property and assets of Leowell Limited. At 31 March 2005 those borrowings amounted to £123,732,532.

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Section 3c of Financial Reporting Standard No. 8 has not disclosed any intra group related party transactions.