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STOW HEATHROW LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Company Registration Number 2342904



STOW HEATHROW LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

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STOW HEATHROW LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2006

The board of directors J R Milne
 S T Mainee

Company secretary C M Richer

Registered office 53 Mount Street
 London
 W1K 2SG

Auditor Tenon Audit Limited
 Registered Auditor
 66 Chiltern Street
 London
 W1U 4JT

STOW HEATHROW LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2006

The directors present their report and the financial statements of the company for the year ended 31 December 2006

Principal activities and business review

The principal activity of the company during the year was that of property investment

Results and dividends

The profit for the year, after taxation, amounted to £373,340. Particulars of dividends paid are detailed in note 6 to the financial statements

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

Directors

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

J R Milne
F Kamal
S T Mainee

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

J R Milne was appointed as a director on 22 June 2006

F Kamal resigned as a director on 6 December 2006

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

STOW HEATHROW LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2006

- 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 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, individually, 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.

Auditor

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Registered office
53 Mount Street
London
W1K 2SG

Signed by order of the directors



C M Richer
Company Secretary

Approved by the directors on 02 May 2007

STOW HEATHROW LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOW
HEATHROW LIMITED

YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of Stow Heathrow Limited on pages 6 to 14 for the year ended 31 December 2006. 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 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 auditor

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 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 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.

STOW HEATHROW LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOW
HEATHROW LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2006

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 December 2006 and of its profit 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

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
66 Chiltern Street
London
W1U 4JT

4 May 2007

STOW HEATHROW LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
Turnover	2	422,393	276,581
Administrative expenses		(9,402)	(77,519)
Operating profit	3	<u>412,991</u>	<u>199,062</u>
Interest receivable		2,123	4,132
Profit on ordinary activities before taxation		<u>415,114</u>	<u>203,194</u>
Tax on profit on ordinary activities	5	(41,774)	(17,330)
Profit for the financial year		<u><u>373,340</u></u>	<u><u>185,864</u></u>

All of the activities of the company are classed as continuing

The notes on pages 9 to 14 form part of these financial statements

STOW HEATHROW LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2006

	2006 £	2005 £
Profit for the financial year		
Attributable to the shareholders	373,340	185,864
Unrealised profit on revaluation of certain fixed assets	<u>558,300</u>	<u>3,002,264</u>
Total gains and losses recognised since the last annual report	<u>931,640</u>	<u>3,188,128</u>

The notes on pages 9 to 14 form part of these financial statements

STOW HEATHROW LIMITED

BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	7	8,100,000	7,500,000
Current assets			
Debtors	8	257,580	358,458
Cash at bank		147,943	433
		<u>405,523</u>	<u>358,891</u>
Creditors' Amounts falling due within one year	9	<u>(218,429)</u>	<u>(913,076)</u>
Net current assets/(liabilities)		187,094	(554,185)
Total assets less current liabilities		<u>8,287,094</u>	<u>6,945,815</u>
Creditors' Amounts falling due after more than one year	10	(3,640,687)	(2,622,822)
		<u>4,646,407</u>	<u>4,322,993</u>
Provisions for liabilities			
Deferred taxation	11	(91,252)	(49,478)
		<u>4,555,155</u>	<u>4,273,515</u>
Capital and reserves			
Called-up share capital	15	1,000,000	1,000,000
Revaluation reserve	16	3,560,564	3,002,264
Profit and loss account	17	(5,409)	271,251
Shareholders' funds	18	<u>4,555,155</u>	<u>4,273,515</u>

These financial statements were approved by the directors on the 02-05-07 and are signed on their behalf by

J R Milne
Director

S T Mainee
Director

The notes on pages 9 to 14 form part of these financial statements

STOW HEATHROW LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

The turnover shown in the profit and loss account represents rents receivable during the year, exclusive of Value Added Tax

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Assets in the course of construction

Assets in the course of construction are stated at cost and are not depreciated until they are complete

Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years

Although this accounting policy is in accordance with the applicable accounting standard, SSAP19, Accounting for investment properties, 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 directors 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

2 Turnover

The turnover and (loss)/profit before tax are attributable to the one principal activity of the company. All turnover is generated in the United Kingdom

STOW HEATHROW LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

3 Operating Profit

Operating profit is stated after charging

	2006 £	2005 £
Directors' emoluments	—	—
Auditor's remuneration	—	—
	<u>—</u>	<u>—</u>

The audit fee for Stow Heathrow Limited for the period ended 31 December 2006 has been paid by Stow Securities Plc

4 Particulars of Employees

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

5 Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2006 £	£	2005 £	£
Deferred tax				
Origination and reversal of timing differences	41,774		17,330	
Total deferred tax (note 11)		<u>41,774</u>		<u>17,330</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>415,114</u>	<u>203,194</u>
Profit/(loss) on ordinary activities by rate of tax	124,534	60,958
Effects of		
Expenses not deductible for tax purposes	1,158	12,974
Capital allowances for period in excess of depreciation	(41,774)	(55,698)
Group tax losses utilised	<u>(83,918)</u>	<u>(18,234)</u>
Total current tax (note 5(a))	<u>—</u>	<u>—</u>

STOW HEATHROW LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

6 Dividends

Equity dividends

	2006 £	2005 £
Paid during the year		
Equity dividends on ordinary shares	<u>650,000</u>	<u>—</u>

7. Tangible Fixed Assets

	Leasehold Property £
Cost or valuation	
At 1 January 2006	7,500,000
Additions	41,700
Revaluation	558,300
At 31 December 2006	<u>8,100,000</u>
Depreciation	
At 1 January 2006 and 31 December 2006	<u>—</u>
Net book value	
At 31 December 2006	<u>8,100,000</u>
At 31 December 2005	<u>7,500,000</u>

The valuation of the investment property was made as at 31 December 2006 by the external valuers CB Richard Ellis, Chartered Surveyors, on the basis of market value for accounts purposes. No depreciation is provided in respect of the property.

On an historical cost basis the property would have been included at an original cost of £4,539,436 (2005 £4,497,736)

8 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	—	63,792
VAT recoverable	—	14,945
Other debtors	3,492	3,140
Prepayments and accrued income	<u>254,088</u>	<u>276,581</u>
	<u>257,580</u>	<u>358,458</u>

The debtors above include the following amounts falling due after more than one year

	2006 £	2005 £
Amounts owed by group undertakings	<u>—</u>	<u>63,792</u>

STOW HEATHROW LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

9 Creditors: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	545	33
Amounts owed to group undertakings	—	799,356
VAT	21,591	—
Other creditors	38,850	38,850
Accruals and deferred income	157,443	74,837
	<u>218,429</u>	<u>913,076</u>

10. Creditors: Amounts falling due after more than one year

	2006 £	2005 £
Amounts owed to group undertakings	<u>3,640,687</u>	<u>2,622,822</u>

11 Deferred Taxation

The movement in the deferred taxation provision during the year was

	2006 £	2005 £
At 1 January 2006	49,478	32,148
Profit and loss account movement arising during the year	41,774	17,330
At 31 December 2006	<u>91,252</u>	<u>49,478</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006 Provided £	Unprovided £	2005 Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	91,252	952,253	49,478	900,679
	<u>91,252</u>	<u>952,253</u>	<u>49,478</u>	<u>900,679</u>

This amount represents an estimate of the deferred tax that would be payable if the company were to dispose of its investment property at the balance sheet carrying value

12. Derivatives

The company has no financial instruments that fall to be disclosed as derivatives

STOW HEATHROW LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

13 Contingencies

As at 31 December 2006 the company had the following contingent liabilities in respect of bank facilities to the company and other members of the group

- (i) A first legal mortgage by the relevant group companies over the group properties, and
- (ii) A first floating charge over all of the assets of each of the group companies, and
- (iii) A first floating charge over the property of the company

14. Related Party Transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

15. Share Capital

Authorised share capital.

	2006 £	2005 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

16. Revaluation Reserve

	2006 £	2005 £
Balance brought forward	3,002,264	—
Revaluation of fixed assets	558,300	<u>3,002,264</u>
Balance carried forward	<u>3,560,564</u>	<u>3,002,264</u>

17. Profit and Loss Account

	2006 £	2005 £
Balance brought forward	271,251	85,387
Profit for the financial year	373,340	185,864
Equity dividends paid	(650,000)	—
Balance carried forward	<u>(5,409)</u>	<u>271,251</u>

STOW HEATHROW LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

18. Reconciliation of Movements in Shareholders' Funds

	2006	2005
	£	£
Profit for the financial year	373,340	185,864
Other net recognised gains and losses	558,300	3,002,264
Equity dividends paid	(650,000)	—
Net addition to shareholders' funds	281,640	3,188,128
Opening shareholders' funds	4,273,515	1,085,387
Closing shareholders' funds	<u>4,555,155</u>	<u>4,273,515</u>

19 Capital Commitments

Stow Heathrow Limited has £nil capital commitments at the year end (2005 £nil)

20 Ultimate Parent Company

The company is a wholly owned subsidiary of Stow Securities Plc. The directors regard Stow Securities Plc, a company registered in England and Wales, as the ultimate parent company.

Stow Securities Plc is the parent of the largest group of which Stow Heathrow Limited is a member and for which group accounts will be drawn up. Copies of the group accounts of Stow Securities Plc can be obtained from 53 Mount Street, London, W1K 2SG.

The Board is not aware that the company has a controlling party.