REGISTRAR OF COMPANIES

2601874

Westmount London Limited

Report and Financial Statements

Year Ended

31 May 2006

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BDO Stoy Hayward
Chartered Accountants

Westmount London Limited

Annual report and financial statements for the year ended 31 May 2006

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Directors

E Zakay
S Zakay
C E Bush

Secretary and registered office

C Moharm, 8 Baker Street, London, W1U 3LL

Company number

2601874

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

Bankers

Barclays Bank Plc, Pall Mall Corporate Group, 50 Pall Mall, London, SW1A 1QA

Report of the directors for the year ended 31 May 2006

The directors present their report together with the audited financial statements for the year ended 31 May 2006.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend payment of a dividend for the year.

Principal activities, review of business and future developments

The company's principal activity is that of property investment.

Both the level of business and year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Directors

The directors of the company during the year were:

E Zakay
S Zakay
C E Bush (appointed 4 April 2006)

The directors have no beneficial interest in the shares of the immediate or ultimate parent company.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year. 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 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The company has dispensed with the obligation to appoint auditors annually. BDO Stoy Hayward LLP have expressed their willingness to continue in office.

By order of the board

C Moharm

Secretary

Date: 26 SEPTEMBER 2006

To the shareholders of Westmount London Limited

We have audited the financial statements of Westmount London Limited for the year ended 31 May 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

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 May 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.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

Date: 26 September 2006

Profit and loss account for the year ended 31 May 2006

	Note	2006 £	2005 £
Turnover	2	**634,785**	472,999
Administrative expenses		**58,814**	15,840
		575,971	457,159
Other operating income		**11,498**	1,852
Operating profit	3	**587,469**	459,011
Interest receivable and similar income		**2,399**	207
Interest payable and similar charges	6	**(419,116)**	(295,418)
Profit on ordinary activities before and after taxation for the financial year		**170,752**	163,800

All amounts relate to continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

Statement of total recognised gains and losses for the year ended 31 May 2006

	2006 £	2005 £
Profit for the financial year	**170,752**	163,800
Unrealised surplus on revaluation of properties	**5,750,000**	250,000
Total recognised gains and losses for the financial year	5,920,752	413,800

The notes on pages 8 to 13 form part of these financial statements.

Westmount London Limited

Balance sheet at 31 May 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	8		**14,500,000**		8,750,000
Current assets					
Debtors	9	**5,162,693**		421,088	
Creditors: amounts falling due within one year	10	**238,251**		351,686	
Net current assets			**4,924,442**		69,402
Total assets less current liabilities			**19,424,442**		8,819,402
Creditors: amounts falling due after more than one year	11		**9,205,775**		4,521,487
			10,218,667		4,297,915
Capital and reserves					
Called up share capital	13		**1,000**		1,000
Revaluation reserve	14		**10,065,762**		4,315,762
Profit and loss account	14		**151,905**		(18,847)
Shareholders' funds	15		**10,218,667**		4,297,915

The financial statements were approved by the board of directors and authorised for issue on 26 SEPTEMBER 2006

E Zakay
Director

The notes on pages 8 to 13 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Turnover

Turnover represents net rentals charged to outside customers at invoiced amounts less value added tax.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental cost of acquisition.

Investment properties

In accordance with Statement of Standard Accounting Practice 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are discounted.

1 Accounting policies *(continued)*

Lessor incentives

Lessor incentives include rent free periods and other incentives given to lessees on entering into lease agreements.

Incentive payments to new tenants to occupy the company's investment properties are treated as revenue expenditure and initially recorded as prepayments. The payments are then charged to the profit and loss account evenly over the period to the earlier of the first rent review to the prevailing market rate and the lease end date. Where lessor incentives relate to investment properties the properties are carried at open market value less the amount of the unamortised incentive.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Topland Group Plc and the company is included in consolidated financial statements.

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Topland Group Plc on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	2006	2005
	£	£
This is arrived at after charging:		
Audit services	**2,641**	2,641

4 Employees

There were no persons employed by the company during the year (2005 - NIL).

5 Directors' remuneration

No director received any emoluments during the current year (2005 - £NIL).

6 Interest payable and similar charges

	2006 £	2005 £
Bank loans and overdrafts	**315,635**	295,418
Early loan repayment - redemption fee	**80,207**	-
Loan facility fee	**23,274**	-
	419,116	295,418

7 Taxation on profit on ordinary activities

Tax reconciliation:

	2006 £	2005 £
Profit on ordinary activities before tax	**170,752**	163,800
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	**51,226**	49,140
Effect of:		
Group relief	**(151,734)**	(49,140)
Transfer pricing adjustment	**100,508**	-
Current tax charge for period	-	-

Factors that may affect future tax charges

Tax payments may continue to be reduced in future due to the utilisation of group tax losses.

8 Tangible fixed assets

	Investment properties - freehold land and buildings £
Cost or valuation	
At 1 June 2005	8,750,000
Revaluation surplus	5,750,000
At 31 May 2006	**14,500,000**
At 31 May 2005	8,750,000

The investment properties were valued as at 31 May 2006 by the directors on an open market value basis. Selling costs have not been deducted as there is no intention to sell the properties.

The historical cost of the property is £4,434,238 (2005: £4,434,238).

9 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	**5,162,693**	421,088

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans (secured)	**108,266**	187,292
Accruals and deferred income	**129,985**	164,394
	238,251	351,686

11 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Bank loans	**9,205,775**	4,521,487

Maturity of debt:

	Loans and overdrafts 2006 £	Loans and overdrafts 2005 £
In one year or less, or on demand	**108,266**	187,292
In more than one year but not more than two years	**115,335**	198,987
In more than two years but not more than five years	**386,849**	674,668
In more than five years	**8,703,591**	3,647,832
	9,205,775	4,521,487

The loans are secured by a first legal mortgage over the investment properties and a floating charge over the assets of the company. Additionally the lender has legal assignment over the rental income of the properties.

Loans are repayable in instalments and £6,525,974 is repayable in 2031 as a lump sum. Interest is payable at 5.57% per annum.

12 Deferred taxation

No provision has been made for the potential tax liability of £2,499,228 (2005: £826,653) which would arise if the investment properties were sold at their revalued amounts.

13 Share capital

	Authorised 2006 £	Authorised 2005 £	Allotted, called up and fully paid 2006 £	Allotted, called up and fully paid 2005 £
Equity share capital				
Ordinary shares of £1 each	**1,000,000**	1,000,000	**1,000**	1,000

14 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 June 2005	4,315,762	(18,847)
Revaluation surplus	5,750,000	-
Profit for the year	-	170,752
At 31 May 2006	**10,065,762**	**151,905**

15 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the year	**170,752**	163,800
Other net recognised gains and losses relating to the year		
- Unrecognised surplus on revaluation of properties	**5,750,000**	250,000
Net additions to shareholders' funds	**5,920,752**	413,800
Opening shareholders' funds	**4,297,915**	3,884,115
Closing shareholders' funds	**10,218,667**	4,297,915

16 Ultimate parent company and parent undertaking of larger group

The largest group in which the results of the company are consolidated is that headed by Topland Group Holdings Limited, incorporated in the British Virgin Islands. The smallest group in which they are consolidated is that headed by Topland Group Plc.

The immediate parent company is Topland Group Plc.

The ultimate parent company and controlling party is Topland Group Holdings International Limited, a company incorporated in the British Virgin Islands.