

HIGHCHARM PROPERTIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



2996-B-2005

Registered Office
6th Floor, 94 Wigmore Street
London

HIGHCHARM PROPERTIES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The director presents his report and financial statements for the year ended 31 December 2005.

Principal activity

The principal activity of the company is that of an investment company.

Review of the business and future developments

The director considers that the results of the company are satisfactory and that the company is expected to continue at its present levels in the future.

Results and dividends

The results for the year are set out on page 3.

No dividends have been paid during this or the comparative period.

Director

The following director has held office since 1 January 2005:

Annan Limited

The director has no interest in the issued share capital of the company.

Director's responsibilities

Company law requires the director 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 period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

On behalf of the board


.....
Annan Limited (Director)

Date: 20.7.06

**ACCOUNTANTS' REPORT TO THE DIRECTOR ON THE
ACCOUNTS OF HIGHCHARM PROPERTIES LIMITED**

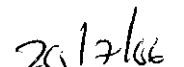
We report on the accounts for the year ended 31 December 2005.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 2005, set out on pages 3 to 8 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.

Our procedures consisted of comparing the accounts with the accounting records kept by the company and making such enquiries of the officers and other officials of the company as we considered necessary for the purposes of this report.

In our opinion the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985.


Fortis Intertrust (UK) Limited


20/7/06

Fortis Intertrust (UK) Limited

5th Floor, 86 Jernyn Street, London, SW1Y 6AW

Telephone +44 207 930 7111, Fax +44 207 930 7444

Fortis Intertrust (UK) Limited registered in England and Wales, Company Registration No. 962596

Directors: B.A. Safa, M. Marano, R.J. Wise

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HIGHCHARM PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	20,166	31,947
Cost of sales		(4,087)	(4,618)
Gross profit		16,079	27,329
Administrative expenses		(9,925)	(7,816)
Operating profit	3	6,154	19,513
Other interest receivable and similar income	4	-	919
Interest payable and similar charges	5	(2,256)	-
Profit on ordinary activities before taxation		3,898	20,432
Tax on profit on ordinary activities	6	(7,823)	(2,478)
(Loss)/profit on ordinary activities after taxation	11	(3,925)	17,954

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

HIGHCHARM PROPERTIES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	7		707,014		707,314
Current assets					
Debtors	8	30,707		11,179	
Cash at bank and in hand		49,376		67,463	
		<u>80,083</u>		<u>78,642</u>	
Creditors: amounts falling due within one year	9	<u>(684,851)</u>		<u>(679,485)</u>	
Net current liabilities			<u>(604,768)</u>		<u>(600,843)</u>
Total assets less current liabilities			<u>102,246</u>		<u>106,471</u>
Capital and reserves					
Called up share capital	10		1,000		1,000
Revaluation reserve	11		276,629		276,929
Profit and loss account	11		<u>(175,383)</u>		<u>(171,458)</u>
Shareholders' funds - equity interests	12		<u>102,246</u>		<u>106,471</u>

In preparing these financial statements:

- The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The director acknowledges his responsibilities for:
 - ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 20.7.06

.....
Annan Limited
Director

HIGHCHARM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Tangible fixed assets and depreciation

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, SSAP 19, 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 director 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.

1.3 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.4 Foreign currency translation

The company's accounting records are maintained in Sterling.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

2 Turnover

Turnover represents income derived from the company's principal activity.

3	Operating profit	2005	2004
		£	£
	Operating profit is stated after charging:		
	Accountancy	1,700	2,040
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	2005	2004
		£	£
	Profit on foreign exchange	-	919
		<u> </u>	<u> </u>
		-	919
		<u> </u>	<u> </u>

HIGHCHARM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

5 Interest payable and similar charges	2005 £	2004 £
On overdue tax	20	-
Loss on foreign exchange	2,236	-
	<u>2,256</u>	<u>-</u>
6 Taxation	2005 £	2004 £
Domestic current year tax		
Corporation tax at 0.00% (2004 - 12.13%)	-	2,478
Adjustment for prior years	(2,310)	-
	<u>(2,310)</u>	<u>2,478</u>
Foreign corporation tax		
Foreign corporation tax	10,133	-
Current tax charge	<u>7,823</u>	<u>2,478</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	3,898	20,432
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 0.00% (2004: 12.13%)	-	2,478
Effects of:		
Foreign tax adjustments	10,133	-
Adjustments to previous periods	(2,310)	-
	<u>7,823</u>	<u>-</u>
Current tax charge	<u>7,823</u>	<u>2,478</u>

HIGHCHARM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7 Tangible fixed assets

	Investment properties £
Valuation	
At 1 January 2005	707,314
Revaluation	(300)
	<u>707,014</u>
At 31 December 2005	<u>707,014</u>

The investment represents the ownership of a property situated in France. The directors revalued the property on an open market basis.

8 Debtors	2005 £	2004 £
Trade debtors	26,697	11,179
Foreign tax	4,010	-
	<u>30,707</u>	<u>11,179</u>

9 Creditors: amounts falling due within one year	2005 £	2004 £
Corporation tax	-	4,788
Other creditors	679,531	669,113
Accruals and deferred income	5,320	5,584
	<u>684,851</u>	<u>679,485</u>

10 Share capital	2005 No.	2004 No.
Authorised		
1,000 Ordinary £1 shares	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid	£	£
1,000 Ordinary £1 shares	<u>1,000</u>	<u>1,000</u>

HIGHCHARM PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

11 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 January 2005	276,929	(171,458)
Retained profit for the year	-	(3,925)
Revaluation during the year	(300)	-
Balance at 31 December 2005	<u>276,629</u>	<u>(175,383)</u>

12 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
(Loss)/Profit for the financial year	(3,925)	17,954
Other recognised gains and losses	(300)	276,929
Net (depletion in)/addition to shareholders' funds	<u>(4,225)</u>	<u>294,883</u>
Opening shareholders' funds	106,471	(188,412)
Closing shareholders' funds	<u>102,246</u>	<u>106,471</u>

13 Contingent liabilities

There were no known contingent liabilities as at the balance sheet date.

14 Capital commitments

There were no major capital commitments as at the balance sheet date

15 Employees

Number of employees

There were no employees during the year apart from the director. The director received no remuneration during the year.

16 Ultimate Controlling Party and Related Party Transactions

The director is aware of the identity of the ultimate controlling party. However, they are under a duty of confidentiality that prevents them from disclosing certain information otherwise required by Financial Reporting Standard 8. Therefore they have taken the exemption offered by the Standard in respect of confidentiality.