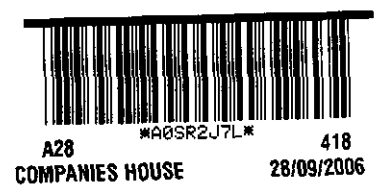


Company Registration No. 02891353

KINGS WALK LIMITED

Directors' Report and Financial Statements

For The Year Ended 31 August 2005



KINGS WALK LIMITED

DIRECTORS AND ADVISERS

Directors	D Noakes I Pettifor
Secretary	M J Langridge
Company number	2891353
Registered office	15 – 17 Grosvenor Gardens London, SW1W 0BD
Auditors	Weston Kay 73/75 Mortimer Street London, W1W 7SQ

KINGS WALK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2005

The directors present their report and the financial statements for the year ended 31 August 2005.

Principal activities and review of the business

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

The results for the year and the financial position at the year-end were considered satisfactory by the directors.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend the payment of an ordinary dividend (2004: £nil).

It is proposed that the retained loss of £177,391 (2004: £369,278 profit) is transferred to reserves.

Significant event

On 30 December 1996, a Law of Property Act 1925 receiver was appointed.

Directors and their interests

The following director has held office since 1 September 2004:

D Noakes

I Pettifor (appointed 2 August 2006)

The director's beneficial interests in the shares of the company were as stated below:

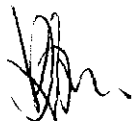
	Ordinary shares of £1 each	
	31 August 2005	1 September 2004
D Noakes	-	-

The director has no beneficial interest in the shares of Kings Walk Limited or its ultimate holding company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Weston Kay be reappointed as auditors of the company will be put to the Annual General Meeting.

Approved by the Board
and signed on behalf of the Board



M J Langridge
Secretary
22 September 2006

KINGS WALK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2005

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; 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. The directors 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.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF KINGS WALK LIMITED

We have audited the financial statements of Kings Walk Limited for the year ended 31 August 2005 on pages 5 to 13 which 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 the director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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 director's report for the above year 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 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 director 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.

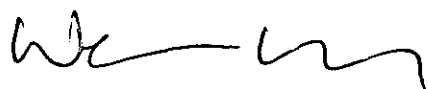
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern. In view of the significance of this disclosure, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Weston Kay
Chartered Accountants
Registered Auditor
73-75 Mortimer Street
London, W1W 7SQ
22 September 2006

KINGS WALK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2005

		2005	2004
	Note	£	£
Turnover	2	15,522	338,828
Irrecoverable property expenses		(30,785)	(31,794)
Net rental income		(15,263)	307,034
Administrative expenses		(9,795)	(30,381)
Operating (loss)/profit	3	(25,058)	276,653
(Loss)/profit on sale of investment property		(52,975)	497,988
(Loss)/profit on ordinary activities before interest and taxation		(78,033)	774,641
Interest receivable and similar income	5	2,465	6,884
Interest payable and similar charges	6	(101,823)	(412,247)
(Loss)/profit on ordinary activities before taxation		(177,391)	369,278
Tax on (loss)/profit on ordinary activities	7	-	-
Retained (loss)/profit for the year	11	(177,391)	369,278

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.

KINGS WALK LIMITED

**OTHER PRIMARY STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2005**

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
YEAR ENDED 31 AUGUST 2005**

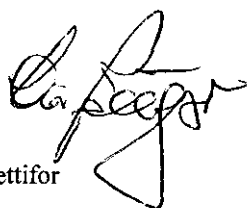
	2005 £	2004 £
(Loss)/profit for the financial year	(177,391)	369,278
Net (decrease)/increase in shareholders' funds	(177,391)	369,278
Opening shareholders' funds	(2,379,303)	(2,748,581)
Closing shareholders' funds	<u>(2,556,694)</u>	<u>(2,379,303)</u>

KINGS WALK LIMITED

BALANCE SHEET AS AT 31 AUGUST 2005

	Note	2005 £	2004 £
Current assets			
Debtors	8	1,939	132,573
Cash at bank and in hand		24,806	39,264
		<u>26,745</u>	<u>171,837</u>
Creditors: amounts falling due within one year	9	<u>(2,583,439)</u>	<u>(2,551,140)</u>
Net current liabilities		<u>(2,556,694)</u>	<u>(2,379,303)</u>
Net liabilities		<u>(2,556,694)</u>	<u>(2,379,303)</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	<u>(2,556,696)</u>	<u>(2,379,305)</u>
Equity shareholders' funds		<u>(2,556,694)</u>	<u>(2,379,303)</u>

These financial statements were approved by the Board of Directors on 22 September 2006.



I Pettifor
Director

KINGS WALK LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2005**

	Note	2005 £	2004 £
Net cash inflow/(outflow) from operating activities	12(a)	178,172	(338,993)
Returns on investments and servicing of finance			
Interest received		2,465	6,884
Interest paid		(142,120)	(1,294,985)
Net cash outflow from returns on investments and servicing of finance		(139,655)	(1,288,101)
Capital expenditure and financial investment			
Receipts from sale of investment property		-	5,097,988
Payments for costs associated with sale of investment property		(52,975)	-
Net cash (outflow)/inflow on capital expenditure and financial investment		(52,975)	5,097,988
Net cash (outflow)/inflow before management of liquid resources and financing		(14,458)	3,470,894
Financing			
Repayment of long term loans		-	(3,500,000)
Net cash outflow from financing		-	(3,500,000)
Decrease in cash in the year	12(c)	(14,458)	(29,106)

KINGS WALK LIMITED

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

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The financial statements have been prepared on a going concern basis notwithstanding that the company has net current liabilities of £2,556,694 (2004: £2,379,303) at the year end. This is on the assumption that the ultimate parent company will continue to support the company for the foreseeable future and that no call will be made for the repayment of any intercompany debt, to the extent that this would prejudice the ability of the company to meet its liabilities as they fall due.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Deferred taxation

Deferred tax is provided in full on timing differences which 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 is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. 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.

2. Rental income

The rental income of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom, net of Value Added Tax.

3. Operating profit

Operating profit is stated after charging:

	2005	2004
	£	£
Auditors' remuneration	4,000	4,000

4. Directors' emoluments

	2005	2004
	£	£
Directors' emoluments	2,000	2,000

Number of employees

There were no employees in the year apart from the director.

KINGS WALK LIMITED

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

5. Interest receivable and similar income

	2005	2004
	£	£
Bank interest	2,433	1,275
Other interest	32	5,609
	<u>2,465</u>	<u>6,884</u>

6. Interest payable and similar charges

	2005	2004
	£	£
Bank loan interest	-	318,955
Other interest	101,823	93,292
	<u>101,823</u>	<u>412,247</u>

7. Tax on (loss)/profit on ordinary activities

(a) Analysis of the charge in year

	2005	2004
	£	£
U. K. current year taxation		
U. K. corporation tax at 30%	-	-
Current tax charge for the year	-	-
Deferred taxation	-	-
	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for the year

The tax charge assessed is lower than that resulting from applying the standard rate of corporation tax in the U. K. 30% (2004: 30%). The differences are explained below:

	2005	2004
	£	£
(Loss)/profit on ordinary activities before taxation	(177,391)	369,278
Tax at 30% thereon	(53,217)	110,783
Plus/(less) the effects of:		
Permanent differences	539	30
Transfer under section 171A TCGA 1992	-	154,732
Revaluation	-	(171,416)
Unutilised losses	52,678	(94,129)
	<u>-</u>	<u>-</u>

Deferred tax assets which would be recoverable on future profits have not been recognised on the grounds that there is insufficient evidence that the assets will be recoverable. The amount of the deferred tax that has not been recognised for the year is £612,072 (2004: £559,394).

KINGS WALK LIMITED

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

8. Debtors

	2005	2004
	£	£
Trade debtors	1,939	-
Other debtors	-	132,573
	<u>1,939</u>	<u>132,573</u>

9. Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	-	1,428
Amount owed to related parties	92,866	87,327
Amounts owed to group undertakings	332,562	285,207
Other creditors and accruals	2,158,011	2,177,178
	<u>2,583,439</u>	<u>2,551,140</u>

10. Called up share capital

	2005	2004
	£	£
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11. Statement of movement on reserves

	Profit and loss account £
As at 1 September 2004	(2,379,305)
Loss for the financial year	<u>(177,391)</u>
As at 31 August 2005	<u>(2,556,696)</u>

KINGS WALK LIMITED

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

12. Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating (loss)/profit	(25,058)	276,653
Decrease/(increase) in debtors	130,634	(107,050)
Increase/(decrease) in creditors	72,596	(508,596)
Net cash inflow/(outflow) from operating activities	178,172	(338,993)

(b) Analysis of net funds

	1 September 2004 £	Cash Flow	31 August 2005 £
Net cash:			
Cash at bank and in hand	39,264	(14,458)	24,806
Net funds	39,264	(14,458)	24,806

(c) Analysis of net funds

	2005 £	2004 £
Decrease in cash in the year	(14,458)	(29,106)
Cash outflow from decrease in funds	-	3,500,000
Movement in net funds in the year	(14,458)	3,470,894
Opening net funds/(debt)	39,264	(3,431,630)
Closing net funds	24,806	39,264

KINGS WALK LIMITED

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

13. Related party transactions

The following transactions with related parties are as follows:-

	2005 £	2004 £
Included in creditors:-		
Starpoint Estates Limited	332,562	282,207
Insureprofit Limited	-	3,000
Dawnay, Day Properties Limited	92,866	87,327
	<hr/>	<hr/>
	425,428	372,534
	<hr/>	<hr/>

Included in other creditors is accrued interest of £nil (2004: £7) from Dawnay, Day Properties Limited. The shareholders of the ultimate holding company, Starpoint Estates Limited, have beneficial interests in this company.

Included in other creditors is accrued interest of £nil (2004: £15,179) from Starpoint Estates Limited, the ultimate holding company.

14. Controlling party

The ultimate parent company is Starpoint Estates Limited, a company registered in England and Wales.

The controlling parties are P R Klimt and G A Naggar.