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Fitzwilton Finance (UK) Plc

Directors' Report and Financial Statements

Year Ended 31 December 2006

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DIRECTORS AND OTHER INFORMATION

Board of Directors

Sir RTS Macpherson
PW Kininmonth
D Roxburgh
A Gough

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Secretary and Registered Office

RJ Crilly
10 - 11 Grosvenor Court
Foregate Street
Chester
CH1 1HG

Bankers

Allied Irish Bank plc
Berkeley Square
London

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

DIRECTORS' REPORT

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

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

Auditors and disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that -

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Results and dividends

The profit for the year after taxation amounted to £267,000 (2005: loss of £6,628,000). The directors do not recommend the payment of a dividend.

Principal activities and review of business developments

The company's principal activities comprise the letting of property to supermarket operators.

Directors and their interests

The directors at 31 December 2006 are listed on page 2.

In accordance with Article 74 of the company's articles of association, the directors are not required to retire by rotation.

None of the directors have any direct interest in the share capital of the company.

No director had directly or indirectly a material interest in any contract significant to the company's business during the year under review.

Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers provided that all trading terms and conditions have been complied with. The agreement terms and conditions are that balances are paid within 30 days of receipt of invoice.

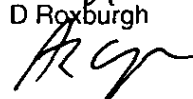
DIRECTORS' REPORT - continued

Auditors

PricewaterhouseCoopers has expressed its willingness to continue in office as auditors and a resolution proposing its re-appointment will be submitted at the annual general meeting

On behalf of the board


D Roxburgh


A Gough

18 July 2007

DIRECTORS' PROFILES

Sir RTS Macpherson

Sir RTS Macpherson has been a director of the company since 14 August 1996. He is chairman of Boustead PLC, Annington Holdings, plc, Entuity Limited and XchangePoint Holdings Limited. He also holds several other directorships including Fitzwilton (UK) plc, Numbershore Limited and Nexus Equity Limited.

PW Kininmonth

PW Kininmonth has been a director of the company since 14 August 1996. He is a director of Fitzwilton (UK) plc, PK Portraits Limited, Manor Farm Partnership and Ashless Limited.

D Roxburgh

D Roxburgh has been a director of the company since 1 March 2000. He is a director of various companies in the Fitzwilton Limited Group, Portfolio Design Group International Limited and Waterford Crystal Limited.

A Gough

A Gough has been a director of the company since 16 December 2005. He is a director of various companies within the Fitzwilton Limited Group.

Independent auditors' report to the members of Fitzwilton Finance (UK) Plc

We have audited the financial statements of Fitzwilton Finance (UK) Plc for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 judgments 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.

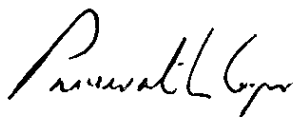
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report to the members of Fitzwilton Finance (UK) Plc - continued

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 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



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

20 July 2007

PROFIT AND LOSS ACCOUNT
Year Ended 31 December 2006

	Notes	2006 £000	2005 £'000
Turnover		-	-
Administrative expenses		<u>(14)</u>	<u>(60)</u>
Operating loss	2	(14)	(60)
Write off of deferred income		2,148	-
Interest receivable - group		398	2,746
Interest payable	3	<u>(6,080)</u>	<u>(7,826)</u>
Loss on ordinary activities before taxation		(3,548)	(5,140)
Taxation credit/(charge)	4	<u>3,815</u>	<u>(1,488)</u>
Profit/(loss) for the year		<u>267</u>	<u>(6,628)</u>

Operating loss arose solely from continuing operations. There are no recognised gains and losses other than those dealt with in the profit and loss account.

BALANCE SHEET
31 December 2006

	Notes	2006 £'000	2005 £'000
ASSETS			
Fixed assets			
Investments in subsidiary undertakings	5	<u>13,402</u>	<u>13,402</u>
Current assets			
Debtors (amounts falling due after one year)	6	16,047	16,047
Debtors (amounts falling due within one year)	6	91,876	95,661
Cash at bank and in hand		<u>3</u>	<u>3</u>
		<u>107,926</u>	<u>111,711</u>
		<u>121,328</u>	<u>125,113</u>
LIABILITIES			
Capital and reserves			
Called up share capital	7	100,000	100,000
Profit and loss account	8	<u>(97,364)</u>	<u>(97,631)</u>
Shareholders' funds	9	2,636	2,369
Creditors (amounts falling due within one year)	10	92,608	93,761
Creditors (amounts falling due after more than one year)	11	<u>26,084</u>	<u>28,983</u>
		<u>118,692</u>	<u>122,744</u>
		<u>121,328</u>	<u>125,113</u>

Directors


D Roxburgh



A Gough

Approved by the board on

18/7/07

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The significant accounting policies adopted by the company are as follows

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 1985 and generally accepted accounting practice in the United Kingdom including the accounting standards issued by the Accounting Standards Board

Historical cost convention

The financial statements are prepared under the historical cost convention

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company's cash flows are included in the group financial statements of a parent undertaking

Subsidiary undertakings

Interest in subsidiary undertakings are stated at cost less provision for any diminution in value

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rates ruling at the balance sheet date and revenues, costs and non-monetary assets are translated at the exchange rates ruling at the dates of the transactions

Monetary assets are monies held and amounts to be received in money, all other assets are non-monetary assets

Deferred taxation

Deferred taxation is provided on a full provision basis, without discounting, on all timing differences which have arisen but not reversed at the balance sheet date

Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes

Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other asset or groups of assets

When the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time of money and the risks specific to the asset

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Operating loss	2006 £'000	2005 £'000
Operating loss is stated after charging		
Auditors' remuneration		
- audit services	10	-
- audit related services	-	-
- non-audit services	-	-
Directors' emoluments	-	-

3 Interest payable	2006 £'000	2005 £'000
Bond interest	6,080	7,826

4 Taxation credit/(charge)	2006 £'000	2005 £'000
Current tax		
Notional UK corporation tax credit @ 30% on results for the year	1,074	1,447
Adjustments in respect of prior years	2,741	(2,935)
	3,815	(1,488)

No corporation tax is payable due to losses in the current year. A reconciliation of the current tax for the year to the computed tax arising from applying the standard rate of UK corporation tax to the loss for the year is set out below.

The credit for notional corporation tax of £1,074,000 (2005 £1,447,000) represents the value attributed to tax losses which have been surrendered to a subsidiary undertaking under group relief provisions. In accordance with an agreement between the company and the subsidiary undertaking, the latter will make payments equivalent to the value of the tax losses surrendered.

	2006 £'000	2005 £'000
Loss on ordinary activities multiplied by the UK corporation tax rate of 30%	1,064	1,542
<i>Effects of</i>		
Expenses not allowable	(78)	(95)
Income not taxable	645	-
Unutilised losses carried forward	(557)	-
Adjustment in respect of prior periods	2,741	(2,935)
	3,815	1,448

A potential deferred tax asset of £1,471,000 (2005 £915,000) arising principally from timing differences in relation to losses forward has not been recognised. There is currently insufficient evidence that any amounts would be recoverable.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Investments in subsidiary undertakings	£'000
Cost	
At 31 December 2005 and 31 December 2006	100,080
Provision for diminution in value	
At 31 December 2005 and 31 December 2006	<u>(86,678)</u>
Net book value	
At 31 December 2006	<u>13,402</u>
At 31 December 2005	<u>13,402</u>

The directors have considered the carrying value of investments and concluded that no additional provision is required

Details of the investments in which the group or the company holds more than 20% of the nominal value of any class of share capital are as follows

Name of company	Country of incorporation or registration	Holding	Proportion held	Nature of business
Erne Holdings Limited	England	Ordinary shares A & B preferred ordinary shares C shares A & B cumulative redeemable preference shares Deferred ordinary shares Management redeemable preference shares	100% 100% 100% 100% 100% 100%	Holding company
FA Wellworth & Co Limited	NI	Ordinary	100%*	Service company
Wellworth Properties Limited	NI	Ordinary	100%*	Property company
Corndrive Limited	England	Ordinary	100%*	Non-trading
Bene Pretium Limited	England	Ordinary	100%	Property company

* held by a subsidiary undertaking

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Debtors			2006 £'000	2005 £'000
Amounts falling due within one year				
Value added tax recoverable			7	-
Amounts owed by ultimate parent undertaking			-	7,609
Amounts owed by subsidiary undertakings			82,536	82,536
Group relief receivable			<u>9,333</u>	<u>5,516</u>
			<u>91,876</u>	<u>95,661</u>
Amounts falling due after one year				
Amounts owed by subsidiary undertakings			<u>16,047</u>	<u>16,047</u>
7 Share capital			2006 £'000	2005 £'000
Authorised				
Ordinary shares of £1 each			<u>100,000</u>	<u>100,000</u>
	2006 Number	2005 Number	2006 £'000	2005 £'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000</u>	<u>100,000</u>
8 Profit and loss account				£'000
At 31 December 2005				(97,631)
Retained profit for the year				<u>267</u>
At 31 December 2006				<u>(97,364)</u>
9 Reconciliation of shareholders' funds			2006 £'000	2005 £'000
Total recognised gains and losses			267	(6,628)
Shareholders' funds at 1 January			<u>2,369</u>	<u>8,997</u>
Shareholders' funds at 31 December			<u>2,636</u>	<u>2,369</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Creditors	2006 £'000	2005 £'000
Amounts falling due within one year		
9 75% Senior Secured Guaranteed Eurobonds 2006	-	78,427
Accruals	37	17
Other taxes and social security costs	-	8
Amounts owed to subsidiary undertakings	92,571	15,309
	<u>92,608</u>	<u>93,761</u>

The 9 75% Senior Secured Guarantee Eurobonds 2006 were repaid at par during the year

11 Creditors	2006 £'000	2005 £'000
Amounts falling due after more than one year		
Amounts due to parent undertaking	<u>26,084</u>	<u>28,983</u>

12 Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Fitzwilton Limited group or investees of the group

13 Parent undertaking

The immediate parent undertaking is Fitzwilton Investments plc

The ultimate parent undertaking is Gilhome Limited, a company incorporated in the British Virgin Islands and controlled by Sir AJF O'Reilly and PJ Gouldandris

Fitzwilton Limited, a company incorporated in the Republic of Ireland is the parent undertaking of the largest and only group which consolidates these financial statements. Copies of the financial statements of Fitzwilton Limited may be obtained from the Company Secretary, Embassy House, Herbert Park Lane, Ballsbridge, Dublin 4, Ireland

14 Approval of the financial statements

The financial statements were approved by the directors on 18 July 2007