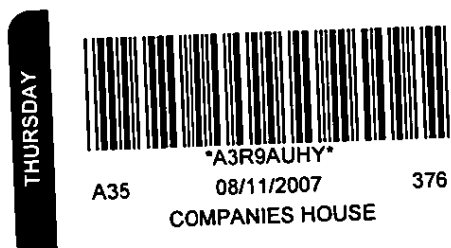


Equity Partnerships Fund Management Limited

Report and Financial Statements

Year Ended 30 June 2007



Company Registration No: 3552187

Equity Partnerships Fund Management Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2007

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Equity Partnerships Fund Management Limited
DIRECTORS, OFFICERS AND PROFESSIONAL SERVICE PROVIDERS
For the year ended 30 June 2007

DIRECTORS

P Oliver
A Murray
M Shepherd
R Cotterell (Appointed on 3 September 2007)

SECRETARIES

Teesland Secretarial Services Limited
M Shepherd

REGISTERED OFFICE

Europa House
20 Esplanade
Scarborough
YO11 2AQ

AUDITORS

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS1 5QR

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Equity Partnerships Fund Management Limited

DIRECTORS' REPORT

For the year ended 30 June 2007

The directors present their report and the financial statements, for the year ended 30 June 2007

PRINCIPAL ACTIVITY

The principal activity of the company is as operator of various collective investment schemes

RESULTS & DIVIDENDS

During the year the company made a profit of £207,545 (2006 profit of £454,860) The directors proposed and paid a dividend of £483,330 (2006 £nil) in the year

The directors are satisfied with the performance of the company in the year, and expect future performance to be satisfactory

DIRECTORS

The directors who held office during the year were

P Oliver
M Shepherd
A Murray

None of the other directors had any interest in the share capital of the company

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare accounts 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 for that period In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 accounts, and
- prepare the accounts on a 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 accounts comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

PRINCIPAL RISKS AND UNCERTAINTIES

The directors use a common model to identify and assess the impact of risks to the business under the four key headings of operational, financial, strategic and external For each risk the likelihood and consequence are identified, management controls are confirmed and results reported The more significant risks and uncertainties faced by the company are set out below

Competition

There is no guarantee that the company's competitors will not offer superior products or services to the market or lower fees Such companies may have greater financial, marketing, operational and technological resources than the company

Loss of major clients

Whilst the company enters into long term management contracts, there is the risk that contracts may not be renewed and the lost business would need to be replaced

Equity Partnerships Fund Management Limited

DIRECTORS' REPORT

For the year ended 30 June 2007

Non compliance with FSA

The Company is registered by the Financial Services Authority (FSA) and must comply with its rules. Failure to comply could result in the FSA using its enforcement powers which include fines, restriction on financial promotion, prosecution and prohibition of individuals.

KEY PERFORMANCE INDICATORS

The directors have assessed that the following KPIs are the most effective measures of progress towards achieving the Company's strategies and as such towards fulfilling the Company's objectives.

Key performance indicator	2007	2006
Turnover	533,298	1,088,460
Profit before tax	281,470	649,799

Turnover

Turnover includes placement fees and operator fees.

Profit before tax

This is a measure of profit for the period less UK corporation tax.

AUDITORS

The directors recommend that Ernst & Young LLP be re-appointed as auditors of the company.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the time of approving the Directors' report are listed on page 2. Having made appropriate enquiries each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.


Director

Date 24/10/2007
BY ORDER OF THE BOARD

Equity Partnership Fund Management Limited

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EQUITY PARTNERSHIPS FUND MANAGEMENT

We have audited the company's financial statements for the year ended 30 June 2007 which comprise a Profit & Loss Account, Balance Sheet and related notes 1 to 11. These financial statements have been prepared on the basis of 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 auditors' 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 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 United Kingdom law and 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 and whether the information given in the Directors' Report is consistent with the 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 transactions with the company is not disclosed.

Basis of audit opinion

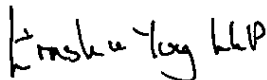
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 30 June 2007 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.



Ernst & Young LLP
Registered Auditor
Leeds

Date 25 October 2007

Equity Partnership Fund Managemnt Limited.

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Year Ended 30 June 2007 £	Year Ended 30 June 2006 £
TURNOVER	2	533,298	1,088,460
GROSS PROFIT		533,298	1,088,460
Administrative expenses		(255,680)	(442,198)
Operating Profit	4	277,618	646,262
Bank interest receivable		3,852	3,537
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		281,470	649,799
Taxation	5	(73,925)	(194,939)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		207,545	454,860

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company had no gains or losses other than the profit for the year of £207,545 (2006 £454,860) As a result, no statement of total recognised gains and losses has been presented The results derive from continuing operations

The notes on pages 8 - 10 form part of these financial statements

Equity Partnership Fund Managemnt Limited.

BALANCE SHEET **AS AT 30 JUNE 2007**

	Notes	30 June 2007 £	30 June 2006 £
CURRENT ASSETS			
Debtors	7	1,622,976	698,458
Cash at bank		109,192	125,892
		<u>1,732,168</u>	<u>824,350</u>
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(1,424,623)	(241,020)
NET CURRENT ASSETS		<u>307,545</u>	<u>583,330</u>
NET ASSETS		<u>307,545</u>	<u>583,330</u>
CAPITAL AND RESERVES			
Share capital	9	100,000	100,000
Profit and loss account	10	207,545	483,330
EQUITY SHAREHOLDERS' FUNDS	10	<u>307,545</u>	<u>583,330</u>

Approved by the Board and signed on its behalf by



Director

24/11/07 CC7

The notes on pages 8 - 10 form part of these financial statements

Equity Partnership Fund Management Limited.

NOTES TO THE ACCOUNTS **FOR THE YEAR ENDED 30 JUNE 2007**

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The company has adopted Financial Reporting Standard No. 19 'Deferred taxation' (FRS 19). 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 financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. 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.

Cash flow statement

The company has taken advantage of the exemption available under FRS1 "Cash flow statements" not to present a cash flow statement as the results are consolidated into the accounts of Teesland plc who owns 100% of the share capital in the company through an intermediate holding company.

Dividend recognition

In preparing the financial statements for the current year, the group has adopted FRS 21 'Events after the balance sheet date'. Dividends declared after the balance sheet date but before the financial statements are authorised for issue are not recognised as a liability at the balance sheet date because they do not meet the criteria of a present obligation in FRS 12.

2. TURNOVER

Turnover, which excludes value added tax, represents the invoiced value of management services for the period. Recurring quarterly fees are recognised on an accruals basis. All turnover arises from one class of business and within the United Kingdom.

3. DIRECTORS AND STAFF

The Company had no employees during the year other than the directors, who received no remuneration. All such costs are incurred by group undertakings.

4. OPERATING PROFIT

	Year Ended 30 June 2007	Year Ended 30 June 2006
Is stated after charging	£	£
Auditors' remuneration – audit services	8,000	7,000
Auditors' remuneration – non audit services	5,000	4,550
	<u>13,000</u>	<u>11,550</u>

Equity Partnership Fund Management Limited.

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 30 JUNE 2007

5. TAXATION

	Year Ended 30 June 2007 £	Year Ended 30 June 2006 £
(a) Tax on profit on ordinary activities		
The tax (credit) /charge is made up as follows		
Current year tax	84,441	194,939
Prior year tax	(10,516)	-
Total current tax	<u>73,925</u>	<u>194,939</u>

(b) Factors affecting current tax charge

The tax assessment on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	Year Ended 30 June 2007 £	Year Ended 30 June 2006 £
Profit on ordinary activities before taxation	<u>281,470</u>	<u>649,799</u>
Tax on profit on ordinary activities at 30%	84,441	194,939
Prior year credit	(10,516)	-
Total current tax per profit and loss account	<u>73,925</u>	<u>194,939</u>

6. DIVIDENDS

Dividends proposed and paid in the year were £ 483,330 (2006 £nil)

7. DEBTORS

	2007 £	2006 £
Trade debtors	50,166	7,351
Accrued income	195,068	250,000
Prepayments	11,877	11,578
Amounts due from group undertakings	<u>1,365,865</u>	<u>429,529</u>
	<u>1,622,976</u>	<u>698,458</u>

8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Corporation tax	84,441	205,453
Other taxation	15,356	567
Amounts owed to group companies	1,299,926	-
Accruals	<u>24,900</u>	<u>35,000</u>
	<u>1,424,623</u>	<u>241,020</u>

9. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid.		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Equity Partnership Fund Management Limited.

NOTES TO THE ACCOUNTS (continued) **FOR THE YEAR ENDED 30 JUNE 2007**

10. RECONCILIATION OF MOVEMENT IN RESERVES AND EQUITY SHAREHOLDERS' FUNDS

	Share Capital	Profit & Loss Account	Equity Shareholders' Funds
	£	£	£
As at 1 July 2006	100,000	483,330	583,330
Profit for the year	-	207,545	207,545
Dividend	-	(483,330)	(483,330)
As at 30 June 2007	<u>100,000</u>	<u>207,545</u>	<u>307,545</u>

11. ULTIMATE & PARENT UNDERTAKING

The company's immediate parent is Teesland Fund Management Holdings Limited, and its ultimate parent undertaking is Valad Property Group, an Australian company listed on the Sydney stock exchange