

Company Number 3628074

J O HAMBRO LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31ST DECEMBER 2007



DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the Company for the period ended 31st December 2007

Principal Activities

The Company is an investment parent company and during the period provided property management, accountancy and administrative services

Business review

The loss after taxation for the period amounted to £992,774 (2006 loss £5,340,715)

The Directors do not recommend the payment of a final dividend

Directors

The Directors who served during the period are as follows -

R N Hambro
T B M Holcroft (resigned 2nd July 2008)

Statement of Directors' Responsibilities

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 for that period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates which are reasonable and prudent,
- 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 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

Statement as to disclosure of information to Auditors

In the case of each of the persons who are directors at the time when this report is approved, the following applies—

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he 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

By order of the Board



Rupert Hambro
Director
54 Jermyn Street
London SW1Y 6LX

21 October 2008

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the J O Hambro Limited financial statements on pages 3 to 9. These financial statements have been prepared under the historical cost convention and 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).

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.

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, in our opinion, 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 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 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.

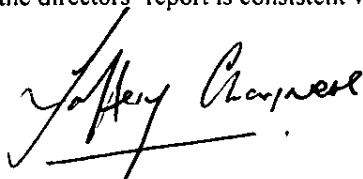
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 affairs of the Company as at 31st December 2007 and of its loss for the year then ended, and
- 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.

SAFFERY CHAMPNESS
Chartered Accountants
Registered Auditors
Lion House
Red Lion Street
London WC1R 4GB



21 October 2008

J O HAMBRO LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31st December 2007**

| | <u>Note</u> | <u>Year Ended</u> <u>31 12 07</u> | <u>15 months ended</u> <u>31 12 06</u> |
|--|-------------|--------------------------------------|---|
| | | <u>£</u> | <u>£</u> |
| Turnover | 2 | 127,450 | 93,405 |
| Administrative expenses | | (109,623) | (162,341) |
| Amounts written off investments | | <u>-</u> | <u>(250,000)</u> |
| Operating profit/(loss) | 3 | 17,827 | (318,936) |
| Amounts due from subsidiary undertakings written off | | (1,000,000) | (5,000,000) |
| Interest receivable | | 20,631 | 8,376 |
| Interest payable | 4 | (31,232) | (32,069) |
| (Loss) on ordinary activities before taxation | | <u>(992,774)</u> | <u>(5,342,629)</u> |
| Tax on (loss) on ordinary activities | 5 | <u>-</u> | <u>1,914</u> |
| (Loss) for the financial period | | (992,774) | (5,340,715) |
| Dividend paid | | <u>-</u> | <u>-</u> |
| Retained (loss) for the financial period | | (992,774) | (5,340,715) |
| Retained (loss)/profit brought forward | | <u>(4,951,015)</u> | <u>389,700</u> |
| Retained (loss) carried forward | | <u>(5,943,789)</u> | <u>(4,951,015)</u> |

There were no recognised gains or losses other than the profit for the financial period

All income was derived from continuing operations

The notes on pages 5 to 9 form part of these financial statements

BALANCE SHEET

As at 31st December 2007

| | Note | £ | 31 12 07 £ | £ | 31 12 06 £ |
|---|------|------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | - | | - |
| Investments | 7 | | <u>10,000</u> | | <u>10,000</u> |
| | | | 10,000 | | 10,000 |
| Current assets | | | | | |
| Debtors | 8 | 102,794 | | 138,376 | |
| Debtors amounts due after more than one year | 8 | 1,608,496 | | 4,218,755 | |
| Cash at bank | | <u>667,633</u> | | <u>-</u> | |
| | | 2,378,923 | | 4,357,131 | |
| Creditors: Amounts falling due within one year | 9 | <u>(259,444)</u> | | <u>(1,244,878)</u> | |
| Net Current Assets | | | <u>2,119,479</u> | | <u>3,112,253</u> |
| Total Assets less Current Liabilities | | | 2,129,479 | | 3,122,253 |
| Provision for liabilities and charges | | | | | |
| Deferred tax | 10 | | <u>-</u> | | <u>-</u> |
| | | | <u>2,129,479</u> | | <u>3,122,253</u> |
| Capital and Reserves | | | | | |
| Called up Share Capital | 11 | | 3,525,000 | | 3,525,000 |
| Share Premium Account | | | 4,073,268 | | 4,073,268 |
| Capital Redemption Reserve | 12 | | 475,000 | | 475,000 |
| Profit and Loss Account | | | <u>(5,943,789)</u> | | <u>(4,951,015)</u> |
| Equity Shareholders' Funds | | | <u>2,129,479</u> | | <u>3,122,253</u> |

These financial statements were approved by the Board of Directors on **21 Oct** 2008 and signed on their behalf by

R.N HAMBRO
Director



The notes on pages 5 to 9 form part of these financial statements

NOTES TO THE ACCOUNTS

1 Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements -

Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with sections 228 and 230 of, and Schedule 4 to, the Companies Act 1985 and applicable accounting standards

The financial statements present information about the Company as an individual undertaking and not about its group. The Company and its subsidiary undertakings comprise a small-sized group. The Company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts

Fixed Asset Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value

Fixed Assets and Depreciation

Depreciation is provided to write off the tangible fixed assets by equal instalments over their estimated useful lives as follows -

| | | |
|------------------------|---|---------|
| Leasehold improvements | - | 5 years |
|------------------------|---|---------|

Taxation

Corporation tax payable is provided on taxable profits at the current rate

Deferred Taxation

Full provision is made, at current rates of corporation tax, for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation

| 2 | Turnover | Year Ended | 15 Months Ended |
|---|-------------------------------------|----------------|-----------------|
| | | 31.12.07 | 31.12.06 |
| | | £ | £ |
| | Turnover may be analysed as follows | | |
| | Rent receivable | <u>127,450</u> | <u>93,405</u> |

NOTES TO THE ACCOUNTS (continued)

| 3. Operating Profit/(Loss) | Year Ended 31 12 07 £ | 15 Months Ended 31 12 06 £ |
|---|--------------------------------------|---|
| This is stated after charging | | |
| Auditors' remuneration and expenses | 12,000 | 11,000 |
| Auditors' remuneration for other services | 8,850 | 5,400 |
| Operating lease rentals - Land and buildings | <u>92,500</u> | <u>115,625</u> |

The Company does not have any employees and the Directors received no emoluments

| 4 Interest payable | Year Ended 31 12 07 £ | 15 Months Ended 31 12 06 £ |
|---------------------------|--------------------------------------|---|
| Bank interest payable | <u>31,232</u> | <u>32,069</u> |

| 5. Taxation | Year Ended 31 12 07 £ | 15 Months Ended 31 12 06 £ |
|--|--------------------------------------|---|
| Current tax charge | | |
| Payment made for group relief - current period | - | - |
| Deferred tax | | |
| Transfer from deferred tax account | <u>-</u> | <u>(1,914)</u> |
| | <u>-</u> | <u>(1,914)</u> |

Factors affecting the tax charge for the period

| | | |
|--|------------------|--------------------|
| (Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2006 30%) | <u>(297,832)</u> | <u>(1,602,789)</u> |
| Effects of | | |
| Capital allowances | (454) | (768) |
| Dividends from subsidiary | - | 1,575,000 |
| Provision against investment | 300,000 | - |
| Losses carried forward | <u>(1,714)</u> | <u>28,537</u> |
| | <u>297,832</u> | <u>1,602,789</u> |
| Current tax charge | <u>-</u> | <u>-</u> |

NOTES TO THE ACCOUNTS (continued)

6 Tangible Fixed Assets

| | Short Leasehold Improvements £ | Total £ |
|---|--------------------------------------|---------------|
| Group | | |
| Cost: | | |
| 1 st January 2007 and 31 st December 2007 | <u>51,953</u> | <u>51,953</u> |
| Depreciation | | |
| 1 st January 2007 and 31 st December 2007 | <u>51,953</u> | <u>51,953</u> |
| Net Book Value | | |
| 1 st January 2007 and 31 st December 2007 | <u>-</u> | <u>-</u> |

7. Fixed Asset Investments

| | Shares in Group Undertakings £ |
|---|--------------------------------------|
| Cost | |
| 1 st January 2007 and 31 st December 2007 | <u>1,531,002</u> |
| Provisions | |
| 1 st January 2007 and 31 st December 2007 | <u>(1,521,002)</u> |
| Net Book Value | |
| 1 st January 2007 and 31 st December 2007 | <u>10,000</u> |

| | Country of Registration or Incorporation | Principal Activity | Class and Percentage of shares held |
|-----------------------------------|--|------------------------------|---|
| Subsidiary Undertakings | | | |
| Rupert Hambro & Partners Limited* | England | Management and Investment | Ordinary 100% |
| J O Hambro Estates Limited | England | Dormant | Ordinary 100% |
| J O Hambro No 2 Limited* | England | Dormant | Ordinary 100% |
| J O Hambro No 3 Limited* | England | Dormant | Ordinary 100% |
| J O Hambro Nominees Limited | England | Nominee | Ordinary 100% |

* Investments in these subsidiary undertakings are held directly by the Company

The aggregate Capital and reserves as at 31st December 2007 and the results for the period then ended for these subsidiary undertakings were as follows -

| | Capital and Reserves £ | Profit/(loss) £ |
|----------------------------------|---------------------------|--------------------|
| Rupert Hambro & Partners Limited | (5,885,740) | (678,268) |
| J O Hambro Estates Limited | 59,279 | 22,910 |
| J O Hambro No 3 Limited | 10,000 | - |
| J O Hambro Nominees Limited | 100 | - |

NOTES TO THE ACCOUNTS (continued)

8. Debtors

| | <u>2007</u> | <u>2006</u> |
|---|------------------|------------------|
| | <u>£</u> | <u>£</u> |
| Due within one year | | |
| Trade debtors | 2,919 | 38,501 |
| Other debtors | <u>99,875</u> | <u>99,875</u> |
| | 102,794 | 138,376 |
| Due after one year | | |
| Amounts owed by subsidiary undertakings | <u>1,608,496</u> | <u>4,218,755</u> |
| | <u>1,711,290</u> | <u>4,357,131</u> |

9. Creditors: amounts falling due within one year

| | <u>2007</u> | <u>2006</u> |
|---|----------------|------------------|
| | <u>£</u> | <u>£</u> |
| Bank Overdraft | - | 992,435 |
| Amounts owed to subsidiary undertakings | 69,379 | 69,379 |
| Accruals and deferred income | 185,375 | 177,544 |
| Other taxation | <u>4,690</u> | <u>5,520</u> |
| | <u>259,444</u> | <u>1,244,878</u> |

10 Deferred Tax

| | <u>2007</u> | <u>2006</u> |
|-------------------------------------|-------------|----------------|
| | <u>£</u> | <u>£</u> |
| At 1 st January 2007 | - | 1,914 |
| Transfer to profit and loss account | <u>-</u> | <u>(1,914)</u> |
| At 31 st December 2007 | <u>-</u> | <u>-</u> |
| <u>Deferred tax comprises</u> | | |
| Accelerated capital allowances | <u>-</u> | <u>-</u> |

11. Share Capital

| | <u>2007</u> | <u>2006</u> |
|--|-------------------|-------------------|
| | <u>£</u> | <u>£</u> |
| Authorised | | |
| 25,000,000 ordinary shares of £1 each | <u>25,000,000</u> | <u>25,000,000</u> |
| Share capital allotted, called up and fully paid | | |
| 3,525,000 Ordinary shares of £1 each | <u>3,525,000</u> | <u>3,525,000</u> |

NOTES TO THE ACCOUNTS (continued)

12 Capital Redemption Reserve

| | <u>2007</u> £ | <u>2006</u> £ |
|--|------------------|------------------|
| At 1 st January 2007 and 31 st December 2007 | <u>475,000</u> | <u>475,000</u> |

13. Reconciliation of Movements in Shareholders' Funds

| | <u>2007</u> £ | <u>2006</u> £ |
|---|------------------|------------------|
| (Loss) for the financial period | (992,774) | (5,340,715) |
| Dividend paid | - | - |
| Net (diminution) to shareholders' funds | (992,774) | (5,340,715) |
| Opening shareholders' funds | <u>3,122,253</u> | <u>8,462,968</u> |
| Closing shareholders' funds | <u>2,129,479</u> | <u>3,122,253</u> |

14 Commitments Under Operating Leases

The company has the following annual commitments under operating leases expiring in

| | <u>2007</u> £ | <u>2006</u> £ |
|---|------------------|------------------|
| Land and buildings Less than 5 years | <u>135,000</u> | <u>135,000</u> |

15. Control

The directors consider the ultimate controlling party to be Mr R N Hambro