

PILLAR FARNBOROUGH LIMITED
(Formerly Nilecare Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31st March 2004

Registered number: 4648654



PILLAR FARNBOROUGH LIMITED
(Formerly Nilecare Limited)

REPORT AND FINANCIAL STATEMENTS 31ST MARCH 2004

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PILLAR FARNBOROUGH LIMITED
(Formerly Nilecare Limited)

DIRECTORS' REPORT

The directors present their first report and the audited financial statements of the company for the period from 27th January 2003 (date of incorporation) until 31st March 2004.

1. PRINCIPAL ACTIVITY

During the period the company invested in commercial property. It intends to continue to invest in commercial property.

**2. STATEMENT OF
DIRECTORS'
RESPONSIBILITIES**

Company law requires the directors 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 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, subject to any material departures disclosed 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 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 have a 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.

3. DIRECTORS

The following served as directors during the period:

SDG Registrars Limited - appointed 27th January 2003, resigned 7th February 2003
H J M Price - appointed 7th February 2003
H R Mould - appointed 7th February 2003
M F McGann - appointed 18th August 2003

None of the directors had any interest in the shares of the company during the period.

The interests of Mr Price and Mr Mould in the shares of the ultimate parent company, Pillar Property PLC, are shown in the report and accounts of that company.

The interests of the other director who held office at the end of the year in the shares of the ultimate parent company, Pillar Property PLC are as follows:

31st March 2004

10p ordinary

M F McGann

2,280

4. CHANGE OF NAME

On 18th February 2003 the company changed its name from Nilecare Limited to Pillar Farnborough Limited.

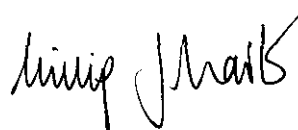
5. AUDITORS

A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the company.

6. INSURANCE

The company has maintained liability insurance for its directors through a group wide scheme.

Lansdowne House
Berkeley Square
London
W1J 6HQ



By Order of the Board
P J Martin
Secretary
11th November 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PILLAR FARNBOROUGH LIMITED
(Formerly Nilecare Limited)**

We have audited the financial statements on pages 3 to 7.

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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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.

Basis of audit opinion

We conducted our audit in accordance with 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 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 of the state of the company's affairs as at 31 March 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

12 November 2004

PILLAR FARNBOROUGH LIMITED
(Formerly Nilecare Limited)

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31ST MARCH 2004

| | NOTE | Period from 27th January 2003 to 31st March 2004 £ |
|--|------|---|
| PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION | 2 | - |
| RETAINED PROFIT FOR THE PERIOD | | - |
| RESERVES BROUGHT FORWARD | | - |
| RESERVES CARRIED FORWARD | | - |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | |
|---|-----------|
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | - |
| UNREALISED SURPLUS ON REVALUATION OF PROPERTIES | 3,563,674 |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD | 3,563,674 |

All items in the profit and loss account derive from continuing operations.
There were no material differences in the historical cost profit and loss.

PILLAR FARNBOROUGH LIMITED
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BALANCE SHEET

AS AT 31ST MARCH 2004

| | | NOTE | 2004 £ |
|---|--|------|--------------------------|
| FIXED ASSETS | Investment properties | 3 | <u>35,167,928</u> |
| CURRENT ASSETS | Debtors | 4 | 21,232,548 |
| CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR) | Amount due to ultimate parent company | | (2,836,796) |
| NET CURRENT ASSETS | | | <u>18,395,752</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>53,563,680</u> |
| CREDITORS (AMOUNTS FALLING DUE IN MORE THAN ONE YEAR) | Borrowings | 5 | (22,500,000) |
| NET ASSETS | | | <u><u>31,063,680</u></u> |
| CAPITAL AND RESERVES | Called up share capital | 6 | 27,500,006 |
| | Revaluation reserve | 7 | 3,563,674 |
| | Profit and loss account | 7 | - |
| SHAREHOLDERS' FUNDS | | 8 | <u><u>31,063,680</u></u> |

The financial statements were approved by the Board of Directors on 11th November 2004 and signed on its behalf by:

Martin McGann

M F McGann
Director

PILLAR FARNBOROUGH LIMITED
(Formerly Nilecare Limited)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

| | |
|----------------------------|---|
| Accounting Convention | The financial statements have been prepared under the historical cost accounting rules as modified by the revaluation of investment properties and in accordance with applicable accounting standards and with the Companies Act 1985 except as noted below under investment properties. |
| Investment Properties | <p>Investment properties are revalued annually on the basis of open market value. Surpluses and deficits on revaluation are taken to the revaluation reserve except those deficits expected to be permanent, which are included in the profit and loss account for the year.</p> <p>In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold investment properties. Leasehold investment properties are not depreciated where the unexpired term is over twenty years. This treatment for certain of the company's investment properties represents a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.</p> <p>Purchases and sales of investment properties and properties held for resale are recorded when contracts have been exchanged by the year end, and are wholly unconditional by the date of approval of the accounts.</p> <p>Surpluses and deficits realised on sales of properties, calculated by comparing net sales proceeds with book values, are recognised in the profit and loss account.</p> |
| Deferred Taxation | Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. |
| Cash flow statement | Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking, and the parent company, which is incorporated in Great Britain, prepares a cash flow statement. |
| Related party transactions | As the company is a wholly owned subsidiary of Pillar Property PLC, the company has taken advantage of the exemption contained in FRS 8 and therefore has not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Pillar Property PLC, within which this company is included, can be obtained from the address in note 9. |

**2. PROFIT AND LOSS
ACCOUNT**

Directors' emoluments and audit fees are both £nil. The company has no employees.

PILLAR FARNBOROUGH LIMITED
(Formerly Nilecare Limited)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. INVESTMENT PROPERTIES

Freehold land and buildings
£

| | |
|---|-------------------|
| Additions in the period | 31,604,254 |
| Surplus on revaluation of investment property | 3,563,674 |
| | <hr/> |
| At 31st March 2004 at valuation | 35,167,928 |
| | <hr/> |

At 31st March 2004 the investment property was valued by the directors, as it was undergoing significant development which had not been completed by the year end. The valuation of the property at £35,167,928 is based on formal external assessments of gross development value given to the directors by the company's valuers. The historical cost of the investment property was £31,604,254. Included within investment properties is interest capitalised of £1,006,221.

4. DEBTORS

2004
£

| | |
|--------------------------------------|-------------------|
| Amounts falling due within one year: | |
| Amounts due from parent company | 21,076,351 |
| Other taxation and social security | 156,197 |
| | <hr/> |
| | 21,232,548 |
| | <hr/> |

5. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

Borrowings comprise a bank loan repayable between one and two years, secured over the investment property together with a floating charge over the assets of the company and subsidiary undertakings. The cost of debt at 31st March 2004 was 5.10%.

6. CALLED UP SHARE CAPITAL

2004
£

| | |
|--|-------------------|
| Authorised – ordinary shares of £1 each: | |
| On incorporation | 1,000 |
| Increase during the period | 27,500,000 |
| | <hr/> |
| At 31st March 2004 | 27,501,000 |
| | <hr/> |

Issued, allotted, called up and fully paid – ordinary shares of £1 each

| | |
|--------------------------|-------------------|
| On incorporation | 2 |
| Issued during the period | 27,500,004 |
| | <hr/> |
| At 31st March 2004 | 27,500,006 |
| | <hr/> |

7. RESERVES

Profit and Loss
£

Revaluation Reserve
£

| | | |
|-------------------------------|----------|------------------|
| On incorporation | - | - |
| Revaluation during the period | - | 3,563,674 |
| | <hr/> | <hr/> |
| At 31st March 2004 | - | 3,563,674 |
| | <hr/> | <hr/> |

PILLAR FARNBOROUGH LIMITED
(Formerly Nilecare Limited)

NOTES TO THE FINANCIAL STATEMENTS (continued)

**8. RECONCILIATION OF
MOVEMENTS IN
SHAREHOLDERS FUNDS**

| | 2004 £ |
|--------------------------------------|-------------------------|
| Issue of share capital | 27,500,006 |
| Surplus on revaluation of properties | 3,563,674 |
| | <hr/> 31,063,680 |
| Opening shareholders' funds | - |
| Closing shareholders' funds | <hr/> <u>31,063,680</u> |

9. PARENT COMPANY

The immediate parent company is Pillar Property Group Limited, a company incorporated and registered in England and Wales. The ultimate parent company is Pillar Property PLC, a company incorporated and registered in England and Wales. Copies of the financial statements for each company can be obtained from their registered office, Lansdowne House, Berkeley Square, London W1J 6HQ.