

LXB Investments Limited

Report and Financial Statements

Year Ended

31 December 2006



LXB Investments Limited

Annual report and financial statements for the year ended 31 December 2006

Contents

Page:

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

T P Walton
N B T Alford
R Margree
B O'Grady

Secretary and registered office

J Tregoning, 2nd Floor, Grafton House, 2-3 Golden Square, London, W1F 9HR

Company number

4928834

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom Surrey, KT17 1HS

LXB Investments Limited

Report of the directors for the year ended 31 December 2006

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

Results

The profit and loss account is set out on page 5 and shows the loss for the year

Principal activities, review of business and future developments

The principal activity of the company is that of property investment in the United Kingdom

The directors are satisfied with the performance of the company during the year under review and do not anticipate any significant change in future activities

There have been no events since the balance sheet date that materially affect the position of the company

Directors

The directors of the company during the year were

T P Walton

N B T Alford

S MacNeill

(appointed 4 August 2006, resigned 8 November 2006)

On 20 August 2007, Messrs R Margree and B O'Grady were appointed as directors of the company

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 of the company for that year. 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, 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. 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

LXB Investments Limited

Report of the directors for the year ended 31 December 2006 (*Continued*)

Disclosure of information to auditors

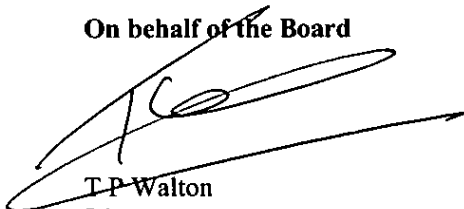
The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO Stoy Hayward LLP have indicated their willingness to continue in office.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



T P Walton
Director

Date 16/10/07

LXB Investments Limited

Independent auditor's report

To the shareholders of LXB Investments Limited

We have audited the financial statements of LXB Investments Limited for the year ended 31 December 2006 on pages 5 to 11. These financial statements have been prepared under the accounting policies set out on page 7.

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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

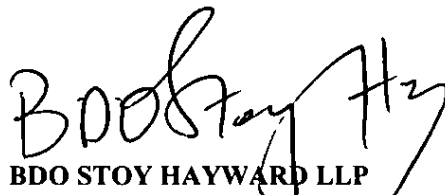
LXB Investments Limited

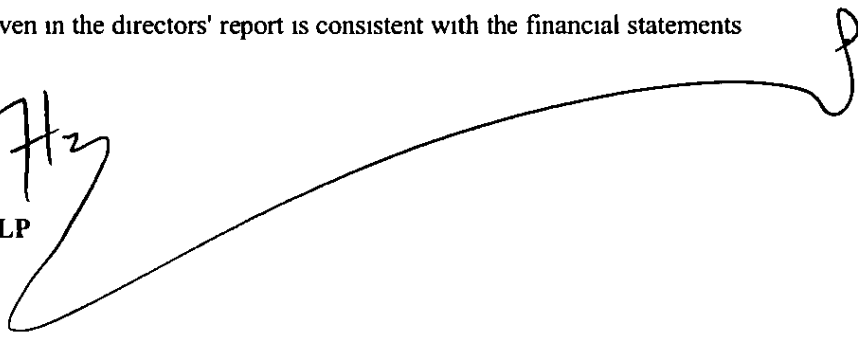
Independent auditor's report (*Continued*)

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 loss 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


BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
Epsom



Date

16 October 2007

LXB Investments Limited**Profit and loss account for the year ended 31 December 2006**

	Note	2006 £	2005 £
Gross profit and operating profit		-	-
Deficit on lapse of property option	5	(87,633)	(83,762)
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation for the financial year	11	(87,633)	(83,762)
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 7 to 11 form part of these financial statements

LXB Investments Limited**Balance sheet at 31 December 2006**

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	7		-		87,633
Current assets					
Debtors	8	1		-	
Creditors: amounts falling due within one year	9	-		87,632	
Net current assets/(liabilities)			1		(87,632)
Total assets less current liabilities			1		1
Capital and reserves					
Called up share capital	10		3		2
Share premium account	11		171,393		83,761
Profit and loss account	11		(171,395)		(83,762)
Shareholder's funds	12		1		1

The financial statements were approved by the board of directors and authorised for issue on 16/10/07


T P Walton
Director

The notes on pages 7 to 11 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1, "Cash Flow Statements (Revised 1996)", not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by LXB³ Limited and the company is included in consolidated financial statements.

Investment properties

In accordance with Statement of Standard Accounting Practice No. 19, "Accounting for investment properties", completed freehold investment properties are revalued annually to open market value.

Investment properties under development, initial property option costs incurred and associated costs are stated at cost, less any provision for permanent diminution in value.

No depreciation is provided on investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Additions to investment properties include only costs of a capital nature.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

LXB Investments Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

2 Auditors' remuneration

The auditors' remuneration is borne by the ultimate parent undertaking. Fees for the audit of the company were £1,000 (2005: £1,000).

The consolidated accounts of LXB³ Limited disclose details of non-audit fees paid to the company's auditors.

3 Employees

The company employed no staff in the period (2006: nil).

4 Directors' remuneration

No director received any emoluments from the company during the current year (2005: £nil).

5 Deficit on lapse of property option

	2006 £	2005 £
Deficit on lapse of option - aborted property development costs	(87,633)	(83,762)
	<u> </u>	<u> </u>

6 Taxation on loss on ordinary activities

The tax assessed for the year varies from the standard rate of corporation tax in the UK. A reconciliation is provided below.

	2006 £	2005 £
Loss on ordinary activities before tax	(87,633)	(83,762)
	<u> </u>	<u> </u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005: 30%)	(26,290)	(25,129)
Effect of		
Amounts disallowable	26,290	-
Losses available to carry forward - deferred tax asset not recognised	-	25,129
	<u> </u>	<u> </u>
Current tax charge for year	-	-
	<u> </u>	<u> </u>

LXB Investments Limited**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)**

7 Tangible assets

	Option to purchase freehold properties at cost £
<i>Cost</i>	
At 1 January 2006	87,633
Disposals	(87,633)
	<hr/>
At 31 December 2006	-
	<hr/>
At 31 December 2005	87,633
	<hr/>

Options to purchase have lapsed during the year and have been treated as fixed asset disposals

8 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	1	-
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year

9 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	-	87,632
	<hr/>	<hr/>

LXB Investments Limited**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****10 Share capital**

	2006 £	Authorised 2005 £	Allotted, called up and fully paid 2006 £	2005 £
Ordinary shares of £1 each	1,000	1,000	3	2

Movements in allotted share capital

On 10 August 2006, the company issued 1 ordinary share of £1 at a premium of £87,632

11 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2006	83,761	(83,762)
Premium on shares issued during the year	87,632	-
Loss for the year	-	(87,633)
At 31 December 2006	171,393	(171,395)

12 Reconciliation of movements in shareholder's funds

	2006 £	2005 £
Loss for the year	(87,633)	(83,762)
Other net recognised gains and losses relating to the year		
Issue of shares in the year	1	1
Premium on shares issued during the year	87,632	83,761
Net additions to shareholder's funds	-	-
Opening shareholder's funds	1	1
Closing shareholder's funds	1	1

LXB Investments Limited

Notes forming part of the financial statements for the year ended 31 December 2006 *(Continued)*

13 Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of all of its related party transactions with other group companies in the year

In the opinion of the directors there are no other related party transactions to be disclosed

14 Parent company information

Up to 11 August 2006 the company's ultimate parent company was LXB Holdings Limited. Effective from 11 August 2006, the company's ultimate parent company was LXB³ Limited, which is incorporated in England and is the parent undertaking of the largest group of which the company is a member. Copies of the consolidated financial statements of LXB³ Limited are available from Companies House. LXB³ Limited changed its name from LXB Newco Limited on 31 July 2007.

At 31 December 2006 the company's immediate parent company is LXB Group Limited.