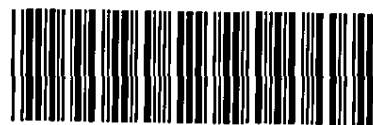


COMPANY REGISTRATION NUMBER 06160290

FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2008

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FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

DIRECTORS' REPORT

The directors present their report and the financial statements of the group for the year ended 31 December 2008

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was that of an investment holding company. The company was incorporated on 14 March 2007 as DMWSL 558 Ltd.

The new Foxtons Group was created in June 2007 following the sale of the original business by its founder. The change of ownership itself had no operating impact but coincided with a dramatic downturn in the property market. Revenues fell by 33% on a full year basis caused by a fall in sales commissions offset partially by growth in our lettings business. Despite turmoil in the market the company remained profitable at an (pre-exceptional items) EBITDA level generating £10m compared with £33m in the prior year (full year basis).

The reported loss of £218m in 2008 is primarily due to the 2007 transaction involving the acquisition and funding of Foxtons Ltd, being the write-down of goodwill on consolidation and the payment of interest on the loans required to fund the purchase. It does not relate to the underlying economic fundamentals of the business.

Profitability at an EBITDA level has continued throughout 2009.

FUTURE DEVELOPMENTS

The market looks as though it has hit the bottom during 2008 and has shown signs of recovery during 2009.

The group's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth. The company aims to achieve these goals by opening further offices dependent on market conditions.

POST BALANCE SHEET EVENT

Since the balance sheet date the main stakeholders in the business have agreed a capital reorganisation of the group which aims to realign the group's debt structure with future cashflows, which will leave the group on a sound financial footing.

It is the Directors' intention that, following its restructuring, Foxtons Holdings and its 2 remaining non-trading subsidiaries, will be put into liquidation to complete the restructuring. For this reason alone, the financial statements of the Group, but not the individual companies, have been prepared on the Going Concern basis. All assets have been reflected in the individual accounts at realisable value. As the new Group, which comprises all trade entities within the original Group (albeit under a new parent company) will continue to trade on an ongoing basis, the assets and liabilities in the Group Balance Sheet have not been reclassified as current. This presentation is considered more prudent to the reader of the accounts.

RESULTS AND DIVIDENDS

The loss for the year amounted to £218,393,684. The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

The group's principal financial instruments comprise of bank balances, trade debtors, trade creditors and loans to the group. The main purpose of these instruments is to raise funds for the group's operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

Trade debtors are managed in respect of cash flow risk by policies concerning the regular monitoring of amounts outstanding.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The liquidity risk of loans from financial institutions, shareholders and third parties are managed by ensuring there are sufficient funds available to meet the repayments as they fall due. The interest rate on the loans from financial institutions are variable. The loans from shareholders are fixed rate and are repayable at the end of the loan term. The loans from third parties are fixed rate and are repayable only when certain financial targets have been met.

The interest rate risk of loans is managed by borrowing at fixed and floating rates of interest and makes use of interest rate swaps to generate the desired interest profile and to manage its exposure to interest rate fluctuations.

**FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2008

THE DIRECTORS' REPORT *(continued)*

DIRECTORS

The directors who served the company during the year were as follows

M R Brown
J H Cronly (Resigned 15 December 2009)
J Ogland (Resigned 15 December 2009)
S P Curzio (Resigned 16 December 2009)

Subsequent to the balance sheet date, a corporate director (F a Corp S a r l), registered in Luxembourg) was appointed on 16 December 2009

POLICY ON THE PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is to

- Settle the terms of payment with suppliers when agreeing the terms of each transaction- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts and
- pay in accordance with the company's contractual and other legal obligations

The trade creditor days for the group at the year-end were on average 15 days (2007 27 days) The company had no trade creditors at the year end

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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,
- ☐ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- ☐ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- ☐ there is no relevant audit information of which the group's auditor is unaware, and
- ☐ the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

**FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2008

THE DIRECTORS' REPORT (*continued*)

DISABLED EMPLOYEES

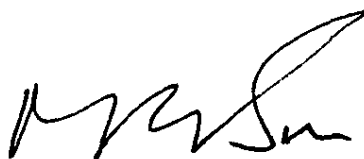
The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Registered office
Building One
Chiswick Business Park
London
W4 5BE

Signed by order of the directors



M BROWN
Director

Approved by the director on 18/02/2010

**FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2008

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
FOXTONS HOLDINGS LIMITED**

We have audited the group and parent company financial statements ("the financial statements") of Foxtons Holdings Limited for the year ended 31 December 2008, which comprise the consolidated profit and loss account, the consolidated balance sheet, the parent company balance sheet, the group cash flow statement and the related notes. These have been prepared on the basis of the accounting policies set out on therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 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 judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

**FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2008

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
FOXTONS HOLDINGS LIMITED (*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 group's and the parent company's affairs as at 31 December 2008 and of the group's 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

18/2/10

10 Orange Street
Haymarket
London
WC2H 7DQ



SHIPLEYS LLP

Chartered Accountants & Registered Auditors

FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

PROFIT AND LOSS ACCOUNT

		Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
GROUP TURNOVER	Note 2	83,827,712	70,463,473
Administrative expenses		(267,332,114)	(66,503,471)
OPERATING (LOSS)/PROFIT	3	(183,504,402)	3,960,002
Attributable to			
Operating (loss)/profit before exceptional items		(13,335,866)	3,960,002
Exceptional items	3	(170,168,536)	-
		(183,504,402)	3,960,002
Interest receivable and similar income		2,867,168	1,545,343
Interest payable and similar charges	6	(38,987,127)	(20,299,332)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(219,624,361)	(14,793,987)
Tax on loss on ordinary activities	7	1,230,676	(76,222)
LOSS FOR THE FINANCIAL YEAR	8	(218,393,685)	(14,870,209)

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the
year as set out above

The company has taken advantage of section 230 of the Companies Act 1985
not to publish its own Profit and Loss Account

The notes on pages 10 to 22 form part of these financial statements

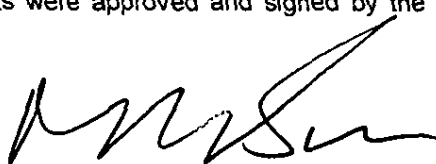
FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

GROUP BALANCE SHEET

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	9	158,806,527	339,317,443
Tangible assets	10	16,116,701	16,771,142
		<u>174,923,228</u>	<u>356,088,585</u>
CURRENT ASSETS			
Debtors	12	15,229,751	16,985,951
Cash at bank and in hand		6,765,641	11,036,263
		<u>21,995,392</u>	<u>28,022,214</u>
CREDITORS Amounts falling due within one year	14	(25,100,998)	(19,977,650)
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,105,606)</u>	<u>8,044,564</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>171,817,622</u>	<u>364,133,149</u>
CREDITORS Amounts falling due after more than one year	15	(375,610,781)	(352,881,636)
PROVISIONS FOR LIABILITIES			
Other provisions	17	(3,544,066)	(195,055)
		<u>(207,337,225)</u>	<u>11,056,458</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	259,267	259,267
Share premium account	22	25,667,400	25,667,400
Profit and loss account	22	(233,263,893)	(14,870,209)
(DEFICIT)/SHAREHOLDERS' FUNDS	23	<u>(207,337,226)</u>	<u>11,056,459</u>

These financial statements were approved and signed by the director and authorised for issue on 18/12/2010

M R BROWN



The notes on pages 10 to 22 form part of these financial statements

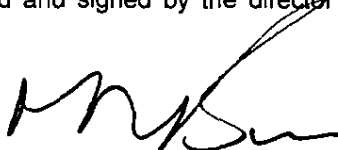
FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

BALANCE SHEET

	Note	2008 £	£	2007 £
FIXED ASSETS				
Investments	11		-	77,160,212
CURRENT ASSETS				
Debtors	12	612,944		630,000
CREDITORS Amounts falling due within one year	14	(287,668)		(48,818)
NET CURRENT ASSETS			325,276	581,182
TOTAL ASSETS LESS CURRENT LIABILITIES			325,276	77,741,394
CREDITORS Amounts falling due after more than one year	15		(55,002,359)	(51,700,820)
			(54,677,083)	26,040,574
CAPITAL AND RESERVES				
Called-up equity share capital	21		259,267	259,267
Share premium account	22		25,667,400	25,667,400
Profit and loss account	22		(80,603,750)	113,907
(DEFICIT)/SHAREHOLDERS' FUNDS			(54,677,083)	26,040,574

These financial statements were approved and signed by the director and authorised for issue on 19/02/2010

M R BROWN



Company Registration Number 06160290

The notes on pages 10 to 22 form part of these financial statements

FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

GROUP CASH FLOW

		Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	Note 24	9,406,806	19,736,128
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24	(11,163,755)	(18,753,989)
TAXATION	24	-	(9,614,310)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	24	(2,723,315)	(337,563,986)
CASH OUTFLOW BEFORE FINANCING		(4,480,264)	(346,196,157)
FINANCING	24	209,642	357,232,421
(DECREASE)//INCREASE IN CASH	24	(4,270,623)	11,036,264

The notes on pages 10 to 22 form part of these financial statements

**FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2008

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The individual accounts have been prepared on a break up basis, instead on a going concern basis. Subsequent to the year end the group was restructured and the company no longer retains ownership of the investment in group undertakings. The company now holds no useful purpose and it is the director's intention to put the company into liquidation to complete the restructuring process.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - Equal instalments over its useful economic life, subject to impairment.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Over the term of the lease
Plant & Machinery	-	20-25% Straight line
Fixtures & Fittings	-	20-25% Straight line
Motor Vehicles	-	25% Straight line

**FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES *(continued)*

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES (*continued*)

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Interest rate swap agreements protect the group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to the profit and loss account.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group. An analysis of turnover is given below.

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
United Kingdom	83,827,712	70,463,473

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting)

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Amortisation of intangible assets	15,986,759	9,484,548
Impairment to intangible assets (included in exceptional expenses)	162,780,865	–
Depreciation of owned fixed assets	2,335,416	1,803,322
Depreciation of assets held under hire purchase agreements	1,103,298	–
(Profit)/Loss on disposal of fixed assets	(63,673)	106,092
Operating lease costs		
- Plant and equipment	9,504	4,181,380
- Other	8,380,122	–
Net loss on foreign currency translation	965	–
Auditor's remuneration - audit of the financial statements	37,676	23,000
Auditor's remuneration - other fees	11,766	10,115
2007 PAYE settlement (exceptional expense)	3,902,206	–
OFT renewals commission case (exceptional expense)	3,485,465	–

Impairment of Goodwill – With the turmoil and uncertainty experienced in the financial and property markets since late 2007 the Directors have reviewed the holding value of goodwill in line with FRS11. It is felt that based on current profitability levels and prudent growth assumptions that a write down of £163m is appropriate.

The 2007 PAYE settlement is the amount payable to HMRC, regarding Staff Overseas Trips Benefits & Staff Entertaining Benefits (dating back from 2001/02) and failures to return Fuel Benefits on P11Ds (dating back from 2003/04).

OFT renewals commission case - These costs relate to a case brought against Foxtons by the OFT that resulted in the court deciding that Foxtons' renewal commission terms were not clear.

**FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2008

3 OPERATING (LOSS)/PROFIT (*continued*)

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Auditor's remuneration - audit of the financial statements	<u>37,676</u>	<u>23,000</u>
Auditor's remuneration - other fees		
- Taxation services	<u>11,766</u>	<u>10,115</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	Year to 31 Dec 08 No	Period from 14 Mar 07 to 31 Dec 07 No
Number of sales staff	662	874
Number of administrative staff	511	655
	<u>1,173</u>	<u>1,529</u>

The aggregate payroll costs of the above were

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Wages and salaries	42,521,435	31,168,770
Social security costs	4,719,302	4,292,346
	<u>47,240,737</u>	<u>35,461,116</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Emoluments receivable	<u>963,674</u>	<u>478,400</u>

Emoluments of highest paid director:

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Total emoluments	<u>650,000</u>	<u>397,150</u>

The prior period emoluments are in respect of the period from 15 June to 31 December 2007

FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Interest payable on bank borrowing	27,679,002	14,719,863
Finance charges	213,833	120,547
Other similar charges payable	11,094,292	5,458,922
	<u>38,987,127</u>	<u>20,299,332</u>

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2007 30%)	(711,599)	60,831
Total current tax	(711,599)	60,831
Deferred tax		
Origination and reversal of timing differences	(519,077)	15,931
Tax on loss on ordinary activities	(1,230,676)	76,222

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2007 30%)

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Loss on ordinary activities before taxation	(219,624,361)	(14,793,987)
Profit/(loss) on ordinary activities by rate of tax	(61,494,821)	(4,438,196)
Expenses not deductible for tax purposes	68,587,626	82,007
Capital allowances for period in excess of depreciation	88,651	(173,080)
Adjustments to tax charge in respect of previous periods	(4,462,531)	-
Tax liability of group companies not relieved by losses	(2,618,477)	4,590,100
Group relief	(812,047)	-
Total current tax (note 7(a))	<u>(711,599)</u>	<u>60,831</u>

FOXTONS HOLDINGS LIMITED
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

8. (LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The (loss)/profit dealt with in the financial statements of the parent company was £(80,603,750) (2007 - £113,907)

9. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 January 2008	348,801,991
Disposals	(1,743,292)
	<u>347,058,699</u>
AMORTISATION	
At 1 January 2008	9,484,548
Charge for the year	178,767,624
	<u>188,252,172</u>
At 31 December 2008	<u>158,806,527</u>
NET BOOK VALUE	
At 31 December 2008	<u>158,806,527</u>
At 31 December 2007	<u>339,317,443</u>

10. TANGIBLE FIXED ASSETS

Group	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Assets in the course of construction £	Total £
COST					
At 1 Jan 2008	11,952,946	13,263,457	2,571,176	1,013,593	28,801,172
Additions	25,786	316,163	1,000,179	2,006,172	3,348,300
Disposals	—	—	(1,266,568)	—	(1,266,568)
Transfers	2,228,314	591,570	—	(2,819,884)	—
	<u>14,207,046</u>	<u>14,171,190</u>	<u>2,304,787</u>	<u>199,881</u>	<u>30,882,904</u>
At 31 Dec 2008	<u>14,207,046</u>	<u>14,171,190</u>	<u>2,304,787</u>	<u>199,881</u>	<u>30,882,904</u>
DEPRECIATION					
At 1 Jan 2008	2,639,102	8,407,028	983,900	—	12,030,030
Charge for the year	1,088,847	1,804,070	545,797	—	3,438,714
On disposals	—	—	(702,538)	—	(702,538)
	<u>3,727,949</u>	<u>10,211,098</u>	<u>827,159</u>	<u>—</u>	<u>14,766,206</u>
At 31 Dec 2008	<u>3,727,949</u>	<u>10,211,098</u>	<u>827,159</u>	<u>—</u>	<u>14,766,206</u>
NET BOOK VALUE					
At 31 Dec 2008	<u>10,479,097</u>	<u>3,960,092</u>	<u>1,477,628</u>	<u>199,881</u>	<u>16,116,698</u>
At 31 Dec 2007	<u>9,313,844</u>	<u>4,856,429</u>	<u>1,587,276</u>	<u>1,013,593</u>	<u>16,771,142</u>

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10 TANGIBLE FIXED ASSETS (*continued*)

Hire purchase agreements

Included within the net book value of £16,116,698 is £3,147,244 (2007 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,103,298 (2007 - £Nil).

11. INVESTMENTS

Company	Shares in Group Companies £	Loans to Group Companies £	Total £
COST			
At 1 January 2008	22,984,414	54,175,798	77,160,212
Additions	-	2,893,724	2,893,724
At 31 December 2008	22,984,414	57,069,522	80,053,936
AMOUNTS WRITTEN OFF			
Written off in year	22,984,414	57,069,522	80,053,936
At 31 December 2008	22,984,414	57,069,522	80,053,936
NET BOOK VALUE			
At 31 December 2008	-	-	-
At 31 December 2007	22,984,414	54,175,598	77,160,212

Following the financial restructuring of the group as detailed in the Director's Report, the company has reviewed its investments in subsidiary companies and has decided to make a provision against the value of these investments as at 31 December 2008.

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
Held by the company				
Foxtons Intermediate Holdings 1 Ltd	England	Ordinary shares	100%	Investment holding company
Held by Foxtons Intermediate Holdings 1 Ltd				
Foxtons Intermediate Holdings 2 Ltd	England	Ordinary Shares	100%	Investment holding company
Held by Foxtons Intermediate Holdings 2 Ltd				
Foxtons Intermediate Holdings 3 Ltd	England	Ordinary Shares	100%	Investment holding company
Held by Foxtons Intermediate Holdings 3 Ltd				
Foxtons Group Ltd	England	Ordinary Shares	100%	Intermediate parent co

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11. INVESTMENTS (continued)

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
Held by Foxtons Group Ltd				
Alexander Hall Associates Ltd	England	Ordinary shares	100%	Mortgage Broker
Foxtons Ltd	England	Ordinary shares	100%	Estate Agency

12 DEBTORS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	9,188,272	12,888,469	-	-
Amounts owed by group undertakings	-	-	612,944	605,000
Other debtors	2,033,987	173,192	-	25,000
Deferred taxation (Note 13)	862,227	343,150	-	-
Prepayments and accrued income	3,145,265	3,581,140	-	-
	<u>15,229,751</u>	<u>16,985,951</u>	<u>612,944</u>	<u>630,000</u>

13 DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Asset brought forward	343,150	-	-	-
Increase in asset	519,077	343,150	-	-
Asset carried forward	<u>862,227</u>	<u>343,150</u>	<u>-</u>	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2008		2007	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of depreciation over taxation allowances	<u>862,227</u>	<u>-</u>	<u>343,150</u>	<u>-</u>

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14 CREDITORS. Amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	1,213,618	2,788,548	—	—
Amounts owed to group undertakings	—	—	287,668	48,818
Hire purchase agreements	1,344,343	1,157,279	—	—
Other creditors	—	—	—	—
Corporation tax	2,095,913	2,807,512	—	—
Other taxation and social security	6,639,495	2,913,373	—	—
Other creditors	15,000	15,000	—	—
Accruals and deferred income	13,792,629	10,295,938	—	—
	<u>25,100,998</u>	<u>19,977,650</u>	<u>287,668</u>	<u>48,818</u>

15. CREDITORS Amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	264,505,158	252,279,271	—	—
Other loans	109,965,822	99,485,142	55,002,359	51,700,820
Hire purchase agreements	1,139,801	1,117,223	—	—
	<u>375,610,781</u>	<u>352,881,636</u>	<u>55,002,359</u>	<u>51,700,820</u>

Loan maturity analysis

Repayable in more than five years	<u>374,470,980</u>	<u>351,764,413</u>	<u>55,002,359</u>	<u>51,700,820</u>
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Bank loans are secured by debentures with a fixed and floating charge over the assets of Foxtons Intermediate Holdings 3 Ltd, Foxtons Limited and Alexander Hall Associates Ltd. These companies have provided cross guarantees over their assets as security against the bank loans.

Other loans amounting to £54,963,463 (2007 £47,784,322) (including accrued interest) are secured by a fixed and floating charge over the assets of Foxtons Intermediate Holdings 1 Ltd.

Bank loans are repayable in stages during 2015 and 2016. Interest is payable on these loans at the rate of LIBOR + mark up as prescribed in the loan agreement.

Loan issue costs of £9,978,607 are accounted for as a reduction in the proceeds of the capital instrument (bank loans). The loan issue costs will be charged to the profit and loss account over the life of the loan.

Other loans are made up as follows:

Loans from shareholders amounting to £54,963,463 (2007 £47,784,322) (including accrued interest) are due repayable in 2017. Interest is payable on this loan at a fixed rate of 15%.

Unsecured Loan notes amounting to £55,002,359 (2007 £51,700,820) (including accrued interest) are repayable at the earlier of the exit date and 2022. Interest is payable on the loan at LIBOR.

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16 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts payable within 1 year	1,344,343	1,157,279	-	-
Amounts payable between 2 to 5 years	1,139,801	1,117,223	-	-
	<u>2,484,144</u>	<u>2,274,502</u>	<u>-</u>	<u>-</u>

17. OTHER PROVISIONS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Other provisions	3,544,066	195,055	-	-
	<u>3,544,066</u>	<u>195,055</u>	<u>-</u>	<u>-</u>

The provision relates to a case brought against Foxtons by the OFT

18 DERIVATIVES

Foxtons Holdings Limited does not hold any financial instruments that are of a derivative nature. Within the group, Foxtons Intermediate Holdings 3 Limited holds interest rate swaps covering debt of £230m at a weighted average cost of 6.2521%. Subsequent to year end, with the substantial fall in the rate of LIBOR, the company decided to close out the swaps which crystallised a cost of £27m. This debt has been included within the subsequent capital reorganisation of the company.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the group had annual commitments under non-cancellable operating leases as set out below

Group	2008		2007	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire				
Within 1 year	319,000	18,560	79,500	507,072
Within 2 to 5 years	246,072	1,840,920	516,072	2,028,288
After more than 5 years	5,263,883	-	4,494,033	-
	<u>5,828,955</u>	<u>1,859,480</u>	<u>5,089,605</u>	<u>2,535,360</u>

20. RELATED PARTY TRANSACTIONS

The company was under the control of CIE Management II Ltd, who was also the ultimate controlling party throughout the current and previous year.

M R Brown (Director) made a loan to Foxtons Intermediate Holdings 1 Limited, amounting to £3,471,559 (2007 £3,018,747) and interest payable for this loan amounted to £490,707 (2007 £247,438) which is due to be repaid in 2017.

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21 SHARE CAPITAL

Authorised share capital.

	2008 £	2007 £
26,666,667 Ordinary shares of 1p each	<u>266,667</u>	<u>266,667</u>

Allotted, called up and fully paid

25,926,667 Ordinary shares of 1p each	<u>259,267</u>	<u>259,267</u>
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22. RESERVES

Group

	Share premium account £	Profit and loss account £
Balance brought forward	25,667,400	(14,870,209)
Loss for the year	—	(218,393,684)
Balance carried forward	<u>25,667,400</u>	<u>(233,263,893)</u>

Company

	Share premium account £	Profit and loss account £
Balance brought forward	25,667,400	113,907
Loss for the year	—	(80,717,657)
Balance carried forward	<u>25,667,400</u>	<u>(80,603,750)</u>

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Loss for the financial year	(218,393,684)	(14,870,209)
New equity share capital subscribed	—	25,926,667
Net (reduction)/addition to shareholders' funds	<u>(218,393,684)</u>	11,056,458
Opening shareholders' funds	11,056,458	—
Closing shareholders' (deficit)/funds	<u>(207,337,226)</u>	<u>11,056,458</u>

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24. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating (loss)/profit	(183,504,402)	3,960,002
Amortisation	178,767,624	9,484,548
Depreciation	3,438,714	1,803,323
(Profit)/Loss on disposal of fixed assets	(63,673)	106,091
PAYE settlement & OFT case	7,387,672	-
Decrease/(increase) in debtors	2,275,277	4,231,386
Increase in creditors	377,152	150,778
Loan cost amortisation	1,124,460	-
Other	(396,019)	-
Net cash inflow from operating activities	<u>9,406,806</u>	<u>19,736,128</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008 £	2007 £
Interest received	2,867,167	1,545,343
Interest paid	(13,817,089)	(20,178,785)
Interest element of hire purchase	(213,833)	(120,547)
Net cash outflow from returns on investments and servicing of finance	<u>(11,163,755)</u>	<u>(18,753,989)</u>

TAXATION

	2008 £	2007 £
Taxation	-	9,614,310

CAPITAL EXPENDITURE

	2008 £	2007 £
Cost of acquisitions	-	(334,128,564)
Payments to acquire tangible fixed assets	(3,313,320)	(4,053,424)
Receipts from sale of fixed assets	590,005	618,002
Net cash outflow from capital expenditure	<u>(2,723,315)</u>	<u>(337,563,986)</u>

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24. NOTES TO THE CASH FLOW STATEMENT (continued)

FINANCING

	2008 £	2007 £
Issue of equity share capital	–	25,926,667
Increase in bank loans	–	232,824,271
Increase in other loans	–	99,485,142
Capital element of hire purchase	209,642	(1,003,659)
Net cash inflow from financing	209,642	357,232,421

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
(Decrease)/increase in cash in the period	(4,270,623)	11,036,263
Net movement in debt	–	(331,305,754)
Acquisition excluding cash and overdraft	–	(22,733,161)
	(4,270,623)	(343,002,652)
Change in net debt	(4,270,623)	(343,002,652)
Net debt at 1 January 2008	(343,002,652)	–
Net debt at 31 December 2008	(347,273,275)	(343,002,652)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2008 £	Non cash movement	Cash flows £	At 31 Dec 2008 £
Net cash				
Cash in hand and at bank	11,036,263	–	(4,270,623)	6,765,640
Debt				
Debt due after 1 year	(351,764,413)	–	–	(351,764,413)
Hire purchase agreements	(2,274,502)	–	–	(2,274,502)
	(354,038,915)	–	–	(354,038,915)
Net debt	(343,002,652)	–	(4,270,623)	(347,273,275)