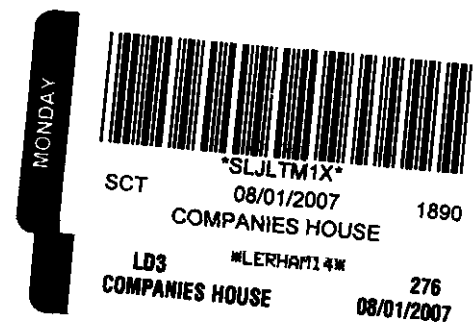


**COMPCO HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2006**  
**Company Number: SC037323**



**COMPCO HOLDINGS LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

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# **COMPCO HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2006**

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The directors present their report and the accounts for the year ended 31 March 2006

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

During the year the company continued its principal activity of holding and managing investments in subsidiary companies involved in property investment and trading. The company's principal source of income is dividends receivable from subsidiaries. The directors consider that the investments performed satisfactorily during the year and that the costs of administration were reasonable in relation to the scale of the group's activities.

The principal risks facing a business such as that of the company are seen as

- (i) a rise in vacancy levels in the investment properties held by subsidiaries. During the year there was a significant reduction in vacancy levels.
- (ii) a rise in interest rates. The group of which the company forms part has taken out a significant level of protection against interest rate increases. Additional hedging has been arranged in connection with the new finance obtained during the year.

### **RESULTS FOR THE YEAR**

The profit for the year after taxation was £22,480,000 (2005 £30,497,000). Interim dividends for the year of £24,000,000 (2005 £28,000,000 as restated) have been paid. No final dividend is proposed.

### **POST BALANCE SHEET EVENTS**

Since the year end the Group purchased the remaining 20% of the issued share capital of Chelsea Harbour Estates Limited.

### **DIRECTORS**

The directors of the company during the year were

B S Anderson  
T S Cole  
S R Collins  
Sir Christopher Howes  
M N Steinberg

The interests of the directors in the shares of the parent company, City & General Securities Limited, are disclosed in the directors' report of that company.

# **COMPCO HOLDINGS LIMITED**

## **DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2006**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 of the company for that year. In preparing those accounts, 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 and explained in the accounts,
- prepare the accounts 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 accounts 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice. So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

### **AUDITORS**

A resolution reappointing Haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985.

**BY ORDER OF THE BOARD ON 9 AUGUST 2006**



**R J De Barr**  
Secretary

**Registered office:**  
Level 4, Saltire Court,  
20 Castle Terrace,  
Edinburgh

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMPCO HOLDINGS LIMITED**

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We have audited the accounts of Compco Holdings Limited for the year ended 31 March 2006 which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes. These accounts have been prepared under 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 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**

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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**

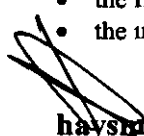
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 the company's affairs as at 31 March 2006 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.

  
**Hays Macintyre**  
Chartered Accountants  
Registered Auditors

**Fairfax House**  
15 Fulwood Place  
London  
WC1V 6AY

9 August 2006

**COMPCO HOLDINGS LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2006**

	Note	2006 £'000	2005 Restated £'000
<b>TURNOVER</b>		1	
Cost of sales			2
<b>GROSS PROFIT</b>		1	2
Administrative expenses		(1,609)	(2,319)
Other operating income	2	8	153
<b>OPERATING LOSS</b>		(1,600)	(2,164)
Dividends receivable		24,000	18,433
Interest receivable	6	75	68
Interest payable	7	(884)	(1,747)
Profit on sale of tangible fixed assets			1
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	21,591	14,591
Taxation	8	889	906
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		22,480	15,497

**COMPCO HOLDINGS LIMITED**

**BALANCE SHEET**

**AS AT 31 MARCH 2006**

		2006		2005 Restated	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	10		84		75
Investments	11		148,077		123,001
			<u>148,161</u>		<u>123,076</u>
<b>CURRENT ASSETS</b>					
Debtors	12	202,130		208,399	
Cash at bank and in hand		14,958		1,600	
		<u>217,088</u>		<u>209,999</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(206,211)</u>		<u>(194,784)</u>	
<b>NET CURRENT ASSETS</b>			<u>10,877</u>		<u>15,215</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>159,038</u>		<u>138,291</u>
<b>Capital and reserves</b>					
Called up share capital	14		7,475		7,475
Share premium account	15(a)		38,719		38,719
Revaluation reserve	15(b)		111,971		89,704
Profit and loss account	15(c)		873		2,393
Equity shareholders' funds	16		<u>159,038</u>		<u>138,291</u>

Approved by the board on 9 August 2006 and signed on its behalf by

Director

# COMPCO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

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### 1. ACCOUNTING POLICIES

#### a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with applicable accounting standards

#### b) Basis of consolidation

The directors have taken the exemption available under Section 228 of the Companies Act 1985 and have not prepared consolidated accounts on the grounds that the company is itself a subsidiary company. The company comparatives have been stated accordingly and the parent company will deliver group accounts

#### c) Cash Flow Statement

As permitted by Financial Reporting Standard number 1 no cash flow statement has been prepared since that information is adequately reflected in the group cash flow statement included in the accounts of the parent company during the year, City and General Securities Limited

#### d) Rental income

Rents are accounted for on a receivable basis, all rental income arose in the United Kingdom

#### e) Property expenses

Expenditure on properties is charged to cost of sales as incurred

#### f) Interest charges

Interest is charged to the profit and loss account as incurred

#### g) Finance issue costs

Finance issue costs are amortised over the life of the associated loans under the classification of interest charges

#### h) Investment Properties

In accordance with Statement of Standard Accounting Practice No 19 no amortisation is provided on freehold and long leasehold investment properties. The directors consider that although this represents a departure from the requirements of the Companies Act 1985 for all investment properties to be depreciated, this policy results in the financial statements giving a true and fair view. Amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

#### i) Other Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at costs or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows

Computer and IT equipment	25% reducing balance
Other fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

#### j) Investments

Investments in subsidiaries are stated on the basis of the net asset value to the parent company

#### k) Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date

#### l) Current taxation

Current tax in respect of the sale of investment properties is charged to the profit and loss account in respect of the taxation of any surplus over book value and direct to the statement of total recognised gains and losses in respect of any taxation in excess of book value over historical cost

**COMPCO HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2006**

**1. ACCOUNTING POLICIES (continued)**

**m) Operating leases**

The cost to the Company of operating lease incentives, such as rent free years, are recognised on a straight line basis over either the lease term or, if shorter, the year ending on the date from which the prevailing market rental will become payable under the lease, in accordance with UITF 28

**n) Prior year adjustment**

The adoption of FRS 21 has resulted in a change in accounting policy for dividends. Dividends payable by the Company are now recorded as a liability following a dividend declaration by the Board and therefore the interim dividend approved since the year end has not been recorded as a liability of the Company as at 31 March 2006. In previous financial statements, dividends declared were recognised in respect of the period to which they related.

The Profit and Loss Account for the period ended 31 March 2005 has been restated to show dividends receivable of £18.4m (previously £33.4m) and dividends payable of £28m (previously £43m). The proposed interim dividends receivable and payable for 2005 each of £15m are now recognised in the 2006 accounts and as such shareholders' funds are unaffected as at 31 March 2005.

<b>2. OTHER OPERATING INCOME</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>

Other income	8	153
	<u>          </u>	<u>          </u>

<b>3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>

The profit on ordinary activities before taxation is stated after charging

Operating lease rentals – land and buildings	41	106
Depreciation of owned assets	14	10
	<u>          </u>	<u>          </u>

<b>4. STAFF COSTS</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>

Wages and salaries (including directors)	629	637
Social security costs	54	161
Other pension costs	5	—
	<u>          </u>	<u>          </u>
	688	798
	<u>          </u>	<u>          </u>

The average number of full time persons employed (including executive directors) during the year, analysed by category, was as follows

	<b>Number of Employees</b>
	<b>2006                      2005</b>
Property investment and trading	8                      8
	<u>                          </u> <u>                          </u>

<b>5. DIRECTORS' EMOLUMENTS</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>

Fees	25	25
	<u>          </u>	<u>          </u>

Emoluments in respect of the highest paid director are	25	25
	<u>          </u>	<u>          </u>

No pension contributions are made in respect of Directors

**COMPCO HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2006**

<b>6. INTEREST RECEIVABLE</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Other interest	75	68
	<u>          </u>	<u>          </u>
<b>7. INTEREST PAYABLE</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to group undertaking	884	1,747
	<u>          </u>	<u>          </u>
<b>8. TAXATION</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
(a) Analysis of credit for year		
Current Tax		
UK corporation tax credit on profit for the year at 30%	900	1,033
Adjustment in respect of prior years	(11)	(127)
	<u>          </u>	<u>          </u>
	889	906
Deferred Tax		
Origination and reversal of timing differences		
	<u>          </u>	<u>          </u>
Tax credit on profit on ordinary activities	889	906
	<u>          </u>	<u>          </u>
(b) Factors affecting tax credit for year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%)		
The differences are explained below		
Profit on ordinary activities before tax	21,591	14,591
	<u>          </u>	<u>          </u>
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30%	6,477	4,377
Effects of		
Expenses not deductible for tax purposes	2	3
Capital allowances in excess of depreciation	1	17
Interest timing differences	(180)	228
Losses brought forward		(129)
Dividends receivable	(7,200)	(5,530)
Adjustment in respect of prior years	11	127
	<u>          </u>	<u>          </u>
Current tax credit for year (note 9 (a))	(889)	(906)
	<u>          </u>	<u>          </u>
<b>9. DIVIDENDS</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>restated</b>
		<b>£'000</b>
Equity dividends on ordinary shares		
Interims paid 64p per share (2005 75p)	24,000	28,000
	<u>          </u>	<u>          </u>

An interim dividend of £25.5m has been paid since the year end and will be recognised in the year ended 31 March 2007

**COMPCO HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2006**

<b>10. TANGIBLE FIXED ASSETS</b>	<b>Fixtures &amp; fittings £'000</b>
<b>Cost</b>	
At 1 April 2005	85
Additions	22
At 31 March 2006	107
<b>Depreciation</b>	
At 1 April 2005	9
Charge for year	14
Eliminated on disposal	
At 31 March 2006	23
<b>Net book value</b>	
At 31 March 2006	84
At 31 March 2005	75
<b>11. INVESTMENTS</b>	<b>Investment in subsidiary Undertakings £'000</b>
At 1 April 2005	123,001
Additions	2,809
Revaluation	22,267
At 31 March 2006	148,077
On the historical cost basis investments would be included at	
Cost	34,905
Provision for diminution in value	(1,332)
	33,573

**COMPCO HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2006**

**11. INVESTMENTS (continued)**

**Principal investments**

The Company has investments in the following subsidiary undertakings, all of which are registered in England and Wales. To avoid a statement of excessive length, details of investments that are not significant have been omitted.

	<b>Principal activity</b>	<b>Holding</b>	<b>%</b>
Cadogan Properties Limited *	Property investment	ordinary 50p shares	100
Chelsea Harbour Limited*	Property investment and Development	ordinary £1 shares	80
Compco Camden Limited	Property investment	ordinary £1 shares	100
Haigside Limited	Property dealing and investment	ordinary 10p shares	100
Seymour Development Limited	Property investment	ordinary £1 shares	100
		6% non cumulative £1 preference shares	
Terrington Properties Limited	Property investment	ordinary £1 shares	100

\* Not held directly by Compco Holdings Limited

**12. DEBTORS**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>restated £'000</b>
Due within one year		
Amounts owed by subsidiary companies	202,116	207,132
Other debtors	3	220
Prepayments and accrued income	11	14
Corporation tax		1,033
	<u>202,130</u>	<u>193,399</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Other taxation and social security	31	40
Other creditors	1	71
Amounts owed to subsidiary companies	206,053	194,454
Amounts owed to joint venture	49	49
Accruals and deferred income	77	170
	<u>206,211</u>	<u>194,784</u>

**COMPCO HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2006**

<b>14. SHARE CAPITAL</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
49,000,000 (2005 49,000,000) Ordinary shares of 20p each	9,800	9,800
	<u>          </u>	<u>          </u>
Allotted, issued and fully paid		
37,376,123 (2005 37,376,123) Ordinary shares of 20p each	7,475	7,475
	<u>          </u>	<u>          </u>
<b>15. RESERVES</b>		<b>2006</b>
		<b>£'000</b>
(a) Share premium account		
At 1 April 2005 and at 31 March 2006		38,719
		<u>          </u>
(b) Revaluation reserve		
At 1 April 2005		89,704
Surplus on revaluation of investments		22,267
		<u>          </u>
At 31 March 2006		111,971
		<u>          </u>
(c) Profit and loss account		
At 1 April 2005		2,393
Profit for the year		22,480
Dividend paid		(24,000)
		<u>          </u>
At 31 March 2006		873
		<u>          </u>
<b>16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	22,480	15,497
Dividend paid	(24,000)	(28,000)
Surplus/(deficit) on revaluation of investments	22,267	(26,668)
	<u>          </u>	<u>          </u>
Net increase/(decrease) in shareholders funds	20,747	(39,171)
Opening shareholders' funds	138,291	177,462
	<u>          </u>	<u>          </u>
Closing shareholders' funds	159,038	138,291
	<u>          </u>	<u>          </u>
<b>17. ULTIMATE CONTROLLING PARTIES</b>		

The largest and smallest group into which the company is consolidated is City & General Securities Limited which is registered in England and Wales. Group financial statements for City & General Securities Limited are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Cardiff, CF14 3UZ. The company is ultimately controlled by the directors.

# COMPCO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 MARCH 2006

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#### 18. CONTINGENT LIABILITIES

There are cross guarantees in respect of bank borrowings of the ultimate parent undertaking. The borrowings are secured by a fixed and floating charge over the property and assets of Compco Holdings Limited. At 31 March 2006 those borrowings amounted to £62,747,040.

#### 19. FINANCE COMMITMENTS

Annual commitments under non cancellable operating leases are as follows

	Land and Buildings	
	2006 £'000	2005 £'000
Expiry date		
Between two and five years		
More than five years	37	41

#### 20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Section 3c of Financial Reporting Standard No. 8 and has not disclosed any intra group related party transactions.

#### 21. POST BALANCE SHEET EVENTS

On 29 June 2006, the Company purchased the remaining 20% of the issued share capital of Chelsea Harbour Estates Limited for a total consideration of £5.9m.