

**HENRY DAVIES (HOLBORN) LIMITED**

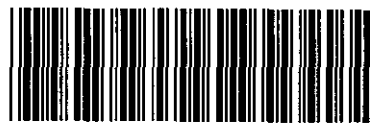
Company No: 501607

**FINANCIAL STATEMENTS**

**for the year ended**

**31 MARCH 2006**

WEDNESDAY



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31/01/2007

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COMPANIES HOUSE

**COHEN ARNOLD  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITORS  
LONDON NW11 0PU**

**HENRY DAVIES (HOLBORN) LIMITED**

**DIRECTORS**

B S E Freshwater  
L Stempel

**SECRETARY**

M R M Jenner F.C.I.S.

**REGISTERED OFFICE**

Freshwater House  
158-162 Shaftesbury Avenue  
LONDON WC2H 8HR

**AUDITORS**

Cohen Arnold  
New Burlington House  
1075 Finchley Road  
LONDON NW11 0PU

**HENRY DAVIES (HOLBORN) LIMITED**  
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**FOR THE YEAR ENDED 31 MARCH 2006**

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# **HENRY DAVIES (HOLBORN) LIMITED**

## **DIRECTORS' REPORT**

The Directors have pleasure in presenting their Annual Report together with the audited Financial Statements of the Company for the year ended 31 March 2006.

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

The principal activity of the Company is investment in listed securities.

Throughout the year the Company has pursued its traditional activities and there has been no significant change in the business, nor is any envisaged in the immediate future.

### **RESULTS AND DIVIDEND**

The results for the year are set out in the attached Financial Statements and Explanatory Notes. An interim dividend of £1,167,000 (2005: £915,000) has been paid. The Directors have proposed a final dividend of £1,206,000 (2005: £1,167,000).

The dividend paid by the Company during the year ended 31st March 2006 has been restated due to the adoption of Financial Reporting Standard 21 "Post Balance Sheet Events". The impact of the accounting change is that dividends are recognised only in the period in which they are declared.

### **INVESTMENTS**

In the light of the overall increase in the quoted price of the shares in Daejan Holdings PLC since acquisition, which comprise the Company's investments, the Directors have decided that they should continue to be included in the Financial Statements at a figure that more accurately reflects their current value. Accordingly, at 31 March 2006, the holding is included at the then middle market price and the increase in value since acquisition has been transferred to Revaluation Reserve.

### **DIRECTORS AND DIRECTORS' INTERESTS**

The Directors who served throughout the year, and who are still in office, are:

Mr B S E Freshwater  
Mr L Stempel

The Articles of Association do not require Directors to retire by rotation.

The Directors do not have Service Contracts, nor do they receive any emoluments from the Company.

The whole of the Issued Share Capital of the Company is owned by Norman Sinclair (Properties) Limited, a wholly-owned subsidiary undertaking of Highdorn Co. Limited, a Company of which Mr B S E Freshwater is also a director and in which he has a non-beneficial interest in fifty shares out of the total issued ordinary share capital of one hundred shares. The Estate of another member of the Freshwater Family is beneficially interested in the remaining fifty shares. Mr L Stempel is also a director of Highdorn Co. Limited but has no interest in its Share Capital.

The Directors do not have any beneficial interest in the Company, the Company's Parent Undertaking or any Subsidiary of the Company's Parent Undertaking.

# **HENRY DAVIES (HOLBORN) LIMITED**

## **DIRECTORS' REPORT**

### **DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing 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, as described on page 8 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Directors must also 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 that 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 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 so far as the Directors are aware:

- 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.

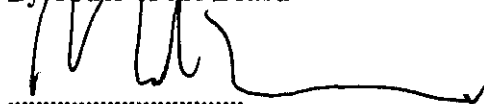
### **TAXATION STATUS**

So far as the Directors are aware, the Company is a "close company" within the meaning of the provisions of Section 414 Taxes Act, 1988.

### **AUDITORS**

A resolution will be proposed at the Annual General Meeting that Messrs Cohen Arnold, Chartered Accountants, are to be reappointed Auditors of the Company and that their remuneration is to be determined by agreement with the Directors.

By Order of the Board



M R M Jenner – Secretary

HEAD OFFICE  
Freshwater House  
158-162 Shaftesbury Avenue  
LONDON WC2H 8HR

22 January 2007

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS**

**- OF -**

### **HENRY DAVIES (HOLBORN) LIMITED**

We have audited the Financial Statements of Henry Davies (Holborn) Limited for the year ended 31st March 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The Financial Statements have been prepared on the basis of 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 THE DIRECTORS AND THE AUDITORS**

The Director's 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 judgments 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.

**INDEPENDENT AUDITORS' REPORT**  
**(Continued)**

**TO THE SHAREHOLDERS**

**- OF -**

**HENRY DAVIES (HOLBORN) LIMITED**

**OPINION**

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 31st March 2006 and of its results 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.



New Burlington House  
1075 Finchley Road  
London NW11 0PU

**COHEN ARNOLD**  
Chartered Accountants and  
Registered Auditors

Our audit was completed on 22 Jun 2007 and our opinion was expressed at that date.

**HENRY DAVIES (HOLBORN) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2006**

|                                                                                    | Note | <u>2006</u><br>£ | <u>2005</u><br>£ |
|------------------------------------------------------------------------------------|------|------------------|------------------|
| Income from Fixed Asset Investments                                                |      |                  |                  |
| Dividends Receivable                                                               |      | 1,179,794        | 1,179,795        |
| Administrative Expenses                                                            | 2    | (935)            | (935)            |
|                                                                                    |      | <hr/>            | <hr/>            |
| <b>OPERATING PROFIT</b>                                                            |      | 1,178,859        | 1,178,860        |
| Interest Payable                                                                   | 3    | (81,318)         | (81,396)         |
| Interest Receivable                                                                |      | 122,245          | 64,728           |
|                                                                                    |      | <hr/>            | <hr/>            |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>                           |      | 1,219,786        | 1,162,192        |
| Taxation                                                                           | 4    | (13,000)         | 5,000            |
|                                                                                    |      | <hr/>            | <hr/>            |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER<br/>TAXATION AND FOR THE FINANCIAL YEAR</b> |      | 1,206,786        | 1,167,192        |
|                                                                                    |      | <hr/>            | <hr/>            |

None of the Company's activities was acquired or discontinued during the financial year nor in the previous year.

The notes on pages 8 to 13 form part of these Financial Statements.

**HENRY DAVIES (HOLBORN) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31 MARCH 2006**

|                                                            | <b><u>2006</u></b> | <b><u>2005</u></b><br><b><u>Restated</u></b> |
|------------------------------------------------------------|--------------------|----------------------------------------------|
|                                                            | <b><u>£</u></b>    | <b><u>£</u></b>                              |
| Retained Profit for the Financial Year                     | 1,206,786          | 1,167,192                                    |
| Unrealised Surplus on Revaluation of<br>Listed Investments | 26,110,215         | 11,604,540                                   |
|                                                            | <hr/>              | <hr/>                                        |
| Total Recognised Gains for the Year                        | 27,317,001         | 12,771,732                                   |
|                                                            | <hr/>              | <hr/>                                        |

**RECONCILIATION OF MOVEMENTS IN**

**CONSOLIDATED SHAREHOLDERS' FUNDS**

**FOR THE YEAR ENDED 31 MARCH 2006**

|                                                           | <b><u>2006</u></b> | <b><u>2005</u></b><br><b><u>Restated</u></b> |
|-----------------------------------------------------------|--------------------|----------------------------------------------|
|                                                           | <b><u>£</u></b>    | <b><u>£</u></b>                              |
| Profit for the Year after Taxation                        | 1,206,786          | 1,167,192                                    |
| Dividends Paid                                            | (1,167,000)        | (915,000)                                    |
| Other Recognised Gains<br>relating to the Year            | 26,110,215         | 11,604,540                                   |
|                                                           | <hr/>              | <hr/>                                        |
| Net Increase in Shareholders' Funds                       | 26,150,001         | 11,856,732                                   |
|                                                           | <hr/>              | <hr/>                                        |
| Equity Shareholders' Funds Brought Forward                | 55,643,261         | 42,871,529                                   |
| Prior year adjustment                                     | -                  | 915,000                                      |
|                                                           | <hr/>              | <hr/>                                        |
| Equity Shareholders' Funds Brought<br>Forward as restated | 55,643,261         | 43,786,529                                   |
|                                                           | <hr/>              | <hr/>                                        |
| Equity Shareholders' Funds Carried Forward                | 81,793,262         | 55,643,261                                   |
|                                                           | <hr/>              | <hr/>                                        |

**HENRY DAVIES (HOLBORN) LIMITED**

**BALANCE SHEET AS AT 31 MARCH 2006**

|                                                       |          | <u>2006</u> |            | <u>2005</u>     |
|-------------------------------------------------------|----------|-------------|------------|-----------------|
|                                                       | Note     | £           | £          | <u>Restated</u> |
|                                                       |          |             | £          | £               |
| <b>FIXED ASSETS</b>                                   |          |             |            |                 |
| Investments                                           | 1, 5 & 9 |             | 82,440,586 | 56,330,371      |
| <b>CURRENT ASSETS</b>                                 |          |             |            |                 |
| Debtors                                               | 6        | 50,295      |            | 52,699          |
| Cash at Bank                                          |          | 3,627,764   |            | 2,319,639       |
|                                                       |          |             |            |                 |
|                                                       |          | 3,678,059   |            | 2,372,338       |
| <b>CREDITORS:</b> Amounts falling due within one year | 7        | (4,325,383) |            | (3,059,448)     |
| <b>NET CURRENT LIABILITIES</b>                        |          |             | (647,324)  | (687,110)       |
| <b>NET ASSETS</b>                                     |          |             | 81,793,262 | 55,643,261      |
| <b>CAPITAL AND RESERVES</b>                           |          |             |            |                 |
| Called up Share Capital                               | 8        |             | 100        | 100             |
| Revaluation Reserve                                   | 9        |             | 80,462,178 | 54,351,963      |
| Other Reserves                                        | 9        |             | 115,254    | 115,254         |
| Profit and Loss Account                               | 9        |             | 1,215,730  | 1,175,944       |
|                                                       |          |             |            |                 |
|                                                       |          |             | 81,793,262 | 55,643,261      |

The Financial Statements were approved by the Board on 22 January 2007 and signed on its behalf by

.....  
**B S E Freshwater - Director**

The notes on pages 8 to 13 form part of these Financial Statements.

**HENRY DAVIES (HOLBORN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2006**

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in the preparation of the Company's Financial Statements.

**1.1 BASIS OF ACCOUNTING**

The financial statements have been prepared under the Historical Cost Convention, with the exception of listed investments which are included at middle market value at 31 March 2006.

**1.2 TAXATION**

**(i) Current:**

Provision is made for consideration payable to or receivable from other Group Undertakings for the surrender of losses under group relief provisions.

**(ii) Deferred:**

The Financial Statements have been prepared in accordance with Financial Reporting Standard 19 (FRS 19), which requires full provision in the accounts to be made for deferred tax on all timing differences with certain exceptions. In accordance with FRS 19, no provision is made for tax on unrealised revaluation surpluses in relation to Listed Investments.

**1.3 FRS 21 – EVENTS AFTER BALANCE SHEET DATE**

During the year the Company adopted FRS 21 Events after the balance sheet date which superseded SSAP17. Under the new standard, final dividends payable are recognised only in the period in which they are declared and therefore become a liability and interim dividends are recognised in the period in which they are paid, whereas under SSAP 17 dividends were accrued for when proposed. This has resulted in an increase of £1,167,000 in retained profit for the year ended 31st March 2005.

**1.4 CASH FLOW STATEMENT**

The company is exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No 1) on the basis of its being a "small company" as defined by Section 247 Companies Act 1985.

**1.5 FINANCIAL INSTRUMENTS**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**HENRY DAVIES (HOLBORN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2006**

**2. ADMINISTRATIVE EXPENSES**

|                        | <b><u>2006</u></b> | <b><u>2005</u></b> |
|------------------------|--------------------|--------------------|
|                        | <b>£</b>           | <b>£</b>           |
| Auditors' Remuneration | 920                | 920                |
| General Expenses       | 15                 | 15                 |
|                        | <hr/>              | <hr/>              |
|                        | 935                | 935                |
|                        | <hr/>              | <hr/>              |

The Directors of the Company received no emoluments from the Company in the year or in the previous year.

Apart from the Directors, there were no other employees of the Company during the year or in the previous year.

**3. INTEREST PAYABLE**

|                                         | <b><u>2006</u></b> | <b><u>2005</u></b> |
|-----------------------------------------|--------------------|--------------------|
|                                         | <b>£</b>           | <b>£</b>           |
| Interest on Loan from Connected Company | 80,800             | 80,800             |
| Bank Interest & Charges                 | 518                | 596                |
|                                         | <hr/>              | <hr/>              |
|                                         | 81,318             | 81,396             |
|                                         | <hr/>              | <hr/>              |

**4. TAXATION**

|                                                               | <b><u>2006</u></b> | <b><u>2005</u></b> |
|---------------------------------------------------------------|--------------------|--------------------|
|                                                               | <b>£</b>           | <b>£</b>           |
| The charge/(credit) in the Profit and Loss Account comprises: |                    |                    |
| Consideration Payable/(Receivable) for Group Relief           | 13,000             | (5,000)            |
|                                                               | <hr/>              | <hr/>              |
| Factors affecting the tax charge for the year:                |                    |                    |
| Profit on Ordinary Activities before Taxation                 | 1,219,786          | 1,162,192          |
|                                                               | <hr/>              | <hr/>              |
| Consideration for Group Relief at the standard rate at 30%    | 365,936            | 348,658            |
|                                                               | <hr/>              | <hr/>              |
| Non-Taxable income                                            | (353,939)          | (353,939)          |
| Other differences                                             | 1,003              | 281                |
|                                                               | <hr/>              | <hr/>              |
|                                                               | 13,000             | (5,000)            |
|                                                               | <hr/>              | <hr/>              |

**HENRY DAVIES (HOLBORN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2006**

**5. INVESTMENTS**

**Listed Investments**

|                                           |            |
|-------------------------------------------|------------|
|                                           | £          |
| Shares at Cost                            | 1,978,408  |
| Revaluation Surplus At 1 April 2005       | 54,351,963 |
|                                           | <hr/>      |
| Shares at Market Value at 1 April 2005    | 56,330,371 |
| Revaluation Surplus for the Year (Note 9) | 26,110,215 |
|                                           | <hr/>      |
| Shares at Market Value at 31 March 2006   | 82,440,586 |
|                                           | <hr/>      |

In the event of a realisation of the Company's Listed Investments at an amount equal to the valuation recorded in the Financial Statements, a liability to corporation tax on chargeable gains would arise, which is estimated at £22,096,000 (2005: £14,324,000) and for which no provision has been made in the Financial Statements in accordance with FRS 19.

**6. DEBTORS**

|                                                           |             |             |
|-----------------------------------------------------------|-------------|-------------|
|                                                           | <u>2006</u> | <u>2005</u> |
|                                                           | £           | £           |
| Amount due from Fellow Subsidiary Undertaking (see below) | 42,800      | 42,800      |
| Consideration Receivable for Group Relief                 | -           | 5,000       |
| Other Debtors                                             | 7,495       | 4,899       |
|                                                           | <hr/>       | <hr/>       |
|                                                           | 50,295      | 52,699      |
|                                                           | <hr/>       | <hr/>       |

The Amount due from Fellow Subsidiary Undertaking is interest free and effectively repayable on demand.

**HENRY DAVIES (HOLBORN) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

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

|                                                           | <b><u>2006</u></b> | <b><u>2005</u></b>     |
|-----------------------------------------------------------|--------------------|------------------------|
|                                                           | <b>£</b>           | <b><u>Restated</u></b> |
|                                                           |                    | <b>£</b>               |
| Amount due to Ultimate Parent Undertaking (see below)     | 1,367,892          | 1,277,877              |
| Amount due to Immediate Parent Undertaking (see below)    | 2,403,147          | 1,240,227              |
| Amounts due to Fellow Subsidiary Undertakings (see below) | 2,001              | 2,001                  |
| Amount due to Connected Company (see below)               | 538,408            | 538,408                |
| Consideration Payable for Group Relief                    | 13,000             | -                      |
| Creditors and Accruals                                    | 935                | 935                    |
|                                                           | <hr/>              | <hr/>                  |
|                                                           | 4,325,383          | 3,059,448              |
|                                                           | <hr/>              | <hr/>                  |

The amounts due to Parent Undertakings and Fellow Subsidiary Undertakings are interest free and effectively repayable on demand.

The amount due to Connected Company represents a loan which bears interest at 15% per annum and is effectively repayable on demand.

**8. CALLED UP SHARE CAPITAL**

|                                    | <b>Number</b> | <b>£</b> |
|------------------------------------|---------------|----------|
| Ordinary Shares of £1 each:        |               |          |
| Authorised, Issued and Fully Paid: |               |          |
| At 31 March 2006 and 2005          | 100           | 100      |
|                                    | <hr/>         | <hr/>    |

**HENRY DAVIES (HOLBORN) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

**9. RESERVES**

|                                                                    | £           | £          |
|--------------------------------------------------------------------|-------------|------------|
| <b>Revaluation Reserve</b>                                         |             |            |
| At 1 April 2005                                                    |             | 54,351,963 |
| Surplus Revaluation of Listed<br>Investments for the Year (Note 5) |             | 26,110,215 |
|                                                                    |             | <hr/>      |
| At 31 March 2006                                                   |             | 80,462,178 |
| <b>Other Reserves - Capital Reserve</b>                            |             |            |
| At 31 March 2006 and 2005                                          |             | 115,254    |
| <b>Profit and Loss Account</b>                                     |             |            |
| At 31 March 2005                                                   | 8,944       |            |
| Prior Year Adjustment                                              | 1,167,000   |            |
|                                                                    | <hr/>       |            |
| At 31 March 2005 as restated                                       | 1,175,944   |            |
| Retained Profit for the Year                                       | 1,206,786   |            |
| Less: Dividends Paid in the Year                                   | (1,167,000) |            |
|                                                                    | <hr/>       |            |
| At 31 March 2006                                                   |             | 1,215,730  |
|                                                                    |             | <hr/>      |
| Total Reserves and Retained Earnings<br>at 31 March 2006           |             | 81,793,162 |
|                                                                    |             | <hr/>      |

**HENRY DAVIES (HOLBORN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2006**

**10. CONTINGENT LIABILITIES**

The Company and a Subsidiary Undertaking have given an unlimited guarantee to the bankers of its Ultimate Parent Undertaking, Highdorn Co. Limited, in respect of which the amount outstanding at 31st March 2006 was £Nil (2005: £Nil). The aforementioned guarantee is in support of an unlimited guarantee given by Highdorn Co. Limited for bank loan and overdraft facilities granted to the following:

|                                     | <u>2006</u><br>£ | <u>2005</u><br>£ |
|-------------------------------------|------------------|------------------|
| Companies connected with a director | 84,081           | 128,475          |
| Third Parties                       | 107,468          | 3,899            |
|                                     | <hr/>            | <hr/>            |
|                                     | 191,549          | 132,374          |
|                                     | <hr/>            | <hr/>            |

**11. ULTIMATE PARENT UNDERTAKING AND CONTROL**

The Company is controlled by its Ultimate Parent Undertaking, Highdorn Co. Limited, a Company incorporated in England. Highdorn Co. Limited does not have a controlling party.