

HENRY DAVIES (HOLBORN) LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 MARCH 2007

COMPANY REGISTRATION NUMBER 501607

FRIDAY



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COMPANIES HOUSE

COHEN ARNOLD
Chartered Accountants & Registered Auditors
New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

HENRY DAVIES (HOLBORN) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

CONTENTS	PAGE
Officers and Professional Advisers	1
The Directors' Report	2
Independent Auditor's Report to the Shareholders	5
Profit and Loss Account	7
Statement of Total Recognised Gains and Losses	8
Reconciliation of Movements in Shareholders' Funds	8
Balance Sheet	9
Notes to the Financial Statements	10

HENRY DAVIES (HOLBORN) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The directors

B S E Freshwater
L Stempel

Company secretary

M R M Jenner F C I S

Registered office

Freshwater House
158 - 162 Shaftesbury Avenue
London
NW11 0PU

Auditor

Cohen Arnold
Chartered Accountants
& Registered Auditors
New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

HENRY DAVIES (HOLBORN) LIMITED

THE REPORT OF THE DIRECTORS

YEAR ENDED 31 MARCH 2007

The Directors have pleasure in presenting their report and the Financial Statements of the Company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year 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

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 which more accurately reflects their current value

Accordingly, at 31 March 2007, the holding is included at the then middle market price and the increase in value since acquisition has been transferred to Revaluation reserve

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,335,013 Particulars of dividends paid are detailed in note 7 to the Financial Statements

DIRECTORS

The Directors who served the Company during the year were as follows

B S E Freshwater
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

DIRECTORS' INTERESTS

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
THE REPORT OF THE DIRECTORS *(continued)*
YEAR ENDED 31 MARCH 2007

RESPONSIBILITIES OF THE DIRECTORS

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 of the profit or loss of the Company for that period. In preparing these 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,
- 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 enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware

- there is no relevant audit information of which the Company'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.

CLOSE COMPANY PROVISIONS

In the opinion of the Directors, the Company is a close Company within the meaning of S 414 Income and Corporation Taxes Act, 1988 (as amended).

HENRY DAVIES (HOLBORN) LIMITED
THE REPORT OF THE DIRECTORS *(continued)*
YEAR ENDED 31 MARCH 2007

AUDITOR

A resolution to re-appoint Cohen Arnold as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office
Freshwater House
158 - 162 Shaftesbury Avenue
London
NW11 0PU

Signed by order of the Directors

A handwritten signature in black ink, appearing to be 'M R M Jenner', followed by a long horizontal line ending in a small checkmark.

M R M JENNER F C I S
Company Secretary

Approved by the Directors on 3 January 2008

HENRY DAVIES (HOLBORN) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HENRY DAVIES (HOLBORN) LIMITED
YEAR ENDED 31 MARCH 2007

We have audited the Financial Statements of Henry Davies (Holborn) Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds, Balance Sheet and the related notes. These Financial Statements have been prepared on the basis of the accounting policies set out 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 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.

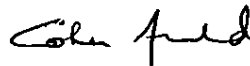
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

HENRY DAVIES (HOLBORN) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HENRY DAVIES (HOLBORN) LIMITED *(continued)*
YEAR ENDED 31 MARCH 2007

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 2007 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



COHEN ARNOLD
Chartered Accountants
& Registered Auditors

New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

3 January 2008

HENRY DAVIES (HOLBORN) LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2007**

	Note	2007 £	2006 £
Income From Fixed Asset Investments	2	1,257,158	1,179,794
Administrative Expenses		(935)	(935)
OPERATING PROFIT	3	1,256,223	1,178,859
Interest Receivable		193,141	122,245
Interest Payable and Similar Charges	5	(81,351)	(81,318)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,368,013	1,219,786
Tax on Profit on Ordinary Activities	6	(33,000)	(13,000)
PROFIT FOR THE FINANCIAL YEAR		1,335,013	1,206,786

All of the activities of the Company are classed as continuing

The notes on page 7 form part of these Financial Statements

HENRY DAVIES (HOLBORN) LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2007

	2007 £	2006 £
Profit for the Financial Year Attributable to the Shareholders	1,335,013	1,206,786
Unrealised Profit on Revaluation of Listed Investments	<u>19,679,366</u>	<u>26,110,215</u>
Total Gains and Losses Recognised Since the Last Annual Report	<u>21,014,379</u>	<u>27,317,001</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	1,335,013	1,206,786
Equity dividends paid	(1,206,000)	(1,167,000)
Revaluation of Listed Investments	<u>19,679,366</u>	<u>26,110,215</u>
Net addition to shareholders' funds	19,808,379	26,150,001
Opening shareholders' funds	<u>81,793,262</u>	<u>55,643,261</u>
Closing shareholders' funds	<u>101,601,641</u>	<u>81,793,262</u>

The notes on page 8 form part of these Financial Statements

HENRY DAVIES (HOLBORN) LIMITED

BALANCE SHEET

31 MARCH 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Investments	8	102,119,952	82,440,586
CURRENT ASSETS			
Debtors	9	81,240	50,295
Cash at Bank		4,575,767	3,627,764
		<u>4,657,007</u>	<u>3,678,059</u>
CREDITORS: Amounts falling due within one year	10	<u>(5,175,318)</u>	<u>(4,325,383)</u>
NET CURRENT LIABILITIES		<u>(518,311)</u>	<u>(647,324)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>101,601,641</u>	<u>81,793,262</u>
CAPITAL AND RESERVES			
Called-Up Equity Share Capital	11	100	100
Revaluation Reserve	12	100,141,544	80,462,178
Other Reserves	13	115,254	115,254
Profit and Loss Account	14	1,344,743	1,215,730
SHAREHOLDERS' FUNDS		<u>101,601,641</u>	<u>81,793,262</u>

These Financial Statements were approved by the Directors and authorised for issue on 3 January 2008, and are signed on their behalf by


B S E FRESHWATER
Director

The notes on page 9 form part of these Financial Statements.

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

Basis of accounting

The Financial Statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

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

Related parties transactions

The company has taken advantage of the exemption in FRS 8 Related Party Disclosures in order to dispense with the requirement to disclose transactions with other Highdorn Co Limited group companies

Income from fixed asset investments

Income from fixed asset investments represents dividends received during the year

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

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

2. INCOME FROM FIXED ASSET INVESTMENTS

Income from fixed asset investments represents dividends received during the year

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

3. OPERATING PROFIT

Operating profit is stated after charging

	2007 £	2006 £
Auditor's remuneration		
- as auditor	<u>920</u>	<u>920</u>

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the Directors, during the year

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Interest payable on bank borrowing	551	518
Other similar charges payable	<u>80,800</u>	<u>80,800</u>
	<u>81,351</u>	<u>81,318</u>

Other similar charges payable relate to interest on a loan from a connected company

6. TAXATION ON ORDINARY ACTIVITIES TAXATION

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
Corporation tax	-	-
Consideration Payable for Group Relief	<u>33,000</u>	<u>13,000</u>
Total current tax	<u>33,000</u>	<u>13,000</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>1,368,013</u>	<u>1,219,786</u>
Profit on ordinary activities at the standard rate at 30% (2006 - 30%)	410,404	365,936
Non - taxable income	(377,147)	(353,939)
Other differences	<u>(257)</u>	<u>1,003</u>
Total current tax (note 6(a))	<u>33,000</u>	<u>13,000</u>

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

7. DIVIDENDS

Equity dividends

	2007 £	2006 £
Paid during the year		
Equity dividends	<u>1,206,000</u>	<u>1,167,000</u>
Proposed after the year-end (not recognised as a liability)		
Equity dividends	<u>1,335,000</u>	<u>1,206,000</u>

8. INVESTMENTS

Listed Investments

	£
COST OR VALUATION	
At 1 April 2006	82,440,586
Revaluations	<u>19,679,366</u>
At 31 March 2007	<u>102,119,952</u>
NET BOOK VALUE	
At 31 March 2007	<u>102,119,952</u>
At 31 March 2006	<u>82,440,586</u>

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 £ 27,877,000 (2006 £ 22,096,000) and for which no provision has been made in the Financial Statements in accordance with FRS 19

9. DEBTORS

	2007 £	2006 £
Amounts owed by group undertakings	42,800	42,800
Prepayments and accrued income	<u>38,440</u>	<u>7,495</u>
	<u>81,240</u>	<u>50,295</u>

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

10. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Amounts owed to group undertakings	4,602,975	3,773,040
Consideration payable for group relief	33,000	13,000
Amount owed to connected company	538,408	538,408
Accruals and deferred income	935	935
	<u>5,175,318</u>	<u>4,325,383</u>

Amount owed to connected company represents a loan which bears interest at 15% per annum and is effectively repayable on demand

11. SHARE CAPITAL

Authorised share capital:

	2007 £	2006 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

12. REVALUATION RESERVE

	2007 £	2006 £
Balance brought forward	80,462,178	54,351,963
Revaluation of Listed Investments	19,679,366	26,110,215
Balance carried forward	<u>100,141,544</u>	<u>80,462,178</u>

13. OTHER RESERVES

	2007 £	2006 £
Capital reserve	<u>115,254</u>	<u>115,254</u>

14. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward	1,215,730	1,175,944
Profit for the financial year	1,335,013	1,206,786
Equity dividends paid	(1,206,000)	(1,167,000)
Balance carried forward	<u>1,344,743</u>	<u>1,215,730</u>

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007

15. 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 2007 was £Nil (2006 £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

	2007	2006
	£	£
Companies connected with a director	94,577	84,081
Third Parties	74,215	107,468
	<u>168,792</u>	<u>191,549</u>

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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