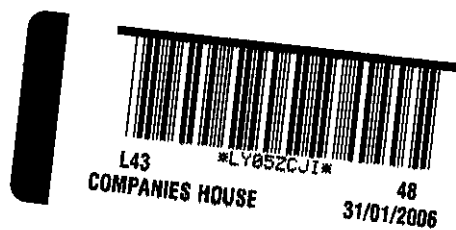


Company Registration No. 1122 (England and Wales)

BTR PROPERTY HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



BTR PROPERTY HOLDINGS LIMITED

COMPANY INFORMATION

Directors

D J Thomas
T R Traherne-Williams
V M Hull (Appointed 1 January 2006)

Secretary

Invensys Secretaries Limited

Company number

1122

Registered office

Portland House
Bressenden Place
London
SW1E 5BF

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BTR PROPERTY HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

BTR PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

Principal activities and review of the business

The principal activity of the Company continued to be that of a property lease holding company. The directors do not expect any change in the principal activity during the next financial year.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend (2004: £nil).

Directors

The following directors have held office since 1 April 2004:

J R W Clayton	(Resigned 31 December 2005)
D J Thomas	
T R Traherne-Williams	
A L Fenton	(Resigned 19 August 2004)
V M Hull	(Appointed 1 January 2006)

Directors' interests

None of the directors had any beneficial interest in the shares of the Company.

At 31 March 2005 J R W Clayton and D J Thomas were directors of BTR Industries Limited, the immediate parent undertaking and, as such their beneficial interests in the ordinary shares of Invensys plc are disclosed in the accounts of that company.

The interests of the other director in the share capital of Invensys plc are set out below:

Share options

	Option type	At 1 April 2004*	Granted	Exercised/ released	Lapsed	At 31 March 2005
T R Traherne-Williams	Executive	48,255	-	-	-	48,255
	SAYE	10,953	-	-	(10,953)	-

*or, if later, at date of appointment.

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Ernst & Young LLP, will be deemed to be reappointed for each succeeding financial year.

BTR PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2005**

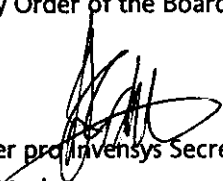
Directors' responsibilities in respect of the preparation of the financial statements

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 period. 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 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 Company will continue in business.

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

By Order of the Board



Per pro Invenys Secretaries Limited
Secretary
Portland House
Bressenden Place
London SW1E 5BF

31 January 2006

BTR PROPERTY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BTR PROPERTY HOLDINGS LIMITED

We have audited the Company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. 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 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 auditors' 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 'Directors' responsibilities in respect of the preparation of the financial statements' the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the Company 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 United Kingdom Auditing Standards 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.

BTR PROPERTY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF BTR PROPERTY HOLDINGS LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

1 More London Place

London

SE1 2AF

31 January 2006

BTR PROPERTY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

		2005	2004
	Notes	£'000	£'000
Turnover	2	2,584	3,778
Administrative expenses		(1,156)	(573)
Other operating expenditure		(7,491)	(7,949)
Other operating income		34	40
Operating loss	3	(6,029)	(4,704)
Interest receivable and similar income	4	7	7
Loss on ordinary activities before taxation		(6,022)	(4,697)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	11	(6,022)	(4,697)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 7 - 14 form part of the financial statements.

BTR PROPERTY HOLDINGS LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

		2005		2004	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6		907		943
Current assets					
Debtors	7	1,561		51,660	
Cash at bank and in hand		371		809	
		<u>1,932</u>		<u>52,469</u>	
Creditors: amounts falling due within one year	8	<u>(23,017)</u>		<u>(66,071)</u>	
Net current liabilities			<u>(21,085)</u>		<u>(13,602)</u>
Total assets less current liabilities			<u>(20,178)</u>		<u>(12,659)</u>
Provisions for liabilities and charges	9		<u>(4,766)</u>		<u>(6,263)</u>
			<u>(24,944)</u>		<u>(18,922)</u>
Capital and reserves					
Called up share capital	10		500		500
Profit and loss account	11		<u>(25,444)</u>		<u>(19,422)</u>
Shareholders' funds - equity interests	12		<u>(24,944)</u>		<u>(18,922)</u>

The financial statements were approved by the Board on 31 January 2006 and signed on its behalf by:



T R Traherne-Williams
Director

The notes on pages 7 - 14 form part of the financial statements.

BTR PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with all applicable UK accounting standards. The policies are consistent with the previous year.

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 'Cash Flow Statements' (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Invensys plc, a listed company that prepares a consolidated cash flow statement for the Invensys group.

1.2 Going concern

The terms of intercompany financing have been set so that no intercompany liability may be demanded unless the relevant creditor, including the Company, has sufficient funds to meet that liability. Accordingly, the Company does not have to meet all such liabilities as they fall due.

The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are depreciated to their residual values on a straight-line basis over their estimated useful lives at the following rates applied to original cost or subsequent valuation:

Freehold land	Nil
Freehold and long leasehold buildings	2% or remaining useful life if less than 50 years
Short leasehold buildings	Remaining lease period

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

BTR PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

(continued)

1.5 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 tax, in the future, with the following exceptions:

- Provision is made for tax on gains arising from fair value adjustments of fixed assets, or 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.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured 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. Deferred tax balances are not discounted.

2 Turnover

Turnover is all attributable to the same class of business-that of a property holding company. Turnover, which is stated net of value added tax, represents amounts invoiced of rents and services in the United Kingdom.

BTR PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

3	Operating loss	2005	2004
		£'000	£'000
	Operating loss is stated after charging:		
	Depreciation of tangible assets	36	36
	Operating lease rentals	3,273	3,633
	Auditors' remuneration	-	38
	Release of provision for lease shortfalls	(48)	(815)
	Increase in provision for lease shortfalls	-	73
	Surrender of property leases	2,171	3,320

The auditors' remuneration is borne by the Company's ultimate parent undertaking.

4	Interest receivable and similar income	2005	2004
		£'000	£'000
	Interest receivable on bank balances	(7)	(7)

BTR PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

5 Taxation

	2005	2004
(i) Analysis of tax charge	£'000	£'000
Current tax charge	-	-
(ii) Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(6,022)	(4,697)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	(1,807)	(1,409)
Effects of:		
Origination and reversal of timing differences	(133)	(6)
Losses surrendered to other group companies without charge	5	400
Other permanent differences	1,935	1,015
	1,807	1,409
Current tax charge	-	-
(iii) Deferred tax not provided	2005	2004
	£'000	£'000
Accelerated capital allowances	(67)	(62)
Short term timing differences	-	251
Losses	2,173	2,173
	2,106	2,362

No deferred tax assets have been recognised as there is not considered to be suitable taxable profits, against which it is more likely than not, that the underlying timing differences can be deducted.

(iv) Factors that may affect future tax charges

As a UK resident company in the Invensys plc group the Company is eligible to surrender UK group relief to, or claim UK group relief from, other Invensys plc group companies. These claims and/or surrenders may be made with or without charge.

BTR PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

6 Tangible fixed assets

	Freehold land and buildings £'000
Cost	
At 1 April 2004 and 31 March 2005	1,448
Depreciation	
At 1 April 2004	505
Charge for the year	36
At 31 March 2005	541
Net book value	
At 31 March 2005	907
At 31 March 2004	943

The net book value of land and buildings at 31 March comprises:

	£'000
2004	
Freehold	737
Long Leasehold	206
	943
2005	
Freehold	709
Long Leasehold	198
	907

BTR PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

7 Debtors	2005	2004
	£'000	£'000
Trade debtors	133	209
Amounts owed by parent and fellow subsidiary undertakings	1,016	50,094
Other debtors	173	444
Prepayments and accrued income	239	913
	<u>1,561</u>	<u>51,660</u>
8 Creditors: amounts falling due within one year	2005	2004
	£'000	£'000
Amounts owed to parent and fellow subsidiary undertakings	22,534	63,773
Other creditors	340	1,572
Accruals and deferred income	143	726
	<u>23,017</u>	<u>66,071</u>
9 Provisions for liabilities and charges		Total
		£'000
Balance at 1 April 2004		6,263
Released in year		(48)
Utilised in year		(1,449)
Balance at 31 March 2005		<u>4,766</u>
A provision is recognised for onerous lease rentals in respect of certain sub-let and vacant properties. It is expected costs will be incurred evenly over the remaining life of the various operating leases		
10 Share capital	2005	2004
	£'000	£'000
Authorised		
1,250,000 ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>

BTR PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

11 Reserves

	Profit and loss account £'000
Balance at 1 April 2004	(19,422)
Retained loss for the year	(6,022)
Balance at 31 March 2005	<u>(25,444)</u>

12 Reconciliation of movements in shareholders' deficit

	2005 £'000	2004 £'000
Loss for the financial year	(6,022)	(4,697)
Opening shareholders' deficit	<u>(18,922)</u>	<u>(14,225)</u>
Closing shareholders' deficit	<u>(24,944)</u>	<u>(18,922)</u>

13 Financial commitments

At 31 March 2005 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005 £'000	2004 £'000
Expiry date:		
Within one year	-	664
Between two and five years	-	414
In over five years	1,511	2,077
	<u>1,511</u>	<u>3,155</u>

14 Directors' emoluments

None of the directors received any emoluments from the Company during the year (2004: £nil).

BTR PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

15 Employees

Number of employees

The average monthly number of employees during the year was:

	2005 Number	2004 Number
Finance and administration	-	4

Employment costs

	£'000	£'000
Wages and salaries	-	260
Social security costs	-	31

16 Immediate and ultimate parent undertaking

The immediate parent Company is BTR Industries Limited, a company registered in England and Wales, and the ultimate parent Company is Invensys plc, a company registered in England and Wales.

The only group preparing consolidated group financial statements which include the Company is Invensys plc. Copies of the financial statements of Invensys plc can be obtained from the Company Secretarial Department, Invensys plc, Portland House, Bressenden Place, London SW1E 5BF.

17 Related party transactions

As the Company is a wholly owned subsidiary undertaking of Invensys plc, a company registered in England and Wales, which publishes consolidated accounts, the Company has pursuant to paragraph 17 of Financial Reporting Standard No 8: Related Party Disclosures (FRS 8) not included details of transactions with other companies which are subsidiaries of the Invensys Group. There are no other related party transactions.

Disclosure of directors' interest in the shares of the Company and Invensys plc is made in the Directors' Report.