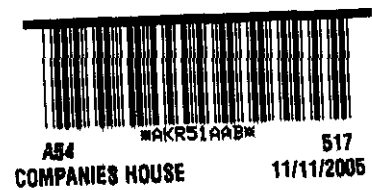


**JARVIS PORTER (PROPERTY HOLDINGS)
LIMITED**

Report and Financial Statements

28 February 2005

**Deloitte & Touche LLP
Leeds**



JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S J Bannister
P Corke

SECRETARY

S J Bannister

REGISTERED OFFICE

Darby House
Sunningdale Road
Scunthorpe
North Lincs
DN17 2SS

BANKERS

Royal Bank of Scotland
Corporate Banking - East Midlands
P O Box 7895
Cumberland Place
Nottingham
NG1 7ZS

AUDITORS

Deloitte & Touche LLP
Leeds

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2005.

ACTIVITIES

The company acts as the property owning company for its parent company, Jarvis Porter Group PLC.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company continues to look to sell its remaining lease obligations, and administers and holds the property owned by the group.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2004: £Nil) and the loss for the financial year of £130,096 (2004: £578,215) has been transferred from reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown on page 1.

Mr S J Bannister and Mr P Corke also served as a director of the ultimate parent company, Jarvis Porter Group PLC and their interests in the shares of other group companies are disclosed in that company's financial statements.

The directors do not have any interests in the shares of the company.

AUDITORS

A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



S J Bannister

Secretary

21 October 2005

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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; and
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

We have audited the financial statements of Jarvis Porter (Property Holdings) Limited for the year ended 28 February 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes 1 to 13. These financial statements 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 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 the statement of directors' responsibilities, 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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Leeds

7 November 2005

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 28 February 2005

| | Note | 2005 £ | 2004 £ |
|--|------|---------------------------|---------------------------|
| TURNOVER | 2 | 533,241 | 345,068 |
| Administrative expenses | | <u>(961,454)</u> | <u>(922,711)</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | (428,213) | (577,643) |
| Tax on loss on ordinary activities | 5 | <u>298,117</u> | <u>(572)</u> |
| RETAINED LOSS FOR THE YEAR | | (130,096) | (578,215) |
| Retained loss brought forward | | <u>(3,293,781)</u> | <u>(2,715,566)</u> |
| Retained loss carried forward | | <u><u>(3,423,877)</u></u> | <u><u>(3,293,781)</u></u> |

All activities relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

There are no movements in shareholders' funds other than the loss in both the current and preceding financial years.

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

BALANCE SHEET

28 February 2005

| | Note | 2005 £ | 2004 £ |
|---|------|-------------|-------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | 1,727,948 | 1,786,525 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 57,828 | 54,536 |
| Cash at bank and in hand | | - | 51,636 |
| | | 57,828 | 106,172 |
| CREDITORS: amounts falling due within one year | 8 | (1,868,736) | (1,547,444) |
| NET CURRENT LIABILITIES | | (1,810,908) | (1,441,272) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | (82,960) | 345,253 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 9 | (2,000,000) | (2,298,117) |
| NET LIABILITIES | | (2,082,960) | (1,952,864) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 1,340,917 | 1,340,917 |
| Profit and loss account | | (3,423,877) | (3,293,781) |
| EQUITY SHAREHOLDERS' LIABILITIES | | (2,082,960) | (1,952,864) |

These financial statements were approved by the Board of Directors on 21 October 2005

Signed on behalf of the Board of Directors



S J Bannister

Director

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Vacant property provision

Provision is made for the estimated liability for the residual lease commitments on vacant lease properties by estimating the period the company is expected to be unable to sub-let these properties over the remaining lease terms.

Taxation

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and law as that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Fixed assets

The company does not revalue any of its fixed assets. Upon acquisition, differing useful lives are ascribed to major components of an asset where applicable.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

| | |
|--------------------|----------|
| Freehold buildings | 40 years |
|--------------------|----------|

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Leases

Assets held under hire purchase contracts and finance leases are capitalised in the balance sheets and are depreciated over their useful lives. Interest is charged to the profit and loss account in proportion to the capital repayments outstanding. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2. TURNOVER

All turnover arises in the United Kingdom and is in respect of rentals receivable during the year from operating leases.

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2005

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments

No director received any remuneration during the year or the preceding year. The company had no employees other than the directors of the company during the year and the preceding year.

Both Directors serving during the year ended 28 February 2005 also served as directors of the parent company Jarvis Porter Group plc. Their total remuneration for the year ended 28 February 2005 was £160,000, and S J Bannister received £16,000 as a contribution to a defined contribution pension scheme. In the case of these directors in the year ended 28 February 2005 it is not practicable to allocate their total remuneration to individual group companies.

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2005 £ | 2004 £ |
|--|-----------|-----------|
| Loss on ordinary activities before taxation is after charging: | | |
| Depreciation of owned assets | 58,577 | 9,763 |
| Rentals under operating leases – other assets | 318,902 | 239,500 |
| Provision for properties now vacant following close of group businesses (note 9) | 627,360 | 639,445 |

Auditors' remuneration has been borne by the parent company in the current and prior years.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

| | 2005 £ | 2004 £ |
|---|----------------|--------------|
| United Kingdom corporation tax at 30% (2004: 30%) | - | - |
| Deferred taxation | | |
| Timing differences, origination and reversal | - | (572) |
| Adjustments in respect of prior years | 298,117 | - |
| | <u>298,117</u> | <u>(572)</u> |

Factors affecting tax charge for the current period

The tax assessed for the period is different to that resulting from applying the standard rate of corporation tax in the UK (30%) (2004: 30%) The differences are explained below:

| | 2005 £ | 2004 £ |
|--|------------------|------------------|
| Loss on ordinary activities before taxation | <u>(428,213)</u> | <u>(577,643)</u> |
| Tax at 30% thereon | 128,464 | 173,293 |
| Capital allowances in excess of depreciation | - | 572 |
| Unprovided tax movement | (128,464) | - |
| Other deferred tax movements - losses | - | (71,468) |
| Group Relief | - | (102,397) |
| Current tax charge for period | <u>-</u> | <u>-</u> |

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 28 February 2005

6. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Total £ |
|--|--|-------------|
| Cost | | |
| At 1 March 2004 and 28 February 2005 | 2,716,363 | 2,716,363 |
| Accumulated depreciation | | |
| At 1 March 2004 | 929,838 | 929,838 |
| Charge | 58,577 | 58,577 |
| At 28 February 2005 | 988,415 | 988,415 |
| Net book value | | |
| At 28 February 2005 | 1,727,948 | 1,727,948 |
| At 28 February 2004 | 1,786,525 | 1,786,525 |
| | 2005 | 2004 |
| | £ | £ |
| Cost of land not subject to depreciation | 334,000 | 334,000 |

7. DEBTORS

| | 2005 £ | 2004 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | - | 12,913 |
| Other debtors | 3,982 | 1,238 |
| Prepayments and accrued income | 53,846 | 40,385 |
| | 57,828 | 54,536 |

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2005 £ | 2004 £ |
|------------------------------------|------------------|------------------|
| Bank overdraft | 96,857 | - |
| Trade creditors | 5,995 | 2,747 |
| Other creditors | 16,540 | 16,816 |
| Amounts owed to group undertakings | 1,749,344 | 1,527,881 |
| | 1,868,736 | 1,547,444 |

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2005

9. PROVISIONS FOR LIABILITIES AND CHARGES

| | Vacant property provision 2005 £ | Vacant property provision 2004 £ |
|---------------------------------------|--|--|
| Vacant property provision | | |
| At 1 March 2004 | 2,000,000 | 2,000,180 |
| Charge to the profit and loss account | 627,360 | 639,445 |
| Utilised in year | (627,360) | (639,625) |
| | <u>2,000,000</u> | <u>2,000,000</u> |
| At 28 February 2005 | 2,000,000 | 2,000,000 |

During the three years to the year ended 28 February 2002, the Jarvis Porter Group closed a number of businesses, which resulted in some of the company's leased properties becoming vacant. A vacant property provision is included for the residual lease commitments on these properties, by estimating the period the company is expected to be unable to sub-let these properties over the remaining lease terms. The provision is expected to be utilised over a period of between one and four years. The charge to the profit and loss account this year relates to lease commitments on the closed factory at Hinckley.

Deferred taxation:

| | 2005 £ | 2004 £ |
|---|------------------|------------------|
| At 1 March 2004 | 298,117 | - |
| Credit to the profit and loss account | (298,117) | - |
| Capital allowances in excess of depreciation | - | 572 |
| Transfer of provision from Darby Group Ltd on transfer of fixed assets | - | 297,545 |
| | <u>-</u> | <u>298,117</u> |
| At 28 February 2005 | - | 298,117 |
| Total provisions | <u>2,000,000</u> | <u>2,298,117</u> |

Deferred taxation comprises:

| | 2005 £ | 2004 £ |
|--|-----------|----------------|
| Losses | (280,543) | - |
| Capital allowances in excess of depreciation | 280,543 | 298,117 |
| | <u>-</u> | <u>298,117</u> |

A deferred tax asset of £280,543 has been recognised in respect of losses incurred in the year, to the extent of the deferred tax liability arising on accelerated capital allowances.

The balance of the asset has not been recognised - £518,746 (2004: £691,957) as there is insufficient evidence that the asset will be recovered. The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from deferred tax liabilities.

JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2005

10. CALLED UP SHARE CAPITAL

| | 2005 £ | 2004 £ |
|--|------------------|------------------|
| Authorised: | | |
| 1,450,000 Ordinary shares of £1 each | <u>1,450,000</u> | <u>1,450,000</u> |
| Called up, allotted and fully paid: | | |
| 1,340,917 Ordinary shares of £1 each | <u>1,340,917</u> | <u>1,340,917</u> |

11. FINANCIAL COMMITMENTS

Operating lease commitments

At 28 February 2005, the company was committed to the following annual payments in respect of non-cancellable operating leases:

| | Land and buildings | |
|----------------------|--------------------|----------------|
| | 2005 £ | 2004 £ |
| Leases which expire: | | |
| Within 1 year | - | 89,500 |
| Within 2 to 5 years | - | - |
| After 5 years | <u>700,000</u> | <u>700,000</u> |
| | <u>700,000</u> | <u>789,500</u> |

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in FRS8 not to disclose details of related party transactions with other group companies as it is a wholly owned subsidiary of Jarvis Porter Group PLC.

13. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent company is Jarvis Porter Group PLC a company incorporated in Great Britain and registered in England and Wales. Jarvis Porter Group PLC is the only company that prepares group accounts that include the results of the company. The accounts of Jarvis Porter Group PLC can be obtained from the Company Secretary, Darby House, Sunningdale Road, Scunthorpe, DN17 2SS.