

TENIWOOD SECURITIES LIMITED

FINANCIAL STATEMENTS

31st MARCH 2006



COMPANY NO: 1054920

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TENIWOOD SECURITIES LIMITED

COMPANY INFORMATION

Directors

P H Lawson
C S R Stroyan
E Y Whittingdale

Secretary

R W Toye

Registered office

Bridge House
181 Queen Victoria Street
London EC4V 4DZ

Registered number

1054920

Auditors

Moore Stephens LLP
Chartered Accountants
St. Paul's House
Warwick Lane
London EC4M 7BP

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements of the company for the year ended 31st March 2006.

Principal activities

The company is an investment holding company and in addition supplies secretarial and administrative services within the group.

Results and dividend

The profit for the year after tax was £563,201 (2005: £415,478).

The directors do not recommend the payment of a dividend (2005: £Nil).

Review of the business

The company made good progress over the year. The growth trend in the securities markets continued throughout the period providing excellent opportunities to take profits and clear under performing holdings from the portfolio. The market value of the portfolio showed a substantial unrealised gain over the historical cost at the year end. These circumstances have in turn allowed the remaining provisions against loss of value made in previous periods to be reversed.

For the second year running there has been an improvement in the operating profit. Income grew by 23%, whilst expenditure was held to an increase of 4%.

The general outlook at the end of the year was not as optimistic as this time last year. As a precaution, liquidity was increased substantially in the last quarter and this trend is expected to continue into the first half of next year. However, the directors will continue the policy of holding investments in securities for the medium and long term and to seek new investment opportunities both at home and overseas in quality companies with good dividend records.

Directors

The directors who held office during the year were:

P H Lawson
C S R Stroyan
E Y Whittingdale

The interests of the directors in the share capital of the company are set out below:

	Ordinary shares of £1 each	
	31 st March 2006	31 st March 2005
P H Lawson	1	1

This share is held as a nominee holding on behalf of Iowa Land Company Limited. The remaining directors had no interest in the shares of the company.

The interests of the directors in the shares of the ultimate parent undertaking, Iowa Land Company Limited, are disclosed in the accounts of that company.

REPORT OF THE DIRECTORS
(Continued)

Directors' responsibilities for 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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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.

Auditors

The auditors, Moore Stephens LLP are willing to continue in office and are deemed to be reappointed in accordance with the elective resolution dispensing with the requirement to appoint auditors annually.

Directors' Disclosure of Information to Auditors

Each of the persons who are directors at the time when this report is approved has confirmed that:

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each director has taken all steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The report of the directors was approved by the Board on 2nd August 2006 and signed on its behalf by:



Roger William Toye
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TENIWOOD SECURITIES LIMITED**

We have audited the financial statements of Teniwood Securities Limited for the year ended 31st March 2006 set out on pages 6 to 16. These financial statements have been prepared under the accounting policies set out herein.

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. 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TENIWOOD SECURITIES LIMITED (Continued)**

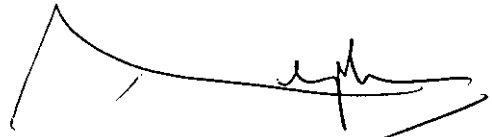
Opinion

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 31st 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.

St Paul's House
Warwick Lane
London, ECM 7BP

26 August 2006



Moore Stephens LLP
Registered Auditor
Chartered Accountants

TENIWOOD SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2006**

	Note	2006 £	2005 £
Income: Continuing operations			
Income from investments	2	188,476	185,995
Investment interest receivable		25,594	10,595
Other operating income		6,715	9,162
Profit/(loss) on exchange		28,238	(3,365)
		<hr/>	<hr/>
		249,023	202,387
Administrative expenses		(170,865)	(163,621)
		<hr/>	<hr/>
Operating profit: continuing operations	3	78,158	38,766
Profit on fixed asset investments	6	659,739	417,520
		<hr/>	<hr/>
Profit on ordinary activities before taxation		737,897	456,286
Tax on profit on ordinary activities	7	(174,696)	(40,808)
		<hr/>	<hr/>
Profit for the year	16	563,201	415,478
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains or losses other than the results disclosed above for the two years ended 31st March 2006.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st March 2006**

	2006 £	2005 £
Profit for the financial year	563,201	415,478
Opening shareholders' funds	409,062	(6,416)
	<hr/>	<hr/>
Closing shareholders' funds	972,263	409,062
	<hr/> <hr/>	<hr/> <hr/>

TENIWOOD SECURITIES LIMITED**BALANCE SHEET**
at 31st March 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	8	2,678	2,758
Investments	9	5,551,558	5,155,348
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		5,613,450	5,217,320
		<hr/>	<hr/>
Current assets			
Debtors due within one year	11	2,068,204	1,814,278
Debtors due after one year	11	-	23,000
Cash at bank and in hand		114,817	175,410
		<hr/>	<hr/>
		2,183,021	2,012,688
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	(76,674)	(73,412)
		<hr/>	<hr/>
Net current assets		2,106,347	1,939,276
		<hr/>	<hr/>
Total assets less current liabilities		7,719,797	7,156,596
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	(6,747,534)	(6,747,534)
		<hr/>	<hr/>
		972,263	409,062
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	8,110	8,110
Profit and loss account	16	964,153	400,952
		<hr/>	<hr/>
Shareholders' funds		972,263	409,062
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 2nd August 2006 and signed on its behalf by:



Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

Depreciation

Depreciation is provided so as to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments at the following rates:-

Fixtures and fittings:	10%
Electronic equipment and software:	33%

Investments

Investments are stated at cost less provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

Deferred taxation

Deferred taxation is provided on timing differences that have originated, but not reversed by the balance sheet date on a non-discounted basis.

Deferred taxation assets are recognised only to the extent that it is more likely than not that there will be suitable trading profits from which future reversals of the underlying timing differences can be deducted. No provision is made where the amounts involved are not material.

Income from investments

Income from investment in equities is included when received. Interest income from fixed interest and index linked stock is accrued to the end of the financial year.

Investment interest receivable

Interest on cash deposits is accrued to the end of the financial year.

Foreign exchange

Foreign exchange is dealt with under the closing rate method of accounting.

Cash flow statement

The company is exempt from publishing a cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS**31st March 2006****2. INCOME FROM INVESTMENTS**

	2006	2005
	£	£
Listed investments	188,476	185,995

3. OPERATING PROFIT

	2006	2005
	£	£
Operating profit is arrived at after charging:		
Auditors remuneration	10,575	9,017
Depreciation	1,919	1,644
and after crediting:		
Interest receivable	24,317	9,079
Interest receivable from a subsidiary company	1,277	1,516

4. EMPLOYEE AND STAFF COSTS (including directors)

	2006	2005
	£	£
Wages and salaries	80,650	80,176
Social Security costs	7,241	7,228
	87,891	87,404

	2006	2005
	No.	No.
The average monthly number of employees (including directors) during the period was as follows:		
Office and management	4	4

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

5. DIRECTORS

	2006	2005
	£	£
Directors emoluments	36,650	36,850

6. PROFIT ON FIXED ASSET INVESTMENTS

	2006	2005
	£	£
Net profit on sale of listed and unlisted investments	30,502	142,521
Amounts written off against permanent diminution in value of listed and unlisted investments	629,237	219,999
	659,739	362,520
Decrease of provision against inter company debtor	-	55,000
	659,739	417,520

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006	2005
	£	£
(a) Analysis of tax charge for the year:		
UK Corporation tax	-	(19,138)
Overseas tax	6,995	8,014
Prior year adjustment	(91)	(2,268)
	6,904	(13,392)
Current tax charge/(credit)	167,792	54,200
Deferred tax (note 14)		
	174,696	40,808

NOTES TO THE FINANCIAL STATEMENTS
31st March 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2006 £	2005 £
(b) Factors affecting current tax charge for the year:		
Profit on ordinary activities before tax at 30%	221,369	136,886
Effect of:		
Indexation allowances on capital gains	(13,297)	(29,740)
Short term timing differences on investments	(175,758)	(87,964)
Non taxable investment income	(30,883)	(36,368)
Other	(1,431)	(1,952)
Prior year over provision	(91)	(2,268)
Irrecoverable overseas tax	6,995	8,014
	<hr/>	<hr/>
Current tax charge/(credit)	6,904	(13,392)
	<hr/>	<hr/>

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
Cost				
At 1 st April 2005	9,621	4,748	12,851	27,220
Additions	-	216	1,623	1,839
Disposals	-	(139)	(4,851)	(4,990)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2006	9,621	4,825	9,623	24,069
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 st April 2005	9,621	4,590	10,251	24,462
Charge for the year	-	39	1,880	1,919
Depreciation on disposals	-	(139)	(4,851)	(4,990)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2006	9,621	4,490	7,280	21,391
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2006	-	335	2,343	2,678
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2005	-	158	2,600	2,758
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006

9. INVESTMENTS

	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
Cost				
At 1 st April 2005	2,843,967	2,217,865	731,274	5,793,106
Additions	334,547	832,305	35,250	1,202,102
Disposals	(727,334)	(695,335)	(12,460)	(1,435,129)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2006	2,451,180	2,354,835	754,064	5,560,079
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
At 1 st April 2005	47,200	268,609	321,949	637,758
Movement in the year	(47,111)	(268,609)	(313,517)	(629,237)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2006	89	-	8,432	8,521
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2006	2,451,091	2,354,835	745,632	5,551,558
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2005	2,796,767	1,949,256	409,325	5,155,348
	<hr/>	<hr/>	<hr/>	<hr/>
Market value of investments				
At 31 st March 2006	3,779,191	3,091,811	982,792	7,853,794
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2005	3,434,883	2,325,571	960,002	6,720,456
	<hr/>	<hr/>	<hr/>	<hr/>

The market value for listed investments is based upon mid-market published prices.

The market value of unlisted investments has been estimated by the directors on the basis of the most recent financial information.

If the investment portfolio was to be disposed at market value, there would be a potential tax liability of approximately £538,000 (2005: £159,000) and a write back of provisions less deferred tax credit of £8,500 (2005: £190,000).

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

9. INVESTMENTS (continued)

Investments representing more than 20% of the issued equity capital are held in the following companies:

	Country of registration	Description of shares/stock	Percentage held	Principal activity
Murray Campbell & Co. Ltd	England	Ordinary	50%	Dormant
		Deferred	50%	
Pelican Estates Inc.	USA	Common	40%	Property
Quail Estates Inc.	USA	Common	29%	Property
		Preference	29%	

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2006 £	2005 £
The London Commercial and Mercantile Company Limited		
35,007 £1 ordinary shares at cost	51,264	51,264
Scottish Trust Managers Limited		
150 "A" ordinary shares of £1 each and 7,800 £1 deferred shares at cost	7,950	7,950
	<hr/>	<hr/>
	59,214	59,214
	<hr/>	<hr/>

The London Commercial and Mercantile Company Limited is a wholly-owned investment dealing subsidiary and Scottish Trust Managers Limited is a 75% investment property subsidiary. Both companies are incorporated in England and Wales.

11. DEBTORS

	2006 £	2005 £
Due within one year		
Amounts owed by group undertakings	1,163,091	1,041,900
Other debtors	873,391	557,969
Prepayments and accrued income	23,222	18,979
Deferred taxation (Note 14)	8,500	176,292
Group relief receivable	-	19,138
	<hr/>	<hr/>
	2,068,204	1,814,278
	<hr/>	<hr/>
Due after one year		
Amounts owed by a subsidiary undertaking	-	23,000
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Amount owed to group undertakings	249	249
Other taxes and social security costs	4,669	4,746
Other creditors	45,059	45,059
Accruals	26,697	23,358
	<u>76,674</u>	<u>73,412</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2005
	£	£
Loan from parent undertaking:- Iowa Land Company Limited	6,747,534	6,747,534
	<u>6,747,534</u>	<u>6,747,534</u>

In connection with certain facilities granted by its bankers, the Company together with Iowa Land Company Limited, the company's ultimate parent undertaking, have entered into a Deed of Subordination with the bank agreeing that this loan will not be repaid until such time as the company's other obligations have been met in full.

14. DEFERRED TAXATION

	2006	2005
	£	£
Balance at 1 st April	176,292	230,492
Short term timing differences on investments	(167,792)	(54,200)
	<u>8,500</u>	<u>176,292</u>

The deferred tax asset relates to relief that the company is expected to be able to claim on investment provisions on the disposal of the underlying investments.

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006

15. CALLED UP SHARE CAPITAL

	2006	2005
	£	£
Authorised		
Ordinary shares of £1 each	8,390	8,390
7% Non cumulative non participating preference shares of £1 each	1,610	1,610
	<u>10,000</u>	<u>10,000</u>
 Allotted and fully paid		
Ordinary shares of £1 each	6,500	6,500
7% Non cumulative non participating preference shares of £1 each	1,610	1,610
	<u>8,110</u>	<u>8,110</u>

The preference shareholders are entitled to a fixed preferential dividend at the rate of 7% per annum payable out of the profits which the directors determine to distribute.

On a winding up, the preference shares rank pari passu with the ordinary shares as to the repayment of paid up capital, but do not participate in the distribution of any further surplus of assets.

The preference shares are non-voting shares.

16. PROFIT AND LOSS ACCOUNT

	2006	2005
	£	£
At 1 st April	400,952	(14,526)
Profit retained for the year	563,201	415,478
	<u>964,153</u>	<u>400,952</u>
At 31 st March	964,153	400,952

NOTES TO THE FINANCIAL STATEMENTS**31st March 2006****17. LEASE OBLIGATIONS**

The company had the following annual commitments under non-cancellable operating leases which expire:

	<u>Land and Buildings</u>	
	2006	2005
	£	£
Within one year	-	13,000
Between one and two years	-	-
Between two and three years	32,500	-
	<hr/>	<hr/>
	32,500	13,000
	<hr/>	<hr/>

18. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, a company incorporated in England and Wales. At 31st March 2006, Iowa Land Company owned all the share capital of the company. Group accounts for Iowa Land Company Limited are available to the public on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Cardiff, CF4 3UZ.