

The directors present their report together with the audited financial statements of the company for the year ended 31st March 2008.

COMPANY REGISTRATION NUMBER

3683530 (England and Wales)

PRINCIPAL ACTIVITY

The company's principal activity during the year continued to be commercial and residential property letting.

DIRECTORS' RESPONSIBILITIES

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;
- 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.

DIVIDEND

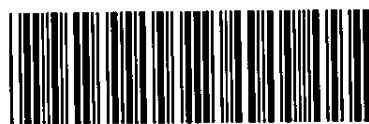
The directors do not recommend the payment of a dividend for the year (2007 - £150 per share).

DIRECTORS

The directors who served during the year were R. Tager, Q.C., J.P. Tager and S.J. Tager.

GROUP COMPANIES

At the balance sheet date the company held 50% of the issued share capital of Romeo Trading Company Limited, a company incorporated in Great Britain whose principal activity is the wholesaling of clothing and related accessories. Consolidated accounts are not prepared, as the company is itself a wholly-owned subsidiary of Greenquest Limited, which is also incorporated in Great Britain and which prepares consolidated accounts.



FAIRCASTLE LIMITED

DIRECTORS' REPORT for the year ended 31st March 2008 (continued)

AUDITORS

Messrs. Purcells are willing to continue in office and, accordingly, are automatically deemed to be re-appointed in accordance with Section 386(2) of the Companies Act 1985.

DISCLOSURE OF INFORMATION TO AUDITORS

As far as the directors are aware, at the time that this report is approved:

- 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 company's auditors are aware of that information.

SMALL COMPANY EXEMPTIONS

This report, approved by the Board on *29 Jan* 2009, has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board of Directors



R. Tager, Q.C.
Director

FAIRCASTLE LIMITED

INDEPENDENT AUDITORS' REPORT

To the shareholders of Faircastle Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention, as modified by the revaluation of the freehold investment properties, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and the accounting policies set out on page 7.

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

The directors' responsibilities for preparing the annual report and 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 on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (U.K. 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 Directors' Report is 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 misstatement within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (U.K. 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.

FAIRCASTLE LIMITED

INDEPENDENT AUDITORS' REPORT (continued)

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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available for Small Entities, in the circumstances set out in note 3ii) to the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities of the state of the company's affairs as at 31st March 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies; and
- the information given in the Directors' Report is consistent with the financial statements.



Purcells,
Chartered Accountants and
Registered Auditors,

4 Quex Road,
London,
NW6 4PJ

Date: 26.1.09.

FAIRCASTLE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2008

	Note	<u>2008</u> £	<u>2007</u> £ (Restated)
Turnover	2	748,591	909,313
Operating and management expenses		(144,142)	(397,420)
		<hr/>	<hr/>
Operating profit	3	604,449	511,893
Profit on disposal of fixed assets		46,425	9,630
Exceptional item	4	-	(3,530,800)
		<hr/>	<hr/>
		650,874	(3,009,277)
Interest receivable		85,830	88,570
Interest payable and similar charges		(313,398)	(415,545)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		423,306	(3,336,252)
Tax on profit on ordinary activities	5	(126,497)	(57,016)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		296,809	(3,393,268)
Dividends	6	-	(150,000)
		<hr/>	<hr/>
Profit/(loss) for the year		296,809	(3,543,268)
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Unrealised surplus on revaluation of freehold investment properties		-	1,690,000
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		296,809	(1,853,268)
		<hr/>	<hr/>

The notes on pages 7 to 10 form part of these financial statements.

FAIRCASTLE LIMITED

BALANCE SHEET at 31st March 2008

	Note	<u>2008</u> £	<u>2007</u> £ (Restated)
FIXED ASSETS			
Tangible	7	6,032,523	6,062,173
Investment	8	<u>600</u>	<u>600</u>
		6,033,123	6,062,773
CURRENT ASSETS			
Debtors	9	8,484,925	7,940,147
Cash at bank		<u>363,965</u>	<u>768,261</u>
		8,848,890	8,708,408
CREDITORS: amounts falling due within one year	10	(<u>1,149,172</u>)	(<u>1,079,467</u>)
Net current assets		<u>7,699,718</u>	<u>7,628,941</u>
Total assets less current liabilities		13,732,841	13,691,714
CREDITORS: amounts falling due after more than one year	11	(<u>13,297,592</u>)	(<u>13,553,274</u>)
Net assets		<u>435,249</u>	<u>138,440</u>
CAPITAL AND RESERVES			
Called-up share capital	12	1,000	1,000
Capital reserve	13	441,200	441,200
Revaluation reserve	13	1,690,000	1,690,000
Profit and loss account	13	(<u>1,696,951</u>)	(<u>1,993,760</u>)
Shareholders' funds - equity interests		<u>435,249</u>	<u>138,440</u>

These financial statements, approved by the Board of Directors on 29 Jan 2009 and signed on its behalf, have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

R. Tager, Q.C.
Director

The notes on pages 7 to 10 form part of these financial statements.

FAIRCASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st March 2008

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the freehold investment properties, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

In accordance with Section 228(1) of the Companies Act 1985, consolidated financial statements are not prepared, as the company is a wholly-owned subsidiary of Greenquest Limited, which is incorporated in Great Britain and which prepares consolidated financial statements.

1.2 Change of accounting policy and restatement of the 2007 financial statements

To comply with the Financial Reporting Standard for Smaller Entities the company's freehold investment properties were revalued on an open market value basis, for existing use, based on rental yields, by the directors at 31st March 2008. However, in the opinion of the directors, these valuations would have applied at 31st March 2007 had valuations been carried out at that date and, accordingly, the financial statements for the year ended 31st March 2007 have been restated to incorporate these valuations.

1.3 Tangible fixed assets

Tangible fixed assets, which consist solely of freehold investment properties, are stated at market value. This treatment is a departure from the Companies Act 1985 concerning the depreciation of tangible fixed assets, which is necessary to give a true and fair view.

1.4 Deferred taxation

Full provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes.

2. TURNOVER

Turnover represents income derived from the company's residential and commercial property letting, carried out within the United Kingdom, exclusive of value added tax, where relevant.

3. OPERATING PROFIT	2008	2007
	£	£
i) The operating profit for the year is stated after charging the following:		
Directors' remuneration	25,000	25,000
Auditors' remuneration	2,000	2,000
Charitable donations	-	200,000
	<hr/>	<hr/>
ii) In common with many other businesses of a similar size and nature, the company uses its auditors to prepare and submit returns to the tax authorities, assist with the preparation of its financial statements and provide payroll services.		

FAIRCASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st March 2008 (continued)

4. EXCEPTIONAL ITEM

Following the revaluation of the company's freehold investment properties, as set out in note 1.2, a deficit has arisen on some of these properties and, since this deficit is considered permanent, it has been charged to the profit and loss account.

	<u>2008</u> £	<u>2007</u> £
5. TAXATION		
UK Corporation tax for the year at 30%	126,497	60,794
Adjustment for prior year	—	(3,778)
	<u>126,497</u>	<u>57,016</u>

A deferred tax asset in respect of the capital loss on the revaluation of the company's freehold investment properties has not been recognised in the financial statements since sales were not contemplated at the balance sheet date. The loss arising from the revaluation of these properties, after allowing for indexation, is £1.2m (2007 - £1.1m).

6. DIVIDENDS

A dividend of £150 per share was paid on 11th December 2006 in respect of the year ended 31st March 2007

-	150,000
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7. TANGIBLE FIXED ASSETS

	<u>Freehold investment properties</u> £
Valuation	
At 1.4.2007 (restated)	6,062,173
Disposals	(29,650)
At 31.3.2008	<u>6,032,523</u>

The freehold investment properties were revalued as set out in note 1.2. If these properties were not included at valuation they would be included under the historical cost convention at their original cost of £7,873,323 (2007 - £7,902,973), less depreciation of £1,071,530 (2007 - £918,808).

	<u>2008</u> £	<u>2007</u> £
8. FIXED ASSET INVESTMENT		
Investment in subsidiary, at cost	600	600

The company owns 50% of the issued share capital of Romeo Trading Company Limited, a wholesale clothing company incorporated in Great Britain.

FAIRCASTLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st March 2008 (continued)

	<u>2008</u>	<u>2007</u>
	£	£
9. DEBTORS		
Amount due from group company	3,397,673	3,297,673
Amount due from related company	5,012,269	4,547,269
Other debtors	<u>74,983</u>	<u>95,205</u>
	<u>8,484,925</u>	<u>7,940,147</u>
10. CREDITORS: amounts falling due within one year		
Bank loans (secured)	256,262	243,862
Amount due to group company	41,524	41,524
Dividends payable	200,000	200,000
Director's loan account	250,000	250,000
Corporation tax	124,157	47,660
Other taxes and social security	20,409	24,805
Other creditors	<u>256,820</u>	<u>271,616</u>
	<u>1,149,172</u>	<u>1,079,467</u>
11. CREDITORS: amounts falling due after more than one year		
Bank loans, repayable by instalments, (secured):		
- repayable in 2 to 5 years	1,123,611	1,067,808
- repayable after 5 years	2,946,489	3,257,974
Amount due to group companies	<u>9,227,492</u>	<u>9,227,492</u>
	<u>13,297,592</u>	<u>13,553,274</u>
12. SHARE CAPITAL		
Authorised, allotted and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
13. EQUITY RESERVES		
	<u>Capital reserve</u>	<u>Revaluation reserve</u>
	£	£
Balance at 1.4.2007 (restated)	441,200	1,690,000
Profit for the year	<u>-</u>	<u>-</u>
		<u>Profit and loss account</u>
		£
Balance at 1.4.2007 (restated)	441,200	(1,993,760)
Profit for the year	<u>-</u>	<u>296,809</u>
Balance at 31.3.2008	441,200	(1,696,951)

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate holding company and controlling party is Greenquest Limited, which is incorporated in Great Britain and which is itself controlled by its ordinary £1 shareholders.

15. RELATED PARTY TRANSACTIONS

- i) The company is related to Pidom Export Limited, owing to common directors and a common shareholder. During the year the company received services on commercial terms totalling £42,250 from Pidom Export Limited. At the balance sheet date the company was owed £5,012,269 by Pidom Export Limited and this includes £1,150,000 which carries interest at 7% per annum. During the year the company charged interest of £80,500 on this outstanding debt.
- ii) During the year the company received services on commercial terms totalling £10,400 from Romeo Trading Company Limited and at the balance sheet date the company was owed £3,397,673 by Romeo Trading Company Limited. The company also provides security to Romeo Trading Company Limited as set out in note 16.
- iii) The company is related to Busyglen Limited owing to a common director and shareholders and provides security to Busyglen Limited, as set out in note 16.
- iv) The company pays interest at 7% per annum on the director's loan account balance of £250,000 and during the year was charged £17,500 in this regard.
- v) The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No. 8 to exclude details of transactions with group companies which form part of the consolidated financial statements of the ultimate parent undertaking.

16. CONTINGENT LIABILITIES

- i) The company has provided one of its freehold investment properties as part of the security for a mortgage for a related company, Busyglen Limited. This property is included in the financial statements at its market value of £790,000.
- ii) The company has provided a bank guarantee in respect of borrowings of £441,020 by Romeo Trading Company Limited.
- iii) Corporate cross guarantees totalling approximately £20m have been given to Norwich Union Commercial Finance by the company, Pidom Export Limited and its associated property investment companies.