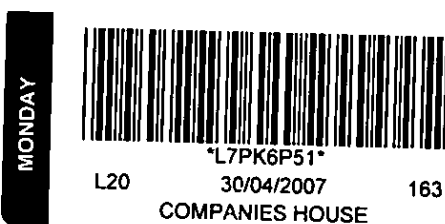


Companies House copy

SKELTON HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006



RAWLINSON & HUNTER

Chartered Accountants
Eagle House 110 Jermyn Street London SW1Y 6RH

SKELTON HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS	M J Morrison (Chairman) D J B Moss (Managing Director)
SECRETARY	M J Morrison
COMPANY NUMBER	4159933
REGISTERED OFFICE	104 Park Street London W1K 6NF
AUDITORS	Rawlinson & Hunter Chartered Accountants & Registered Auditor Eagle House 110 Jermyn Street London SW1Y 6RH

SKELTON HOLDINGS LIMITED

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SKELTON HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2006

The directors present their report and the financial statements for the year ended 30 June 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practices.

So far as each of the directors is aware at the time the 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 auditors are aware of that information.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of a holding company for subsidiaries involved in property development and investment.

BUSINESS REVIEW

The directors expect that the company will continue to act as the holding company to the Skelton Group in the coming year.

RESULTS

The profit for the year, after taxation, amounted to £6,600,000 (2005 - £NIL)

DIRECTORS

The directors who served during the year and their interests in the company's issued share capital were

	Ordinary shares of £1 each	
	30/6/06	1/7/05
M J Morrison (Chairman)	-	-
D J B Moss (Managing Director)	250	250

SKELTON HOLDINGS LIMITED

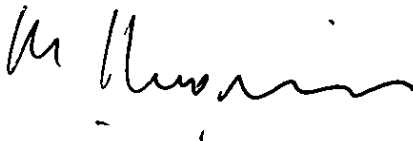
**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2006**

AUDITORS

The auditors, Rawlinson & Hunter, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on *24th April 2007* and signed on its behalf

Director



SKELTON HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SKELTON HOLDINGS LIMITED

We have audited the financial statements of Skelton Holdings Limited for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with 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 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. 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 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 judgments 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.

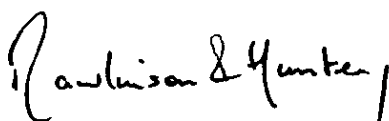
SKELTON HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SKELTON HOLDINGS LIMITED

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 30 June 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



RAWLINSON & HUNTER

Chartered Accountants
Registered Auditor

Eagle House
110 Jermyn Street
London
SW1Y 6RH

Date 24 April 2007

SKELTON HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Year ended 30 June 2006 £	Year ended 30 June 2005 £
Income from investments in group undertakings		<u>6,600,000</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,600,000	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	3	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7	<u>6,600,000</u>	<u>-</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

The notes on pages 7 to 11 form part of these financial statements

SKELTON HOLDINGS LIMITED

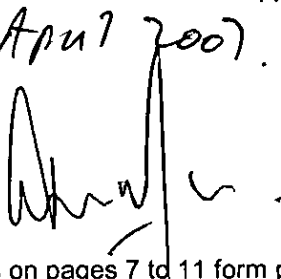
BALANCE SHEET
AS AT 30 JUNE 2006

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Fixed asset investments	4		2		2
CURRENT ASSETS					
Debtors	5		498		498
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>500</u>		<u>500</u>
CAPITAL AND RESERVES					
Called up share capital	6		<u>500</u>		<u>500</u>
SHAREHOLDERS' FUNDS - All equity	8		<u>500</u>		<u>500</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

24th April 2007.

Director



The notes on pages 7 to 11 form part of these financial statements

SKELTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES

1 1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1 2 Investments

Investments in subsidiaries are stated at cost less provision for impairment, if any.

1 3 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted where material.

2. EMPLOYEES AND AUDITORS' REMUNERATION

There were no employees of the company other than the directors (2005 - nil).

During the year, no director received any emoluments (2005 - £NIL).

Auditors' remuneration amounting to £1,500 (2005 - £1,500) has been borne by Skelton Group Limited on behalf of the company.

SKELTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

3. TAXATION

Analysis of tax charge in period

The tax charge for the year was £nil (2005 - £nil)

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	Year ended 30 June 2006 £	Year ended 30 June 2005 £
Profit on ordinary activities before tax	6,600,000	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	1,980,000	-
Effects of:		
Other non taxable income	(1,980,000)	-
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges

4. FIXED ASSET INVESTMENTS

	Subsidiary under- takings £
Cost	
At 1 July 2005 and 30 June 2006	2

SKELTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

4. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following companies, incorporated in England & Wales, were wholly owned subsidiary undertakings of the company

Skelton Group Limited	Holding company
Skelton Poole Limited *	Property investment
Skelton Kings Cross Limited *	Property investment
Skelton Birmingham Limited *	Property investment
Skelton Watford Limited *	Property investment

* held indirectly through Skelton Group Limited

Skelton Chippenham Limited (100%), Skelton (L&C Investments) Limited (100%) and Skelton Management Services Limited (85%), which are all incorporated in England and Wales, are also subsidiary undertakings of the company, held indirectly through Skelton Group Limited. These subsidiaries are dormant and are in the process of voluntary liquidation.

The aggregate of the share capital and reserves as at 30 June 2006 and of the profit or loss for the year ended on that date for the non-dormant subsidiary undertakings were as follows

	Aggregate of share capital and reserves £	Profit/(loss) £
Skelton Group Limited	6,089,556	3,862,567
Skelton Poole Limited *	1	3,340,259
Skelton Kings Cross Limited *	3,591,959	(512,659)
Skelton Birmingham Limited *	6,200,202	-
Skelton Watford Limited *	2	(496,715)
	<hr/>	<hr/>

During the year, the company's subsidiary undertaking, Skelton Group Limited, disposed of its interest in Carlyle Skelton Development Group Limited (formerly Skelton Developments Limited), together with that company's subsidiaries, Skelton Developments (Almondsbury) Limited and Skelton Developments (Nottingham) Limited.

5 DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	498	498
	<hr/>	<hr/>

Amounts owed by group undertakings consist of £498 (2005 - £498) due from Skelton Group Limited, the company's subsidiary undertaking.

SKELTON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

6. SHARE CAPITAL

	2006 £	2005 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
500 Ordinary shares of £1 each	500	500

7 RESERVES

	Profit and loss account £
Profit retained for the year	6,600,000
Dividends (see note 9)	(6,600,000)
At 1 July 2005 and 30 June 2006	-

8 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Opening shareholders' funds	500	500
Profit for the year	6,600,000	-
Dividends (see note 9)	(6,600,000)	-
Closing shareholders' funds	500	500

9 DIVIDENDS

	Year ended 30 June 2006 £	Year ended 30 June 2005 £
Dividends paid on equity capital	6,600,000	-

10 RELATED PARTY TRANSACTIONS

Included in debtors is an amount of £498 (2005 - £498) due from Skelton Group Limited, the company's subsidiary undertaking

SKELTON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

11. CONTROLLING PARTY

The issued share capital of Skelton Holdings Limited is held 50% by Glenfinnan Properties Limited, a company incorporated in Bermuda, and 50% by D J B Moss, the company's Managing Director