

Ballymore Properties Holdings Limited and subsidiaries

Directors' report and consolidated
financial statements

For the year ended 31 March 2007

Registered number 04910171

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Ballymore Properties Holdings Limited and subsidiaries

Directors' report and consolidated financial statements

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Ballymore Properties Holdings Limited and subsidiaries

Directors and other information

Directors

Sean Mulryan (Irish)
Brian Fagan (Irish)
Ray Hardy (Irish)
Dr Peter Bacon (Irish) (appointed 20 December 2006)

Secretary

Brian Fagan

Registered office

St Johns House
5 South Parade
Summertown
Oxford OX2 7JL

Registered number

04910171

Bankers

Allied Irish Bank (GB)
London

Anglo Irish Bank Corp
London

Fortis Bank S A / N.V.
London

Irish Nationwide Building Society
Belfast

Wurttembergische Hypothekbank
Aktiengesellschaft
London

Royal Bank of Scotland
London

Allied Irish Bank
Dublin

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2

Solicitors

Howard Kennedy
Harcourt House
19 Cavendish Square
London W1A 2AW

Lovells
65 Holborn Viaduct
London
EC4 2DY

Wragge & Co
3 Waterhouse Square
142 High Holborn
London
EC1N 2SW

Ballymore Properties Holdings Limited and subsidiaries

Directors' report

The directors present their annual report and audited consolidated financial statements for the year ended 31 March 2007.

Principal activity and review of the business

The principal activities of the group throughout the year were property development and investment. There has been no significant change in these activities during the year.

Results, review of the business and dividend

The loss for the year was £12,582,000 (2006 £2,468,000). The group significantly increased its property assets during the year, many of which remain at early stages in their development. The directors are confident that such assets will increase the net worth of the group in the short to medium term.

The directors do not recommend the payment of a dividend.

Future developments

The directors expect the general level of activity to continue for the foreseeable future.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the group are in the following categories:

Economic risk

- The risk of interest rates and/or inflation having an adverse impact on markets.
- The risk of unrealistic increases in development and operating costs impacting adversely on competitiveness of the group.
- The impact of planning decisions on the group's assets.

These risks are managed by due consideration of the interest rate environment, strict cost controls and management of planning applications.

Market risk

The directors of the company and its subsidiaries manage market risk through careful attention to residential and commercial property markets and through innovative product design and pricing.

Financial risk

Each of the companies within the group has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

Key performance indicators used by management include assessment of turnover, unit completions and profitability per unit.

Ballymore Properties Holdings Limited and subsidiaries

Directors' report *(continued)*

Directors, secretary and their interests

The directors and secretary who held office during the year are listed on page 1. Dr Peter Bacon was appointed as a director on 20 December 2006

The directors serving at year end, who held beneficial interests in the issued share capital of group companies were as follows

Name of director		Ordinary shares	
		31 March 2007 €1 each	31 March 2006 €1 each
S Mulryan	Ballymore Properties (incorporated in Ireland)	<u>12,935</u>	<u>12,935</u>

Political and charitable contributions

The group made no political contributions during the year The group made charitable contributions of £466,936 (2006 £468,780) during the year.

Fixed assets

In the opinion of the directors, there is no material difference between the market value of the land and buildings of the group included in fixed assets and the book values of these assets at 31 March 2007

Post balance sheet events

No events affecting the group have taken place since the end of the financial year which requires disclosure in the financial statements

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

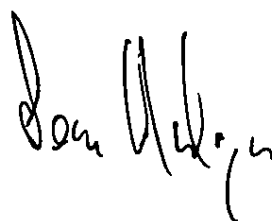
In accordance with Section 384 of the Companies Act, 1985, a resolution for the re-appointment of KPMG as auditor of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

B Fagan
Director



S Mulryan
Director



19 June 2007

Ballymore Properties Holdings Limited and subsidiaries

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the company for that year.

In preparing these 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act, 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

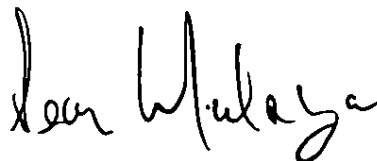
The directors are also responsible for preparing a directors' report that complies with the Companies Act, 1985.

On behalf of the board

B Fagan
Director



S Mulryan
Director





KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Ballymore Properties Holdings Limited and subsidiaries

We have audited the group and parent company financial statements ("the financial statements") of Ballymore Properties Holdings Limited and subsidiaries for the year ended 31 March 2007 which comprises the Group Profit and Loss Account, the Group and Parent Company Balance Sheet, the Group Statement of Total Recognised Gains and Losses, the Group Cash Flow Statement and the related notes. 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 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 auditor

As described in the statement of directors' responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 whether, in our opinion, the information given in the directors' report is consistent with the financial statements. In addition, we report to you 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 other transactions is not disclosed.

We read the directors' report and consider implications for our report if we become aware of any apparent misstatements within it.



Independent auditor's report to the members of Ballymore Properties Holdings Limited and subsidiaries *(continued)*

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 March 2007 and of the group's results for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act, 1985, and
- the information in the directors' report is consistent with the financial statements

*Chartered Accountants
Registered Auditor*

19 June 2007

Ballymore Properties Holdings Limited and subsidiaries

Statement of accounting policies

for the year ended 31 March 2007

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified to include the revaluation of investment properties, and comply with financial reporting standards of the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in England and Wales

Basis of consolidation

The group financial statements consolidate the financial statements of the holding company and all its subsidiary undertakings made up to 31 March 2007

The reorganisation of Ballymore Properties Holdings Limited ("BPHL") and its subsidiaries in October 2003 was accounted for using the merger method of accounting.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired. Goodwill arising on acquisitions is dealt with as set out below.

Joint ventures

Joint venture undertakings are those undertakings over which the group exercises control jointly with another party.

Joint ventures are accounted for using the gross equity method. The group's share of the profits less losses of joint ventures are included in the consolidated profit and loss account. The group's interests in their net assets or liabilities are included as fixed asset investments in the consolidated balance sheet at an amount representing the group's share of the fair values of the net assets at acquisition plus the group's share of post acquisition retained profits or losses. Goodwill arising on acquisition of joint ventures is dealt with as stated below.

The amount included in the consolidated financial statements in respect of the post acquisition profits of joint ventures are taken from financial statements made up to the balance sheet date.

Ballymore Properties Holdings Limited and subsidiaries

Statement of accounting policies (*continued*)

for the year ended 31 March 2007

Tangible fixed assets and depreciation

Investment properties

Investment properties are stated on the basis of open market value as defined by the Royal Institution of Chartered Surveyors. Investment properties are valued annually. Surpluses and deficits on valuation are taken directly to the revaluation reserve except for permanent deficits or their reversal which, on an individual property basis, are taken to the profit and loss account.

Profits and losses on the sale of investment properties included in the profit and loss account are calculated as the difference between the net sales proceeds and the carrying value.

No depreciation or amortisation is provided against investment properties which may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. These properties are not however held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary, in the directors' opinion, for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Construction in progress

Construction in progress comprises investment properties currently being developed, stated at cost. Cost includes interest which is capitalised from date of commencement of development until the development is complete. Interest is calculated by reference to specific borrowings.

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. No depreciation is provided on freehold land.

The charge for depreciation is calculated using the straight line method at rates estimated to charge to the profit and loss account the cost of each asset less its residual value over its estimated useful life. The following rates have been applied:

Freehold buildings	- 2% per annum
Fixtures and fittings	- 33 ¹ / ₃ % per annum
Office furniture and equipment	- 33 ¹ / ₃ % per annum
Motor vehicles	- 25% per annum
Computer equipment	- 50% per annum

Leased assets

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Ballymore Properties Holdings Limited and subsidiaries

Statement of accounting policies *(continued)* *for the year ended 31 March 2007*

Financial fixed assets

Other investments

Investments in subsidiary and associate undertakings are shown at cost less provisions for impairment in value. Income from financial fixed assets, together with any related tax credit, is recognised in the profit and loss account in the year in which it is receivable.

Subsidiaries contributed by the parent company in the course of the group reorganisation were stated at the directors' assessment of their open market value less provision for any impairment in value.

Goodwill

Purchased goodwill arising on the acquisition of a subsidiary, joint venture, associate or business represents the excess of the acquisition cost over the fair value of the identifiable net assets when they were acquired. Any excess of the aggregate of the fair value of the identifiable net assets acquired over the fair value of the acquisition cost is negative goodwill.

Purchased goodwill arising on acquisition is capitalised in the balance sheet and amortised over the estimated economic life of the goodwill.

Negative goodwill arising on such acquisitions is also capitalised and shown separately in the balance sheet and credited to the profit and loss account to match the periods in which the acquired non-monetary assets are recovered. Any excess over the non-monetary assets acquired is credited to the profit and loss account in the periods benefited.

Goodwill arising on the acquisition of joint ventures and associates is included in the carrying amount of the investments, while other goodwill is shown separately in the balance sheet.

Quoted investments

Investments are stated at the lower of cost and market value.

Stocks

Development properties

Development properties are properties acquired for future development and properties on which only initial development has commenced. These are stated at the lower of cost and net realisable value. Cost comprises purchase price and development costs. Net realisable value is defined as the current selling price of the completed developments less all further costs to completion and selling costs as estimated by the directors.

Work in progress

Work in progress, which comprises properties currently being developed is stated at the lower of cost and net realisable value. Cost includes interest which is capitalised from date of commencement of development until the development is complete. Interest is calculated by reference to specific borrowings.

Work in progress represents costs incurred, net of amounts transferred to cost of sales, less foreseeable losses.

Profits on developments are not recognised until properties are structurally complete and legally transferred to the purchaser.

Ballymore Properties Holdings Limited and subsidiaries

Statement of accounting policies *(continued)* *for the year ended 31 March 2007*

Stocks *(continued)*

Properties held for resale

Properties held for resale, on which no further development is required, are stated at the lower of cost and net realisable value. Net realisable value is defined as the current selling price less all further costs to completion and selling costs as estimated by the directors.

Turnover

Turnover, which is stated net of VAT, represents the net value of development and residential sales contracts completed together with construction income, rental income and project management fees on an accruals basis. Turnover is attributable to the principal activity of the group.

Interest payable

Interest payable, which has not been capitalised, is charged to the profit and loss account in the financial year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the rate on the balance sheet date or the contracted rate and any exchange differences are dealt with in the profit and loss account.

Taxation

Taxation is provided on taxable profits arising at current rates.

Deferred taxation is accounted for, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 - *Deferred Tax*. Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not they will be recovered.

Ballymore Properties Holdings Limited and subsidiaries

Consolidated profit and loss account for the year ended 31 March 2007

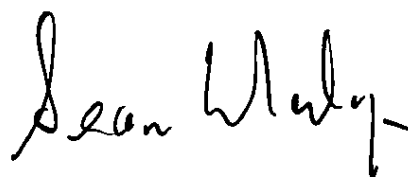
	Note	2007 £'000	2006 £'000
Turnover - continuing operations	<i>1</i>	30,713	62,260
Cost of sales		(17,604)	(39,501)
Gross profit		13,109	22,759
Administrative expenses		(16,093)	(9,801)
Other operating income		548	254
Group operating (loss)/profit – continuing operations		(2,436)	13,212
Share of operating loss in joint ventures	<i>10</i>	(372)	(569)
(Loss)/profit on ordinary activities before interest		(2,808)	12,643
Interest receivable and similar income	<i>2</i>	2,126	1,394
Interest payable and similar charges	<i>3</i>	(13,228)	(12,727)
Investment income	<i>4</i>	115	103
(Loss)/profit on ordinary activities before taxation	<i>5</i>	(13,795)	1,413
Tax on (loss)/profit on ordinary activities	<i>7</i>	1,262	(3,352)
(Loss) on ordinary activities after taxation		(12,533)	(1,939)
Minority interest	<i>24</i>	(49)	(529)
(Loss) for the financial year	<i>20</i>	(12,582)	(2,468)

On behalf of the board

B Fagan
Director



S Mulryan
Director



Ballymore Properties Holdings Limited and subsidiaries

Consolidated statement of total recognised gains and losses for the year ended 31 March 2007

	<i>Note</i>	2007 £'000	2006 £'000
(Loss) for the financial year		(12,582)	(2,468)
Unrealised surplus on revaluation of investment properties	21	3,651	-
		<hr/>	<hr/>
Total recognised gains and losses relating to the year	23	(8,931)	(2,468)
		<hr/>	<hr/>

Consolidated note of historical cost profits and losses for the year ended 31 March 2007

There is no difference between the results shown in the consolidated profit and loss account and the results calculated on an unmodified historical cost basis

Ballymore Properties Holdings Limited and subsidiaries

Consolidated balance sheet

as at 31 March 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	9	283,897	216,395
Investment in joint ventures	10	1,371	1,361
Financial assets	11	5,262	4,139
		<hr/>	<hr/>
		290,530	221,895
Current assets			
Stocks	12	716,895	204,236
Debtors	13	96,429	66,648
Investments	14	459	532
Cash at bank and in hand		40,408	34,849
		<hr/>	<hr/>
		854,191	306,265
Creditors: amounts falling due within one year	15	(382,597)	(143,681)
		<hr/>	<hr/>
Net current assets		471,594	162,584
		<hr/>	<hr/>
Total assets less current liabilities		762,124	384,479
Creditors: amounts falling due after more than one year	16	(680,994)	(293,157)
Provisions for liabilities	18	-	(1,310)
		<hr/>	<hr/>
Net assets		81,130	90,012
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account	20	40,602	53,184
Revaluation reserve	21	36,582	32,931
Other reserves	22	100	100
		<hr/>	<hr/>
Shareholders' funds	23	77,384	86,315
Minority interest	24	3,746	3,697
		<hr/>	<hr/>
		81,130	90,012
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 19 June 2007 and were signed on its behalf by

B Fagan
Director

S Mulryan
Director

Ballymore Properties Holdings Limited and subsidiaries

Consolidated balance sheet

as at 31 March 2007

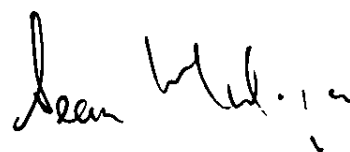
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Minority interest	24	<u>3,746</u>	<u>3,697</u>
		<u>81,130</u>	<u>90,012</u>

These financial statements were approved by the board of directors on 19 June 2007 and were signed on its behalf by

B Fagan
Director



S Mulryan
Director



Ballymore Properties Holdings Limited and subsidiaries

Consolidated cash flow statement for the year ended 31 March 2007

	<i>Note</i>	2007 £'000	2006 £'000
Net cash (outflow) from operating activities	25	(404,357)	(48,482)
Returns on investments and servicing of finance	26	(27,318)	(17,942)
Taxation - corporation tax paid		(4,581)	(651)
Capital expenditure and financial investment	26	(61,904)	(63,793)
		<hr/>	<hr/>
Net cash (outflow) before financing		(498,160)	(130,868)
Financing	26	503,719	157,049
		<hr/>	<hr/>
Increase in cash in the year		5,559	26,181
		<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

	<i>Note</i>	2007 £'000	2006 £'000
Increase in cash in the year	27	5,559	26,181
Cash (inflow) from change in debt financing	27	(503,719)	(156,949)
		<hr/>	<hr/>
Change in net debt	27	(498,160)	(130,768)
Interest rolled up into loan facilities	27	(14,501)	-
Net debt at beginning of year	27	(294,064)	(163,296)
		<hr/>	<hr/>
Net debt at end of year	27	(806,725)	(294,064)
		<hr/>	<hr/>

Ballymore Properties Holdings Limited and subsidiaries

Company balance sheet as at 31 March 2007

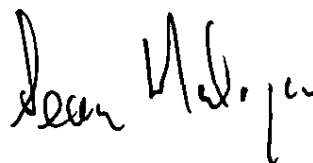
	<i>Note</i>	2007 £'000	2006 £'000
Fixed assets			
Financial assets	<i>11</i>	154,600	154,600
		<hr/>	<hr/>
Current assets			
Cash at bank and in hand		100	100
		<hr/>	<hr/>
Total current assets		100	100
Creditors' amounts falling due within one year	<i>15</i>	(100)	(100)
		<hr/>	<hr/>
Net current assets		-	-
		<hr/>	<hr/>
Total assets less current liabilities		154,600	154,600
		<hr/>	<hr/>
Net assets		154,600	154,600
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>19</i>	100	100
Profit and loss account	<i>20</i>	-	-
Capital reserve – capital contribution	<i>22</i>	154,500	154,500
		<hr/>	<hr/>
Shareholders' funds	<i>23</i>	154,600	154,600
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 19 June 2007 and were signed on its behalf by:

B Fagan
Director



S Mulryan
Director



Ballymore Properties Holdings Limited and subsidiaries

Notes

forming part of the financial statements

1 Turnover	2007	2006
	£'000	£'000
Turnover is analysed as follows -		
Sale of properties and construction income	17,429	50,187
Rental income and management fees	13,284	12,073
	<u>30,713</u>	<u>62,260</u>
All turnover is generated in the United Kingdom		
2 Interest receivable and similar income	2007	2006
	£'000	£'000
Bank deposit interest	1,649	372
Interest on intercompany loans	139	1,022
Joint venture loans	338	-
	<u>2,126</u>	<u>1,394</u>
3 Interest payable and similar charges	2007	2006
	£'000	£'000
On loans wholly repayable other than by instalments within five years	51,065	20,000
Less Capitalised interest included in cost of sales/work in progress/fixed assets under construction	(37,837)	(7,273)
	<u>13,228</u>	<u>12,727</u>
4 Investment income	2007	2006
	£'000	£'000
Income from financial assets	115	103

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

5 Statutory and other information	2007	2006
	£'000	£'000
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets	355	195
Directors' remuneration	-	-
	<hr/>	<hr/>
Auditor's remuneration - audit fees	150	65
- non audit fees	646	270
	<hr/>	<hr/>

6 Directors' remuneration and transactions	2007	2006
	£'000	£'000
<i>Directors' remuneration</i>		
Total emoluments	-	-
	<hr/>	<hr/>
Emoluments of the highest paid director	-	-
	<hr/>	<hr/>

Material interests of directors in contracts with the group

Mr Brian Fagan completed on apartments at the New Providence Wharf development for a consideration of £2,250,850. These transactions will be put before the members of the company at the next annual general meeting for ratification.

7 Tax on profit on ordinary activities	2007	2006
	£'000	£'000
(a) Analysis of charge in year		
Corporation tax at 30% (2006 30%)	-	2,631
Adjustment in respect of prior years	5,281	888
	<hr/>	<hr/>
Current tax charge for year	5,281	3,519
Deferred taxation (note 18)		
Origination/reversal of timing differences	(6,543)	670
Adjustment in respect of previous years	-	(837)
	<hr/>	<hr/>
	(6,543)	(167)
	<hr/>	<hr/>
Total tax (credit)/charge	(1,262)	3,352
	<hr/>	<hr/>

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

7 Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge for the year

The current tax charge for the year differs from the standard rate of corporation tax. The differences are explained below

	2007 £'000	2006 £'000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(13,795)	1,413
	<hr/>	<hr/>
(Loss)/profit on ordinary activities multiplied by the standard Corporation tax rate in the UK of 30%	(4,138)	424
<i>Effects of</i>		
Expenses not deductible	362	(70)
Capital allowances	16	(67)
Other timing differences	1,357	2,344
Loss carry back	2,185	-
Tax and losses carried forward	218	-
Adjustment in respect of prior years	5,281	888
	<hr/>	<hr/>
Total current tax charge	5,281	3,519
	<hr/>	<hr/>

(c) Factors expected to affect the tax charge in future periods

The UK corporation tax rate is currently 30% but is expected to be reduced to 28% effective from 1 April 2008

The only other known factors which will impact on the tax charge in future periods are disclosed in note 18 – deferred tax (asset)/liability

Ballymore Properties Holdings Limited and subsidiaries

Notes *(continued)*

8 Staff numbers and costs

The average number of employees employed within the group including executive directors, during the year was 129 (2006 101)

	2007	2006
Administration	59	47
Construction	70	54
	<u>129</u>	<u>101</u>

The aggregate payroll costs of employees were

	2007 £'000	2006 £'000
Wages and salaries	8,636	5,822
Social security costs	1,024	682
	<u>9,660</u>	<u>6,504</u>

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

9 Tangible fixed assets

<i>Group</i>	Freehold investment properties £'000	Construction in progress £'000	Freehold buildings £'000	Office furniture, equipment, and motor vehicles £'000	Total £'000
<i>Cost or valuation</i>					
At beginning of year	187,714	26,514	2,261	1,053	217,542
Additions	36,128	27,356	-	721	64,205
Transfer	(3,151)	-	3,151	-	-
Revaluation	3,651	-	-	-	3,651
At end of year	224,342	53,870	5,412	1,774	285,398
<i>Cost</i>	-	53,870	5,412	1,774	61,056
<i>Valuation</i>	224,342	-	-	-	224,342
At end of year	224,342	53,870	5,412	1,774	285,398
<i>Depreciation</i>					
At beginning of year	-	-	310	837	1,147
Charge	-	-	108	246	354
At end of year	-	-	418	1,083	1,501
<i>Net book value</i>					
At 31 March 2007	224,342	53,870	4,994	691	283,897
At 31 March 2006	187,714	26,514	1,951	216	216,395

An investment property is held by Vitely Limited, a 75% subsidiary. The minority shareholder in Vitely Limited is entitled to a finders fee in the event of a sale of the investment property. The property is stated at its market value less the estimated amount of the finders fee. The investment property was valued at £25,575,000 on 22 December 2006 on an open market basis by Donaldson LLP, an external independent valuer. The property was valued by Mr Ray Hardy, BSc MRICS, a director of the company, on an open market value basis on 31 March 2007 at £26,000,000.

The group's other investment properties were valued by Mr Ray Hardy, BSc MRICS, a director of the company, on an open market value basis on 31 March 2007 at £199,608,227.

The directors are satisfied that there is no material difference between the value at which the investment properties are included in the financial statements and their open market values at 31 March 2007.

The historical cost of the investment properties was £185,126,000 (2006 £152,149,000).

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. The maximum amount which could become payable in these circumstances is £11,226,242 (2006 £11,112,676). At present it is not envisaged that any tax will become payable in the foreseeable future.

The amount at which construction in progress is stated includes capitalised interest of £5,263,995 (2006 £2,324,674).

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

10 Investment in joint ventures	2007 £'000	2006 £'000
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Group

Investment in joint ventures	1,371	1,361
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Investment in joint ventures

- (a) The group owns 1 ordinary share of £1 in Bishopsgate Goodsyrd Limited, a property development company, which represents 50% of the issued shared capital at 31 March 2007. The group's joint venture partner, Hammerson plc, holds the remaining 50% of the equity share capital. The joint venture is in the design phase of a mixed use scheme of approximately 3.3 million sq ft.
- (b) The group holds a 50% participation in Central Regeneration Limited Partnership, a property development entity, stated at a cost of £2. The group's joint venture partner, Merepark, holds the remaining 50% of the equity share capital and is acting as project manager on the development. Planning permission has been received for a mixed use scheme of approximately 650,000 sq ft with construction scheduled to commence in the short term.
- (c) In April 2005, British Waterways Board appointed the group, together with Canary Wharf Group plc as its partner, for the development of Wood Wharf. The Wood Wharf Limited Partnership ("WWLP") has been established to oversee the development of an approximately 6.5 million sq ft (gross) mixed use scheme in which the group has a 25.0% effective interest. The group has subscribed £1,000 (50%) of equity share capital in Canary Wharf Ballymore Limited, the partner in WWLP, which in turn has invested £500 (50%) in WWLP. The group has provided interest free long-term loans to fund the working capital requirements of the partnership, which are repayable out of development profits.

The investment in the joint ventures comprises

	Investment in joint ventures £'000	Shares of net assets £'000	Fair value adjustment £'000	Total £'000
At beginning of year	-	(1,021)	2,382	1,361
Share of loss for year	-	(372)	-	(372)
Investment during year	382	-	-	382
At end of year	382	(1,393)	2,382	1,371

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

10 Investment in joint ventures (continued)	2007	2006
	£'000	£'000
The share in net assets/(liabilities) of the joint ventures (excluding the fair value adjustments) comprises		
Share of gross assets		
Share of fixed assets	3,515	50
Share of current assets	39,369	279
	<hr/>	<hr/>
	42,884	329
Share of gross liabilities		
Liabilities due within one year	122	(1,350)
Liabilities due after one year	(44,399)	-
	<hr/>	<hr/>
	(44,277)	(1,350)
	<hr/>	<hr/>
	(1,393)	(1,021)
	<hr/>	<hr/>

The group has given guarantees and undertakings in the normal course of business to joint venture partners regarding the performance and obligations of subsidiary undertakings

11 Financial assets

Group

Other investments – unquoted investments	2007	2006
	£'000	£'000
At beginning of year	4,139	4,139
Additions – Donwell Investments Limited	1,123	-
	<hr/>	<hr/>
	5,262	4,139
	<hr/>	<hr/>

Unquoted investments includes 5,262,298 (2006 4,137,298) 2.5% Cumulative Redeemable Preferences Shares of £1 each in Donwell Investments Limited, a property development company whose registered office is Ballymount House, Ballymount Road, Kingswood, Dublin 24

Unquoted investments includes 490 ordinary shares, equivalent to 49% of Clearstorm Limited, a property development company incorporated in the United Kingdom having its registered office at St Johns House, 5 South Parade, Summertown, Oxford OX2 7JL. Subsequent to the year end, the group acquired the remaining share capital at par. Clearstorm Limited is in the process of developing a number of property sites

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

11 Financial assets (continued)

<i>Company</i>	2007	2006
	£'000	£'000
<i>Investments in subsidiary undertakings</i>		
At beginning of year	154,600	154,500
Additions in year	-	100
	<hr/>	<hr/>
At end of year	154,600	154,600
	<hr/>	<hr/>

12 Stocks	2007	2006
	£'000	£'000
<i>Group</i>		
Development properties	237,352	58,470
Work in progress	466,713	144,567
Properties held for resale	12,830	1,199
	<hr/>	<hr/>
	716,895	204,236
	<hr/>	<hr/>

The amount at which work in progress is stated includes capitalised interest of £28,803,497 (2006 £6,016,502)

13 Debtors	2007	2006
	£'000	£'000
<i>Group</i>		
Amounts falling due within one year:		
Trade debtors	6,118	3,373
Other debtors	13,736	2,685
Amounts due by parent and fellow subsidiaries	40,762	46,141
Amounts due by related parties	28,154	13,467
Deferred tax asset (Note 18)	5,233	-
Prepayments and accrued income	2,426	982
	<hr/>	<hr/>
	96,429	66,648
	<hr/>	<hr/>

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

13 Debtors (continued)	2007	2006
	£'000	£'000

Group

Amounts due by related parties

Clearstorm Limited	-	1,587
Donwell Investments Limited	426	310
Bishopsgate Goodsynd Regeneration Limited	14,133	945
Canary Wharf Partnership Limited	12,538	10,625
Central Regeneration Partnership	1,057	-

	<u>28,154</u>	<u>13,467</u>
--	---------------	---------------

14 Investments (held as current assets)	2007	2006
	£'000	£'000

Group

Listed investments	459	532
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At 31 March 2007 the market value of the listed investments was £458,915 (2006 £532,302)

15 Creditors: amounts falling due within one year	2007	2006
	£'000	£'000

Group

Bank loans and overdrafts (note 17)	176,139	36,073
Trade creditors	3,890	1,525
Accruals and deferred income	97,194	48,020
Amounts due to group companies	96,322	50,238
Other creditors	37	-
Taxation and social welfare	9,015	7,825

	<u>382,597</u>	<u>143,681</u>
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Company

Amounts due to group companies	100	100
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Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

16 Creditors: amounts falling due after more than one year	2007	2006
	£'000	£'000
<i>Group</i>		
Bank loans and overdrafts (note 17)	625,994	292,840
Secured Mezzanine Bonds 2011	45,000	-
Amounts due to group companies	-	317
Other creditors	10,000	-
	<hr/>	<hr/>
	680,994	293,157
	<hr/>	<hr/>

17 Bank borrowings

	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
<i>Group</i>				
Repayable other than by instalments				
Bank loans and overdrafts	176,139	281,802	344,192	802,133
	<hr/>	<hr/>	<hr/>	<hr/>

The bank loans and overdrafts are secured by fixed and floating charges over the assets of group undertakings and cross guarantees by certain group undertakings

18 Deferred tax (asset)/liability

	2007	2006
	£'000	£'000
<i>Group</i>		
At beginning of year	1,310	1,477
Origination/reversal of timing differences	(6,257)	670
Adjustment in respect of previous years	(286)	(837)
	<hr/>	<hr/>
At end of year	(5,233)	1,310
	<hr/>	<hr/>

As this is an asset in the current year, the balance has been disclosed as a debtor (Note 13).

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

18 Deferred tax (asset)/liability (continued)

	2007 £'000	2006 £'000
<i>Elements of deferred taxation</i>		
Liability in respect of accelerated capital allowances on property acquired from parent company	1,477	1,310
Tax losses carried forward	(3,000)	-
Other timing differences	(3,710)	-
	<hr/>	<hr/>
Deferred tax (asset)/liability	(5,233)	1,310
	<hr/>	<hr/>

Provision has been made in respect of all deferred taxation liabilities expected to crystallise in the future other than the following

	2007 £'000	2006 £'000
On revaluation of investment properties (note 9)	11,226	11,113
	<hr/>	<hr/>

19 Called up share capital

	2007 £'000	2006 £'000
<i>Group and company</i>		
<i>Authorised</i>		
100,000 (2006 100,000) ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100,000 (2006 100,000) ordinary share of £1 each	100	100
	<hr/>	<hr/>

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

20 Reconciliation of consolidated profit and loss account	2007 £'000	2006 £'000
Group		
Profit and loss account at beginning of year	53,184	55,652
(Loss) for the year retained by Ballymore Properties Holdings Limited	-	-
Subsidiaries	(12,582)	(2,468)
	<hr/>	<hr/>
Profit and loss account at end of year	40,602	53,184
	<hr/>	<hr/>

Company

A separate profit and loss account for Ballymore Properties Holdings Limited (the company) has not been presented because the conditions laid down in the Companies Act 1985 have been complied with. The company made neither a profit nor a loss in the financial year and has nil profit and loss account reserve at both year ends.

21 Revaluation reserve	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Group and company				
At beginning of year	32,931	32,931	-	-
Unrealised surplus on revaluation of investment properties	3,651	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	36,582	32,931	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

22 Other reserves	2007 £'000	2006 £'000
Group		
Capital contribution	154,500	154,500
Merger reserve - excess of value attributed to shares contributed over their nominal value	(154,500)	(154,500)
Other capital reserves	100	100
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

Group reorganisation

The capital contribution, merger reserve and other capital reserves arise from a group reorganisation which took place in October 2003.

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

23 Reconciliation of shareholders' funds	2007	2006
	£'000	£'000
<i>Group</i>		
Shareholders' funds at beginning of year	86,315	88,683
Total recognised gains and losses for the year	(8,931)	(2,468)
Share issue	-	100
	<hr/>	<hr/>
Shareholders' funds at end of year	77,384	86,315
	<hr/>	<hr/>
<i>Company</i>		
Shareholders' funds at beginning of year	154,600	154,500
Total recognised gains and losses for the year	-	-
Share issue	-	100
	<hr/>	<hr/>
Shareholders' funds at end of year	154,600	154,600
	<hr/>	<hr/>
24 Minority interest	2007	2006
	£'000	£'000
At start of year	3,697	3,168
Share of profit	49	529
	<hr/>	<hr/>
At end of year	3,746	3,697
	<hr/>	<hr/>

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

25 Reconciliation of operating (loss)/profit to net cash (outflow) from operating activities

	2007 £'000	2006 £'000
Group operating (loss)/profit	(2,436)	13,212
Depreciation charge	355	195
Write down/(write back) of investments	73	(198)
Profit on disposal of tangible fixed assets	-	(5)
(Increase) in stocks net of transfer to investment properties	(477,913)	(110,640)
(Increase)/decrease in debtors	(24,512)	18,341
Increase in creditors	100,076	30,613
Net cash (outflow) from operating activities	(404,357)	(48,482)

26 Analysis of cashflows for headings netted in the cash flow statement

	2007 £'000	2006 £'000
Returns on investments and servicing of finance		
Interest and similar income received	2,205	1,546
Interest and similar charges paid	(29,523)	(19,488)
Net cash (outflow) from returns on investment and servicing of finance	(27,318)	(17,942)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(60,399)	(63,797)
Disposal of tangible fixed assets	-	5
Purchase of financial assets	(1,505)	(1)
Net cash (outflow) from capital expenditure and financial investment	(61,904)	(63,793)
Financing		
Increase in borrowings	503,719	156,949
Increase in share capital	-	100
Net cash inflow from financing	503,719	157,049

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

27 Analysis of net debt	As at 31 March 2006 £'000	Cashflow £'000	Other non- cash changes £'000	As at 31 March 2007 £'000
Cash at bank and in hand	34,849	5,559	-	40,408
Bank loans due within one year	(36,073)	(69,989)	(70,077)	(176,139)
Bank loans due after one year	(292,840)	(388,730)	55,576	(625,994)
Secured Mezzanine Bonds 2011	-	(45,000)	-	(45,000)
Debt	(328,913)	(503,719)	(14,501)	(847,133)
Net debt	(294,064)	(498,160)	(14,501)	(806,725)

28 Commitments and contingencies

There are ongoing commitments under operating leases for the hire of plant and equipment
Such commitments rarely exceed one month

Ballymore Properties Holdings Limited has issued performance undertakings in the normal course of business in respect of the activities of its subsidiaries

The company, together with its subsidiaries has guaranteed the indebtedness of group companies to certain financial institutions. The indebtedness is secured by charges on the assets of the various group companies. The amounts outstanding in respect of guarantee facilities at 31 March 2007 was £613m (2006 £305m)

Additional amounts may become payable to property vendors in the event that specified density targets are exceeded on planning approval. The group may also incur contingent finance costs based on a percentage of the profits earned on the successful development of some of the group's properties

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

29 Related parties and control

The company's parent company is Ballymore Properties Holdings and Investments Limited, a company incorporated in Jersey. That company's parent is Ballymore Properties, a company incorporated in the Republic of Ireland. The company was controlled by Mr S Mulryan throughout the period. The largest group in which the results of the company and its subsidiary undertakings are consolidated is that headed by Ballymore Properties.

Vitely Limited, a 75% subsidiary of the company, holds 5,262,298 2.5% Cumulative Redeemable Preference Shares of £1 each in Donwell Investments Limited, a company which is under the control of Mr Paddy Kelly, a director of Vitely Limited. Dividend income during the year in respect of this investment amounted to £115,151 (2006 £103,432). There is dividend income receivable from Donwell Investments Limited of £425,448 (2006 £310,297) at year end.

The company has availed of the exemption available in Financial Reporting Standard No 8 *Related Party Disclosures*, from disclosing transactions with its subsidiary companies.

Significant transactions with other group companies are as follows

	2007 £'000	2006 £'000
Goods and services supplied to other group companies on normal trading terms	5,939	9,269
Goods and services purchased from other group companies on normal trading terms	171,685	67,099

The company provided services to Clearstorm Limited for a consideration of £7,353,810 (2006 £7,828,000).

Details of other related party transactions are disclosed throughout the financial statements as they arise.

30 Post balance sheet events

There are no significant post balance sheet events which would materially affect the financial statements.

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

31 Principal subsidiary undertakings and other undertakings

<i>Name</i>	<i>Proportion held by company subsidiary</i>		<i>Activity</i>
Ballymore Properties Limited	-	100%	Property development and investment company
Ballymore Commercial Limited	-	100%	Property investment company
Ballymore Projects Limited	-	100%	Services company
Ballymore Properties (Plumbers Row) Limited	-	100%	Property development company
Domaine Developments Limited	-	100%	Property development and investment company
Landor (Dundee Wharf) Limited	-	90%	Property development and investment company
Landor Residential Limited	-	90%	Property development company
Ballymore Ontario Limited	-	90%	Property development and investment company
Milltop Limited	-	100%	Property development company
RT Group Developments (Snow Hill) Limited	-	100%	Property development company
SCI Boldcount	-	100%	Property investment company
St John's Square Co Limited	-	100%	Property investment company
Monomind Limited	-	100%	Property investment company
Pridebank Limited	-	100%	Property development company
Kilopoint Limited	-	100%	Property investment company
Vitely Limited	-	75%	Property investment company
Headaid Limited	-	100%	Property investment company
Ballymore Properties (Lanark Square) Limited	-	100%	Property investment company
Bristol Exeter House Limited	-	100%	Property development and investment company
Osborne Trading Limited	100%	-	Investment holding company
Ballymore London Arena Limited	-	100%	Property development company
Spanacre Limited	-	100%	Services company
Ballymore (Carmen Street) Limited	-	100%	Property development company

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

31 Principal subsidiary undertakings and other undertakings (continued)

<i>Name</i>	<i>Proportion held by company subsidiary</i>		<i>Activity</i>
Ballymore (Bow Paper) Limited	-	100%	Property development company
Zelah Limited	100%	-	Investment holding company
Ballymore Limited	100%	-	Investment holding company
Metromaze Limited	-	100%	Investment holding company
Boldcount Limited	-	100%	Investment holding company
Bow Waste Paper Mills Limited	-	100%	Property development company
Ballymore Cornwall Street Limited	-	100%	Property investment company
Ballymore Developments Limited	-	100%	Investment holding company
Arrowhead Commercial Limited	-	100%	Property development company
Ballymore NPW Hotel Limited	-	100%	Property investment company
Ballymore (Battersea Park Road) Limited	-	100%	Property investment company
Ballymore (Cuba Street) Limited	-	100%	Property development company
Cuba Street Limited	-	100%	Property development company
Ballymore Millharbour Limited	-	100%	Property development company
Ballymore Wood Wharf Holdings Limited	-	100%	Investment holding company
Ballymore (Wood Wharf) Limited	-	100%	Investment holding company
Ballymore Investments Limited	-	100%	Investment holding company
Ballymore Colmore Row Limited	-	100%	Property investment company
Broadnote Limited	-	100%	Property development company

Ballymore Properties Holdings Limited and subsidiaries

Notes (continued)

31 Subsidiary undertakings (continued)

Other undertakings

<i>Name</i>	<i>Proportion held by company subsidiary</i>		<i>Activity</i>
Bishopsgate Goodyard Limited	-	50%	Property development company
Clearstorm Limited	-	49%	Property development company
Canary Wharf Ballymore Limited	-	50%	Property development company
Central Regeneration Limited Partnership	-	50%	Property development company

All companies other than as set out below are incorporated in the United Kingdom having their registered offices at St Johns House, 5 South Parade, Summertown, Oxford OX2 7JL and operate in the United Kingdom

Osborne Trading Limited and Zelah Limited are incorporated in the Isle of Man Their registered offices are at One Circular Road, Douglas, Isle of Man

The registered office of SCI Boldcount is 2 Avenue de Provence, 06002 Eze, France

The registered office of Ballymore (Carmen Street) Limited and Spanacre Limited is 41 Charlton Street, London, NW1 1JD

The registered office of Ballymore NPW Hotel Limited, Milltop Limited, Pridebank Limited and Arrowhead Commercial Limited is 19 Cavendish Square, London, W1A 2AW

All shareholdings in subsidiary undertakings consist of ordinary shares In the opinion of the directors the investments are worth at least the amount stated in the balance sheet

32 Approval of financial statements

The directors approved the financial statements on 19 June 2007