

# Castle Acquisitions Plc

Report and financial statements

For the year ended 30th September 2006

Company Registration number 5351402  
(England & Wales)



**REPORT OF THE DIRECTORS** (continued)

**Substantial shareholdings**

The Directors have been advised of the following shareholdings at 28th February 2007 in 3% or more of the Company's issued share capital

	<i>Number of shares</i>	<i>Percentage of the issued capital</i>
North Atlantic Value LLP	34,350	21.80
Walker Cripps Stockbrokers	16,049	10.19
David Barry	12,250	7.77
London & Sterling Capital Ltd	11,350	7.20
Itton Limited	10,000	6.35
Peter Cundill & Associates (Bermuda) Ltd	7,850	4.98
Greenbelt Corp, Greentree Partners, L.P., Greenway Partners, L.P.		
G K Duberstein & A D Kingsley	7,753	4.92
JOHCM Alternative Investments LLP	7,201	4.57
Starlight Investments Ltd	6,850	4.35

**Share price performance**

The share price varied between a high of £45.37 and a low of £34.50

At 29th September 2006 (the last business day of the Company's financial year) the mid-market price of the shares was £45.37

**Political and charitable donations**

No political or charitable donations have been made by the Group during the year

**Payment to suppliers**

The Group does not follow any code or standard with regard to the payment of its suppliers. The Group's policy is to agree terms and conditions with suppliers in advance. Payment is then made in accordance with the agreement provided the supplier has met the terms and conditions.

**Auditors**

A resolution to re-appoint KPMG Audit Plc and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting in accordance with section 384 of the Companies Act 1985.

**Statement of Disclosure to Auditors**

The Directors who held office at the date of approval of this Directors Report confirm that

- (a) So far as the Directors are aware there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Annual General Meeting**

The Annual General Meeting will be held on Wednesday 25th April 2007 at 10.00 a.m. at the offices of Strand Partners Limited, 26 Mount Row London W1K 3SQ

The notice convening the meeting is set out on page 16. In addition to the items of ordinary business, a resolution to approve the continuation of the investment strategy of the Company as detailed in the admission document dated 26th April 2005 will be proposed.

By order of the Board

**J H Hughes**  
Secretary



21st March 2007

## CHAIRMAN'S STATEMENT

---

Castle Acquisitions is the parent company of Lonrho Africa Trade & Finance Limited ( LATF ), and was admitted to AIM on 3rd May 2005 following LATF's demerger from Lonrho Africa Plc

Castle Acquisitions is seeking, subject to the consent of the Trustee, to unlock inherent value in a pension scheme operated by LATF by acquiring a company with attractive growth prospects and a sizeable UK workforce and introducing new members to the scheme

On 31st March 2006 the Company announced that discussions to acquire MJ Gleeson Group plc had ended

Since then the Board has sought to identify further acquisition opportunities and remains confident that it will be able to make a suitable acquisition to enhance shareholder value

**Christopher Mills**

*Chairman*

21st March 2007



## **DIRECTORS**

---

### **Christopher Mills (54) (Non-executive Chairman)**

Christopher Mills is Chief Investment Officer of JO Hambro Capital Management Ltd, which he joined in 1993. He is Chief Executive of North Atlantic Smaller Companies Investment Trust plc and American Opportunities Trust plc (United Kingdom listed investment trusts) where he is responsible for their investment decisions. He is also a director of a number of other companies.

### **Richard Wilkinson (49) (Non-executive Director)**

Richard Wilkinson is Executive Vice President and Chief Financial Officer of Sindicatum Carbon Capital Ltd. Prior to this he was Executive Deputy Chairman of The African Lakes Corporation Plc and a partner of Blakeney Management. He was previously Managing Director of Angel Train Contracts and a Director in the Principal Finance Group of investment bank Nomura International plc.

### **Michael Wilson (67) (Non-executive Director)**

Michael Wilson is a Director of Meikles Africa Limited, which he joined in 1996. He was also a Director of Lonrho Africa Plc from 1998 until he resigned in 2006. Prior to this he was a partner and member of the partnership board of Coopers & Lybrand until 1995.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 Group and the parent Company 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 the parent Company and of the profit or loss for that year.

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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent 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 parent 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 Group and to prevent and detect fraud and other irregularities.

**REPORT OF THE DIRECTORS**  
**For the year ended 30th September 2006**

---

The Directors of Castle Acquisitions Plc submit their report together with the audited financial statements for the year ended 30th September 2006

**Principal activities**

The Group's principal activity is that of an investment company with access, subject to the consent of the Trustee to the surplus of its subsidiary company's UK defined benefit pension scheme

**Business review**

The Chairman's Statement sets out the strategy of the Company during the year

The requirements of the enhanced business review are covered in the Chairman's Statement on page 1

**Results and dividends**

The loss for the year after taxation amounted to £19,000

The Board has decided that it is not appropriate to declare a dividend

**Directors**

The present Board of the Company is set out on page 2

At the forthcoming Annual General Meeting, R J Wilkinson will retire by rotation and, being eligible, will offer himself for re-election. Biographical details of all Directors are set out on page 2

No Director has had a material interest in any contract of significance in relation to the Company's business

**Directors' share interests**

	<i>At 30th September 2006 Number of shares</i>	<i>At 30th September 2005 Number of shares</i>
C H B Mills	Nil	Nil
R J Wilkinson	53	53
M S Wilson	450	450

All of the above interests are beneficial and recorded in the Company's Register of Directors' Share and Debenture Interests. No Director has a beneficial interest in the shares or debentures of any of the Company's subsidiary undertaking. There have been no changes in Directors' share interests since 30th September 2006

## REPORT OF THE DIRECTORS (continued)

### Substantial shareholdings

The Directors have been advised of the following shareholdings at 28th February 2007 in 3% or more of the Company's issued share capital

	<i>Number of shares</i>	<i>Percentage of the issued capital</i>
North Atlantic Value LLP	34,350	21.80
Walker Cripps Stockbrokers	16,049	10.19
David Barry	12,250	7.77
London & Sterling Capital Ltd	11,350	7.20
Itton Limited	10,000	6.35
Peter Cundill & Associates (Bermuda) Ltd	7,850	4.98
Greenbelt Corp, Greentree Partners, LP, Greenway Partners, LP,		
G K Duberstein & A D Kingsley	7,753	4.92
JOHCM Alternative Investments LLP	7,201	4.57
Starlight Investments Ltd	6,850	4.35

### Share price performance

The share price varied between a high of £45.37 and a low of £34.50

At 29th September 2006 (the last business day of the Company's financial year), the mid-market price of the shares was £45.37

### Political and charitable donations

No political or charitable donations have been made by the Group during the year

### Payment to suppliers

The Group does not follow any code or standard with regard to the payment of its suppliers. The Group's policy is to agree terms and conditions with suppliers in advance, payment is then made in accordance with the agreement provided the supplier has met the terms and conditions

### Auditors

A resolution to re-appoint KPMG Audit Plc and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting in accordance with section 384 of the Companies Act 1985

### Statement of Disclosure to Auditors

The Directors who held office at the date of approval of this Director's Report confirm that

- (a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Annual General Meeting

The Annual General Meeting will be held on Wednesday 25th April 2007 at 10.00 a.m. at the offices of Strand Partners Limited 26 Mount Row London W1K 3SQ

The notice convening the meeting is set out on page 16. In addition to the items of ordinary business, a resolution to approve the continuation of the investment strategy of the Company as detailed in the admission document dated 26th April 2005, will be proposed

By order of the Board

**J H Hughes**  
Secretary



21st March 2007

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLE ACQUISITIONS PLC

---

We have audited the Group and parent Company financial statements of Castle Acquisitions Plc for the year ended 30th September 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses 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 auditors

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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, 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.

### 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 groups and the parent company's affairs as at 30th September 2006 and of the Group's loss 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 and includes that specific information presented in the Chairman's Statement that is cross referenced from the Business Review section of the Directors' Report.

*KPMG Audit Plc*  
*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

Liverpool  
21st March 2007

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 30th September 2006

		<i>Year ended 30th September 2006</i>	<i>Period ended 30th September 2005</i>
	<i>Note</i>	<i>£ 000</i>	<i>£ 000</i>
Operating costs	1	(80)	(51)
<b>Operating loss</b>		(80)	(51)
Interest receivable		61	27
<b>Loss on ordinary activities before taxation</b>		(19)	(24)
Tax on profit on ordinary activities	2	-	-
<b>Loss on ordinary activities after taxation</b>	8	(19)	(24)
<b>Loss per share</b>	3	(12.1)p	(15.2)p

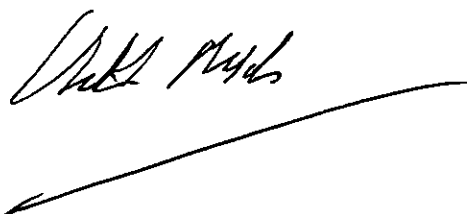
The profit and loss account has been prepared on the basis that all operations are continuing operations

**BALANCE SHEETS**  
as at 30th September 2006

	Note	Group		Company	
		2006 £ 000	2005 £ 000	2006 £'000	2005 £'000
<b>Fixed assets</b>					
Investments	4	–	–	1,576	1,576
<b>Current assets</b>					
Debtors	5	46	19	–	–
Cash at bank		1,551	1,586	50	50
		1,597	1,605	50	50
<b>Creditors:</b> amounts falling due within one year	6	(64)	(53)	(68)	(49)
<b>Net current assets/(liabilities)</b>		1,533	1,552	(18)	1
<b>Total assets less current liabilities</b>		1,533	1,552	(18)	1,577
<b>Net assets</b>		1,533	1,552	1,558	1,577
<b>Capital and reserves</b>					
Called up share capital	7	1,576	1,576	1,576	1,576
Profit and loss account	8	(43)	(24)	(18)	1
<b>Shareholders' funds</b>		1,533	1,552	1,558	1,577

These financial statements were approved by the Board of Directors on 21st March 2007 and signed on its behalf by

C H B Mills



**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 30th September 2006

	<i>Note</i>	<i>2006</i> £ 000	<i>2005</i> £'000
<b>Net cash outflow from operating activities</b>	14	(96)	(17)
<b>Returns on investments and servicing of finance</b>			
Interest			
— received		61	27
<b>Net cash (outflow)/inflow after returns on investments and servicing of finance</b>		(35)	10
<b>Net cash (outflow)/inflow before investing activities and financing</b>		(35)	10
<b>Net capital receipts</b>	15	—	—
<b>Net cash acquired on demerger</b>		—	1,576
<b>(Decrease)/Increase in cash in the period</b>	16	(35)	1,586

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 30th September 2006

There are no recognised gains and losses other than those passing through the profit and loss account

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
for the year ended 30th September 2006

<i>Group</i>	<i>2006</i> £ 000	<i>2005</i> £ 000
Recognised losses relating to the period	(19)	(24)
Net decrease in shareholders' funds in the period	(19)	(24)
Shareholders' funds at beginning of period	1,552	1,576
<b>At end of period</b>	1,533	1,552

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
for the year ended 30th September 2006

There are no differences between the reported loss before taxation and the historical cost loss before taxation

## PRINCIPAL ACCOUNTING POLICIES

---

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and with the requirements of the Companies Act 1985. The consolidated financial statements reflect the results and financial position of the Company and its subsidiary.

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- The presentation requirements of FRS25 'Financial Instruments - presentation and disclosure', and
- FRS28 'Corresponding Amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS28 'Corresponding Amounts' has no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 30th September 2006.

The acquisition method of accounting has been adopted. Under this method, the results of a subsidiary undertaking are included in the consolidated profit and loss account from the date of acquisition.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

### **Investments accounting policy**

In the Company's financial statements, investments in subsidiary undertakings are stated at cost.

### **Pension costs**

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the Group.

The Group has fully adopted FRS17 'Retirement Benefits'. Under FRS17, the defined benefit scheme assets are measured using market values. Pension scheme liabilities are measured using projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Group recognises an asset in respect of any surplus, being the excess of the value of the assets in the scheme over the present value of the scheme's liabilities, only to the extent that it is able to recover the surplus.

### **Deferred taxation**

Deferred tax is recognised 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 FRS19.

## NOTES TO THE FINANCIAL STATEMENTS

**1. Operating costs**

No emoluments were paid to the Directors during the year

Included within the operating costs is an amount of £5,875 (2005 £5,875) in respect of Auditor's remuneration of which £3,525 (2005 £3,525) relates to the Company

**2. Taxation**

	2006 £ 000	2005 £ 000
<b>Current tax charge</b>	-	-
<b>Reconciliation of current tax charge.</b>		
<b>Loss on ordinary activities before tax</b>	(19)	(24)
Loss on ordinary activities before tax at the standard UK rate of corporation tax of 30%	(6)	(7)
Net losses where no group relief available	6	7
<b>Actual current tax charge</b>	-	-

**3. Loss per share**

	2006 £ 000	2005 £ 000
<b>Loss for the year</b>	(19)	(24)
<b>Number of shares in issue</b>	157,573	157,573
<b>Loss per share</b>	(12.1)p	(15.2)p

**4. Investments**

	<i>Company</i> <i>Subsidiary</i> £ 000
Cost at 30th September 2005	1,576
Cost at 30th September 2006	1,576

The Company holds 100% of the ordinary share capital of Lonrho Africa Trade & Finance Limited, an investment holding company incorporated in the United Kingdom

**5 Debtors**

	<i>Group</i>		<i>Company</i>	
	2006 £ 000	2005 £ 000	2006 £ 000	2005 £ 000
Amounts falling due within one year				
Other debtors	42	19	-	-
Prepayments	4	-	-	-
	46	19	-	-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 6. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>£ 000</i>	<i>£ '000</i>	<i>£ 000</i>	<i>£ 000</i>
Trade creditors	44	28	-	-
Amounts due to subsidiaries	-	-	68	24
Accruals	20	25	-	25
	<u>64</u>	<u>53</u>	<u>68</u>	<u>49</u>

## 7. Share capital

	<i>2006</i>	<i>2005</i>
<i>Company</i>	<i>£'000</i>	<i>£'000</i>
Authorised		
500,000 ordinary shares of £10 each	5,000	5,000
50,000 redeemable preference shares of £1 each	50	50
Allotted, called up and fully paid		
157,573 ordinary shares of £10 each	<u>1,576</u>	<u>1,576</u>

## 8. Reserves

	<i>2006</i>	<i>2005</i>
<i>Group</i>	<i>£ 000</i>	<i>£ 000</i>
At 30th September 2005	(24)	-
Loss for the year	(19)	(24)
<b>At 30th September 2006</b>	<u>(43)</u>	<u>(24)</u>
	<i>2006</i>	<i>2005</i>
<i>Company</i>	<i>£'000</i>	<i>£'000</i>
At 30th September 2005	1	-
Loss for the year	(19)	1
<b>At 30th September 2006</b>	<u>(18)</u>	<u>1</u>

No separate profit and loss account is provided for the Company as permitted by Section 230 of the Companies Act

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**9. Pension costs**

The Group operates one defined benefit pension scheme in the United Kingdom which is a funded scheme, the assets are held separately from those of the Group

The Group has adopted Financial Reporting Standard 17 (FRS17) Retirement Benefits

The contributions are determined by a qualified independent actuary on the basis of triennial valuations using the attained age method. The most recent full independent actuarial valuation was carried out at 30th September 2005 and showed that the market value of the scheme's assets was £33 million and that the surplus was £19.5 million. The contributions of the UK employer and the employees will remain at nil.

In order to comply with FRS17, the full actuarial valuation carried out at 30th September 2005 has been updated to 30th September 2006 by a qualified independent actuary. The major assumptions used by the actuary under FRS17 were:

	<i>30th September 2006</i>	<i>30th September 2005</i>	<i>30th September 2004</i>
Rate of increase in salaries	4.20%	4.00%	4.40%
Rate of increase in deferred pensions	2.70%	2.50%	2.90%
Rate of increase of pensions in payment			
John Holt	2.70%	2.50%	2.90%
Baumann Hinde	3.00%	3.00%	3.00%
Discount rate	5.00%	5.00%	5.50%
Inflation assumption	2.70%	2.50%	2.90%

The assets and actuarial liabilities in the scheme under FRS17 and the expected rates of return were:

	<i>30th September 2006</i>	<i>30th September 2005</i>	<i>30th September 2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Corporate bonds and gilts	4.50% 34,522	4.50% 32,974	4.60% 43,484
Cash	-	-	4.75% 683
Total market value of assets	<u>34,522</u>	<u>32,974</u>	<u>44,167</u>
Actuarial value of liabilities	<u>(8,961)</u>	<u>(8,052)</u>	<u>(16,705)</u>
Surplus in the scheme	<u><u>25,561</u></u>	<u><u>24,922</u></u>	<u><u>27,462</u></u>

An analysis of the increase/(decrease) in the unrecognised surplus in the scheme is as follows:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Expected return on scheme assets	1,321	1,418	998
Actual return less expected return on scheme assets	<u>319</u>	<u>1,983</u>	<u>1,197</u>
	1,640	3,401	2,195
Experience losses arising on scheme liabilities	(124)	(562)	(221)
Changes in assumptions underlying the present value of the scheme liabilities	(399)	(821)	328
Improvements in benefits	-	(351)	(2,892)
Settlement costs (see below)	-	(3,701)	-
Interest on scheme liabilities	(402)	(421)	(787)
Current service cost	<u>(76)</u>	<u>(85)</u>	<u>(107)</u>
Increase/(decrease) in the unrecognised surplus in the scheme	<u><u>639</u></u>	<u><u>(2,540)</u></u>	<u><u>(1,484)</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**9. Pension costs (continued)**

History of experience gains and losses	2006 %	2006 £ 000	2005 %	2005 £ 000	2004 %	2004 £ 000
Difference between the expected and actual return on scheme assets	0.9	319	6.0	1,983	2.7	1,197
Experience (losses)/gains on scheme liabilities	(1.4)	(124)	(7.0)	(562)	(1.3)	(221)

In previous years the Trustee has purchased annuities for the majority of the pensioners. During the year ended 30th September 2005 the Trustee decided to secure the benefits of the remaining pensioners at 30th September 2004 by the purchase of a contract with the Legal & General Assurance Society Limited. This was effective from 1st February 2005 and the cost was approximately £14.1 million. The settlement costs of £3.7 million shown above represent that part of the cost which was in excess of the actuarial liabilities at 30th September 2004 calculated for the purposes of FRS17.

The actuarial assumptions used for the full actuarial valuation are more conservative than those used for FRS17 purposes and the surplus on the full actuarial valuation at 30th September 2005 of £19.5 million was therefore less than the surplus of £24.9 million disclosed for FRS17 purposes. Having had discussions with the qualified independent actuary the Directors believe that, on a basis consistent with the full actuarial valuation at 30th September 2005, the surplus in the scheme would have been approximately £20 million at 30th September 2006.

**10. Contingent liabilities**

There were no contingent liabilities at 30th September 2006.

**11. Commitments**

The Group had no commitments under either capital contracts or lease agreements at 30th September 2006.

**12. Related party transactions**

There were no related party transactions during the year.

**13. Post balance sheet events**

There were no reportable post balance sheet events.

**14. Net cash flow from operating activities**

	2006 £ 000	2005 £ 000
Operating loss	(80)	(51)
Increase in debtors	(27)	(19)
Increase in creditors	11	53
	<u>(96)</u>	<u>(17)</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

**15. Net capital receipts/(payments)**

	2006	2005
	£'000	£ 000
Redeemable preference shares issued at par	–	50
Redeemable preference shares redeemed at par	–	(50)
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

**16 Reconciliation of net cash flow to movement in net cash**

	2006	2005
	£'000	£ 000
(Decrease)/increase in cash in the year	(35)	1,586
Balance at beginning of year	1,586	–
Balance at end of year	<u>1,551</u>	<u>1,586</u>

**CORPORATE INFORMATION**

---

**Secretary and registered office**

J H Hughes  
C/o DSG  
Castle Chambers  
43 Castle Street  
Liverpool L2 9TL  
Telephone 0151 243 1200  
Telefax 0151 236 1430  
e-mail cb@dsg.uk.com  
Registered in England  
Number 5351402

**Registrars**

Lloyds TSB Registrars  
The Causeway  
Worthing  
West Sussex  
BN99 6DA  
Telephone 01903 502541  
Telefax 01903 833371

**Auditors**

KPMG Audit Plc  
8 Princes Parade  
Liverpool  
L3 1QH

**Principal group banker**

Barclays Bank Plc

**Nominated Adviser**

Strand Partners Limited

**Stockbrokers**

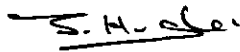
Arbuthnot Securities Limited

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Castle Acquisitions Plc will be held at the offices of Strand Partners Limited, 26 Mount Row, London W1K 3SQ on Wednesday 25th April 2007 at 10.00 a.m. for the following purposes

- 1 To receive the Report of the Directors, the Accounts for the year ended 30th September 2006, and the Auditors Report thereon
- 2 To re-elect R J Wilkinson as a Director
- 3 To re-appoint KPMG Audit Plc as auditors of the Company and to authorise the Directors to agree their remuneration
- 4 To approve the continuation of the investment strategy of the Company as detailed in the admission document dated 26th April 2005

By order of the Board  
J H Hughes, Secretary  
Castle Acquisitions Plc



C/o DSG  
Castle Chambers  
Castle Street  
Liverpool L2 9TL  
Registered No 5351402  
21st March 2007

Attention of members is drawn to the notes below which form part of this Notice

### NOTES

- 1 Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice and, to be effective, must be deposited at Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 3UG, England, not less than 48 hours before the time appointed for the holding of the Meeting.  
Shareholders who have completed a Form of Proxy may still attend the Meeting and vote in person, should they so wish.
- 2 Only the registered holders of fully paid ordinary shares or their proxies are entitled to attend and vote at the Meeting. Proxies may only vote on a poll. To be entitled to attend and vote (and for the purposes of determination by the Company of the number of votes that may be cast) such holders must be registered on the Company's register of members by 6.00 p.m. (UK time) on 23rd April 2007, or in the event of any adjournment of the above Meeting, by 6.00 p.m. (UK time) on the day two days prior to the date fixed for the adjourned meeting or by the time specified in any written notice given by the Company of the adjourned meeting. Changes to entries on the register after this date shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 3 Recommendation  
The Directors believe that the passing of all resolutions will be in the best interests of shareholders as a whole and of the Company and are unanimous in recommending that shareholders vote in favour of them. All the votes attaching to the shares in which they are interested (totalling some 503 shares which represent some 0.32% of the Company's issued share capital) will be cast in favour.

## SHAREHOLDER INFORMATION

Analysis of ordinary shareholdings at 28th February 2007

Category of shareholder	<i>Number of holders</i>	<i>% of total holders</i>	<i>Number of shares</i>	<i>% of total shares</i>
Individuals	2,675	89.92	13,067	8.29
Banks, nominees and other corporate bodies	300	10.08	144,506	91.71
	<u>2,975</u>	<u>100.00</u>	<u>157,573</u>	<u>100.00</u>
Shareholding range				
1 – 5	2,555	85.88	4,330	2.75
6 – 10	175	5.88	1,364	0.87
11 – 50	151	5.08	3,504	2.22
51 – 500	67	2.25	12,860	8.16
501 – 1,000	6	0.20	4,608	2.92
1,001 – 5,000	13	0.44	31,277	19.85
5,001 – 10,000	3	0.10	21,112	13.40
10,001 and over	5	0.17	78,518	49.83
	<u>2,975</u>	<u>100.00</u>	<u>157,573</u>	<u>100.00</u>

### Capital gains tax base cost of shares at demerger

For capital gains tax purposes, shareholders disposing of shares in either Castle Acquisitions Plc or Lonrho Africa Plc after 3rd May 2005, who held shares prior to that date should apportion the base cost of their original Lonrho Africa Plc shares between the two companies. Based on the closing share prices on 3rd May 2005 of Castle Acquisitions Plc and Lonrho Africa Plc this apportionment would be 18.1667% for Castle Acquisitions Plc and 81.8333% for Lonrho Africa Plc.

### Registrars

All administrative enquiries relating to shareholdings, such as queries concerning notification of change of address or the loss of a share certificate should be addressed to the Company's registrars.

### Share dealing services

Castle Acquisitions Plc has arranged for share dealing services to be made available to its shareholders.

Shareview Dealing provided by Lloyds TSB Registrars, offers internet and telephone dealing to UK participants with settlement in pounds sterling. Log on to [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing) or call them on 0845 300 2947 for more information about this service and for details of their rates.

A weekly postal dealing service is also available and a form together with terms and conditions can be obtained by calling 0870 242 4244.

### Unsolicited mail

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Society, Freeport 22, London W1E 7EZ.