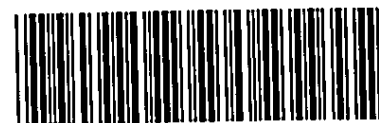


Registered No 2776183

Daws Investment Limited
Annual Report for the year ended 31 December
2006

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Daws Investment Limited

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Directors and advisers

Directors

M McGann
Miss A Hill

Secretary and registered office

M McGann
Nuffield House
41-46 Piccadilly
London
W1J 0DS

Solicitors

Clyde & Co Beaufort House
Chertsey Street
Guildford
Surrey
GU1 4HA

Registered auditors

PricewaterhouseCoopers LLP
No 1 Embankment Place
London
WC2N 6RH

Bankers

HBOS
Level 3
21-23 Hill Street
London
W1J 5JW

Report of the Directors for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company for the Year ended 31 December 2006

Change of ownership

The entire share capital of the parent company Pan Albion Group was purchased by Kandahar Academy Limited on 13 June 2006

Principal activity

The principal activity of the company is that of owning and managing commercial property

Business Review

During the period the company successfully continued to enhance the value of its property portfolio through effective asset management

Dividends and transfer to reserves

The directors do not propose to pay a dividend in respect of the period ended 31 December 2006 (2005 £937,645) The loss for the financial period of £257,049 will be charged against reserves

Financial risk management

The main financial risk which the company faces is liquidity risk This is managed by entering into intergroup loans with other group companies and the company's bankers on appropriate terms

Directors

The directors during the year under review were

DW Brown	(Resigned 13 June 2006)
AS Cedar	(Resigned 13 June 2006)
M McGann	(Appointed 13 June 2006)
Miss A Hill	(Appointed 13 June 2006)

The directors holding office at 31 December 2006 did not hold any beneficial interest in the issued share capital of the company

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business The directors have received assurances from the ultimate parent company that it will continue to provide funding for the foreseeable future while the company remains a Kandahar Group Limited subsidiary

The directors confirm that suitable accounting policies have been used and applied consistently They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2006 and that applicable accounting standards have been followed

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.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware. The directors 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board

Martin McGann

Company secretary

25 October 2007

Independent auditors' report to the members of Daws Investment Limited

We have audited the financial statements of Daws Investment Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its 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

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

25 October 2007

Profit and loss account for the year ended 31 December 2006

	Notes	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Turnover	1	1,070,116	1,110,604
Administrative expenses		(119,957)	(175,926)
Loss on disposal of property		(259,652)	(83,231)
Operating profit	2	690,507	851,447
Interest receivable and similar income	3	10,885	8,187
Interest payable and similar charges	4	(959,962)	(702,509)
(Loss)/profit on ordinary activities before taxation		(258,570)	157,125
Tax on (loss)/profit on ordinary activities	5	1,521	(108,206)
(Loss)/profit on ordinary activities after taxation		(257,049)	48,919
Dividends	6	-	(937,645)
Retained Loss for the financial year	12,13	(257,049)	(888,726)

The above results relate to the continuing operations of the company

Statement of total recognised gains and losses for the Year ended 31 December 2006

	Notes	Year ended 31 December 2006 £	Year ended 31 December 2005 £
(Loss)/Profit for the financial year		(257,049)	48,919
Revaluation of investments property	7	2,376,916	612,176
Total recognised gains and losses relating to the Year		2,119,867	661,095

Note of historical cost profits and losses

	Notes	Year ended 31 December 2006 £	Year ended 31 December 2005 £
(Loss)/profit on ordinary activities before taxation		(258,570)	157,125
Realisation of property revaluation gains in previous years		277,894	820,486
Historical cost profit on ordinary activities before taxation		19,324	977,611
Historical cost (loss)/profit on ordinary activities after taxation		20,845	869,605

Balance sheet as at 31 December 2006

	Notes	31 December 2006 £	31 December 2005 £
FIXED ASSETS			
Tangible assets	7	22,600,000	20,563,600
CURRENT ASSETS			
Debtors	8	247,054	-
Cash at bank		77,341	449,789
		324,395	449,789
Creditors amounts falling due within one year	9	(367,922)	(1,559,167)
NET CURRENT LIABILITIES		(43,527)	(1,109,378)
TOTAL ASSETS LESS CURRENT LIABILITIES		22,556,473	19,454,222
Creditors amounts falling due after more than one year	10	(12,297,384)	(11,315,000)
NET ASSETS		10,259,089	8,139,222
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Investment revaluation reserve	12	10,238,242	8,139,220
Profit and loss account	12	20,845	-
SHAREHOLDERS' FUNDS	13	10,259,089	8,139,222

The financial statements on pages 6 to 13 were approved by the board of directors on 25/10/2007 and were signed on its behalf by

Martin McQuinn

Director

**Notes to the Financial Statements
for the Year ended 31 December 2006****1. Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Going concern

The company has received an undertaking from Kandahar Group Limited that such funds will be made available so that the company is able to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. As such the financial statements have been prepared on the going concern basis.

Turnover

Turnover represents net rents receivable, excluding value added tax.

Tangible Fixed assets

In accordance with SSAP 19 – Accounting for Investment Properties, investment properties are re-valued annually and the aggregate surplus or deficit is transferred to the revaluation reserve, unless any deficit below original cost is considered to be permanent in which case it is charged to the profit and loss account. Depreciation is not provided in respect of investment properties. The directors consider that this accounting policy is necessary to provide a true and fair view.

Interest receivable and payable

Interest amounts are accounted for on an accruals basis. Any net discount or premium on a financing instrument is amortised using the effective interest rate method over the term of the instrument.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Cashflow statement

The company is exempt from publishing a cash flow statement as it qualifies as a small company.

2. Operating profit

The operating profit is stated after charging

	Year ended 31 December 2006	Year ended 31 December 2005
	£	£
Auditors' remuneration	<u>-</u>	<u>113</u>

The directors, who were the sole employees during the period, did not receive any remuneration during the year. In addition, the audit fees of the company were borne by a fellow group company.

3. Interest receivable and similar income

	Year ended 31 December 2006	Year ended 31 December 2005
	£	£
Other interest	<u>10,885</u>	<u>8,187</u>

4. Interest payable and similar charges

	Year ended 31 December 2006	Year ended 31 December 2005
	£	£
Bank loans and overdrafts	<u>959,962</u>	<u>702,509</u>

5. Tax on profit on ordinary activities

Analysis of charge in the year

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Current Tax:		
UK corporation tax on profits of the year	-	108,206
Prior period adjustment	(1,521)	-
Tax on profit/(loss) on ordinary activities	<u>(1,521)</u>	<u>108,206</u>

A reconciliation of the profit before tax to the tax charge for the period is set out below

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Loss on ordinary activities before tax	(257,049)	157,125
Multiplied by the standard rate of tax of 30%	(77,115)	47,138
Effect of disallowable expenditure and other timing differences	11,467	(8,674)
Prior period adjustment	(1,521)	-
Surrender of losses to other group companies	<u>65,648</u>	<u>69,742</u>
Tax on profit on ordinary activities	<u>(1,521)</u>	<u>108,206</u>

6. Dividends

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Ordinary interim paid	<u>-</u>	<u>937,645</u>

7. Tangible fixed assets

	Freehold properties	Leasehold properties	Total
	£	£	£
Cost			
At 1 January 2006	20,113,600	450,000	20,563,600
Disposals	-	(450,000)	(450,000)
Additions	109,484		109,484
Revaluation	<u>2,376,916</u>	<u>-</u>	<u>2,376,916</u>
At 31 December 2006	<u>22,600,000</u>	<u>-</u>	<u>22,600,000</u>

The investment properties were valued at £22,600,000 by the directors as at 31 December 2006 on an open market value basis based on a DTZ Debenham Tie Leung professional valuation conducted in the post balance sheet period

8. Debtors

	31 December 2006	31 December 2005
	£	£
Trade debtors	247,054	-
	<u>247,054</u>	<u>-</u>

9. Creditors: amounts due within one year

	31 December 2006	31 December 2005
	£	£
Trade creditors	79,787	-
Amounts owed to group undertakings	-	1,093,841
Corporation tax	-	108,209
Other creditors	-	68,820
Social security and other taxes	47,631	26,314
Accruals and deferred income	<u>240,504</u>	<u>261,983</u>
	<u>367,922</u>	<u>1,559,167</u>

10. Creditors: amounts falling due after more than one year

	31 December 2006 £	31 December 2005 £
Bank loans	-	11,315,000
Amount owed to related party	12,297,384	-
	<u>12,297,384</u>	<u>11,315,000</u>

11. Called up share capital

	31 December 2006 £	31 December 2005 £
Authorised		
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2

12. Reserves

	Profit and loss account £	Revaluation reserve £	Totals £
At 31 March 2006	-	8,139,220	8,139,220
Loss for the year	(257,049)	-	(257,049)
Realised of revaluation surplus	277,894	(277,894)	-
Revaluation surplus in the year	-	2,376,916	2,376,916
At 31 December 2006	<u>20,845</u>	<u>10,238,242</u>	<u>10,259,087</u>

13. Reconciliation of movement on shareholders' funds

	31 December 2006 £	31 December 2005 £
(Loss)/profit for the year	(257,049)	48,919
Dividends	-	(937,645)
Revaluation surplus	2,376,916	612,176
	<u>2,119,867</u>	<u>(276,550)</u>
Opening shareholders' funds	8,139,222	8,415,772
Closing shareholders' funds	<u>10,259,089</u>	<u>8,139,222</u>

14. Related party disclosures

	Debtor	Creditor
Kandahar Academy Limited	-	(11,934,771)
Kandahar (Bishops Stortford) Limited	-	(40,351)
Daws Limited	774	-
Kandahar (Droitwich) Limited	40,000	-
Eurocoast Limited	-	(210,954)
Kandahar Group Limited	-	(56,082)
Kandahar (Leicestershire) Limited	-	(96,000)
	<u>40,774</u>	<u>(12,338,158)</u>

15. Ultimate and immediate parent company

The company is a wholly owned subsidiary of Kandahar Academy II Limited, whose ultimate controlling party of the company is considered to be Kandahar Real Estate Limited, a Maltese resident, Gibraltar registered company

16. Post balance sheet events

Following the year end the group of which the company is part refinanced its external borrowings to achieve more advantageous terms

An investment property was sold in January 2007 for £1.1m leading to a gain of £0.1m