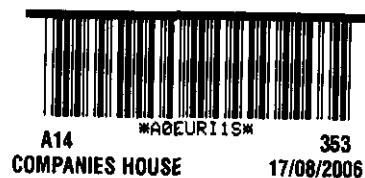


A&PA Property Limited

**Annual report and financial statements
for the year ended 31 December 2005**

Registered Number 3015482



A&PA Property Limited

Annual report and financial statements for the year ended 31 December 2005

Contents

Directors and advisors	1
Directors' report for the year ended 31 December 2005	2
Directors' responsibilities statement.....	4
Independent auditors' report to the members of A&PA Property Limited	5
Profit and loss account.....	7
Balance sheet.....	8
Accounting policies.....	9
Notes to the financial statements for the year ended 31 December 2005.....	10-16

A&PA Property Limited

Directors and advisors

Directors

K P Thompson

B J Slade

Secretary

K P Thompson

Auditors

PricewaterhouseCoopers LLP

The Quay

30 Channel Way

Ocean Village

Southampton

SO14 3QG

Solicitors

DLA Rudnick Gray Cary

1 St Paul's Place

Sheffield

S1 2JX

Registered Office

Eling Wharf

High Street

Totton

Southampton

SO40 9TN

Registered Number

3015482

Bankers

Bank of Scotland

London Chief Office

38 Threadneedle Street

London

EC2P 2EH

A&PA Property Limited

Directors' report for the year ended 31 December 2005

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2005.

Principal activity and business review

The company acts as a property holding investment company and will continue to do so for the foreseeable future. The results for the year are set out on page 7.

The directors have made a decision to sell certain freehold land and building assets and they are being actively marketed. These have been included within current asset investments and have been written down by an additional £0.752m (2004: £4.031m) to their estimated realisable value on disposal.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk and credit risk.

The company's ultimate parent undertaking, A&P Ports and Properties Limited, manages the interest rate and liquidity risks associated with the whole A&P Ports and Properties Group, as disclosed in the financial statements of that company, which are available as disclosed in note 12. A&P Ports and Properties Limited is financed by bank and shareholder loans.

The company does not anticipate obtaining new customers. The company's income is represented by a consistent rental stream with existing customers. Meetings are held with the customers to maintain trading relationships.

Dividends

The directors do not recommend the payment of a dividend (2004: £Nil).

Directors and their interests

The names of the directors who held office during the year and at the date of this report, except where indicated, were as follows:

K P Thompson	
D P Parry	(resigned 21 December 2005)
B J Slade	
M Reynolds	(appointed 21 December 2005)

None of the directors have any interests in the company. The interests of the directors in the shares of the ultimate holding company, A&P Ports and Properties Limited, are disclosed in the financial statements of that company.

A&PA Property Limited

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP will be put to the members at the Annual General Meeting.

By order of the board



K P Thompson
Director

8 August 2006

A&PA Property Limited

Directors' responsibilities statement

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2005. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



K P Thompson
Director

8 August 2006

A&PA Property Limited

Independent auditors' report to the members of A&PA Property Limited

We have audited the financial statements of A&PA Property Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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.

A&PA Property Limited

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southampton
8 August 2006

A&PA Property Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
Gross rental income		1,250,000	1,916,667
Net property expenses		(169,106)	(223,374)
Operating profit		1,080,894	1,693,293
Provision for loss on disposal of current asset investment	1	(751,786)	(4,031,299)
Profit /(Loss) on ordinary activities before taxation	2	329,108	(2,338,006)
Tax on profit / (loss) on ordinary activities	3	-	-
Retained profit / (loss) for the year	8	329,108	(2,338,006)

All of the activities of the company are continuing.

There is no difference between the profit / (loss) on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

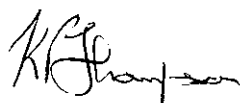
There are no recognised gains or losses other than the profit / (loss) for the period.

A&PA Property Limited

Balance sheet at 31 December 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	4	13,396,110	13,539,587
Current assets			
Current Asset Investments	1	1,250,000	2,001,786
Debtors	5	249,833	83,334
Cash at bank and in hand		10,549,168	9,495,879
		12,049,001	11,580,999
Creditors: amounts falling due within one year	6	(24,261,617)	(24,266,200)
Net current liabilities		(12,212,616)	(12,685,201)
Net assets		1,183,494	854,386
Capital and reserves			
Called up equity share capital	7	2	2
Profit and loss account	8	1,183,492	854,384
Equity shareholders' funds	9	1,183,494	854,386

The financial statements on pages 7 to 16 were approved by the board of directors on 8 August 2006 and were signed on its behalf by:



K P Thompson
Director

A&PA Property Limited

Accounting policies

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

The going concern assumption has been adopted in the preparation of these financial statements as the ultimate parent undertaking has indicated its willingness to provide financial support for the foreseeable future.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned.

The annual rates used for this purpose are:

Dock installations	1 ½% - 3 ⅓%
Freehold buildings	2%
Leasehold property	Term of lease
Plant and machinery	2 ½% - 33 ⅓%

Cash flow statement

The company is a wholly owned subsidiary and is exempt under the terms of Financial Reporting Standard No 1 revised from publishing a cash flow statement.

Gross rentals

Gross rentals, which exclude Value Added Tax, represent rentals receivable in respect of shipyards owned by A&PA Property Limited.

Deferred tax

Full provision is made for deferred taxation on an undiscounted basis, in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events results in an obligation to pay more or a right to pay less, tax in the future. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

A&PA Property Limited

Notes to the financial statements for the year ended 31 December 2005

1. Provision for loss on disposal of current asset investment

The Directors have made a decision to sell certain assets and they are being actively marketed. An offer of £1,250,000 (2004: £2,001,786) has been received and thus the carrying value of the assets has been written down by £751,786 to their estimated realisable value on disposal of £1,250,000 (2004: £2,001,786) and have been transferred from tangible fixed assets to current asset investments.

2. Profit / (Loss) on ordinary activities before taxation

Profit / (Loss) on ordinary activities before taxation is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned tangible fixed assets	143,477	172,109

Auditors' remuneration is borne by other group undertakings and there were no fees for non-audit services.

The company had no employees except for its directors.

The emoluments of the directors, who are also directors of a number of group companies, are borne in full by the principal employing company. Accordingly no recharge is made as these directors provide services primarily to the principal employer. These directors' emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the principal employer.

3. Taxation

	2005 £	2004 £
United Kingdom corporation tax at 30% (2004: 30%)		
Current	-	-
Deferred	-	-
Under-provision in respect of prior years		
Deferred	-	-
	-	-

A&PA Property Limited

Notes to the financial statements for the year ended 31 December 2005

3. Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained below:

	2005 £	2004 £
Profit / (Loss) on ordinary activities	329,108	(2,338,006)
Profit / (Loss) on ordinary activities at the UK standard corporation tax rate	98,732	(701,402)
Effects of:		
Expenses not deductible for tax purposes	253,196	1,258,937
Other timing differences	7,687	12,757
Capital allowances in excess of depreciation	(32,961)	(40,103)
Imputed interest on inter company balances	(300,634)	(339,662)
Utilisation of losses	(26,020)	(190,527)
	-	-

The company has deferred tax assets which have not been recognised within the financial statements of £341,361 (2004: £493,304).

	2005 £	2004 £
Excess of capital allowances over depreciation	124,990	92,300
Short term timing differences	(35,759)	(42,182)
Non Trade debits	(430,592)	(543,422)
	(341,361)	(493,304)

These assets will be recoverable if there are significant future taxable profits against which they can be relieved. They have not been recognised due to the uncertainty of future taxable profits.

A&PA Property Limited

Notes to the financial statements for the year ended 31 December 2005

4. Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 January 2005	13,893,088	113,963	1,630,370	15,637,421
Transfer between categories	113,963	(113,963)	-	-
At 31 December 2005	14,007,051	-	1,630,370	15,637,421
Depreciation				
At 1 January 2005	1,146,376	22,822	928,636	2,097,834
Charge for year	110,498	-	32,979	143,477
Transfer between categories	22,822	(22,822)	-	-
At 31 December 2005	1,279,696	-	961,615	2,241,311
Net book amount at 31 December 2005	12,727,355	-	668,755	13,396,110
Net book amount at 31 December 2004	12,746,712	91,141	701,734	13,539,587

Freehold land and buildings includes land which is not depreciated amounting to £1,215,758 (2004: £1,215,758).

A&PA Property Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

4. Tangible fixed assets (continued)

* The Directors' have made a decision to sell certain freehold land and building assets and they are being actively marketed. The carrying value of the assets have been written down by £751,786 to their estimated realisable value on disposal. (See note 1)

Freehold land and buildings and current asset investments includes assets over which two options are held. One option is related to assets with an attributable book value of £9.2m, for which there is an option to purchase for £5m (adjusted for inflation). The second option is related to assets with an attributable book value of £1.25m, for which there is an option to purchase for £5m (adjusted for inflation). Both options are exercisable between the balance sheet date and 15 August 2010 and have been granted to certain related parties. The Directors, based on their enquiries of the option holders, do not believe the options will be exercised in the foreseeable future and accordingly continue to account for the assets at their attributable book value. In the event the options were exercised certain assets would be sold for less than their current attributable book value.

A&PA Property Limited

Notes to the financial statements
for the year ended 31 December 2005 (continued)

5. Debtors

	2005 £	2004 £
Trade debtors	166,500	-
Accrued income	83,333	83,334
	249,833	83,334

6. Creditors – Amounts falling due within one year

	2005 £	2004 £
Amounts due to group undertakings	24,261,617	24,261,617
Other taxation and social security	-	4,583
	24,261,617	24,266,200

7. Called up share capital

	2005 £	2004 £
Authorised		
1,000 Ordinary equity shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
2 Ordinary equity shares of £1 each	2	2

A&PA Property Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

8. Reserves

	Profit and loss account £
At 1 January 2005	854,384
Retained profit for the year	329,108
At 31 December 2005	1,183,492

9. Reconciliation of movements in equity shareholders' funds

	2005 £	2004 £
Profit / (Loss) for the year	329,108	(2,338,006)
Net addition / (reduction) to shareholders' funds	329,108	(2,338,006)
Opening shareholders' funds	854,386	3,192,392
Closing shareholders' funds	1,183,494	854,386

10. Contingent liabilities

The company has entered into cross guarantees in favour of the Bank of Scotland plc regarding amounts borrowed by A&P Ports & Properties Limited group of companies, which at 31 December 2005 amounted to £42,961,815 (2004: £42,004,071).

A&PA Property Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

11. Related party transactions

During the year the company carried out transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and their total value is shown below:

	2005		2004	
	Value of transactions	Receivable/ payable at 31 December 2005	Value of transactions	Receivable/ payable at 31 December 2004
	£	£	£	£
Transactions with A&P Falmouth				
Rentals receivable	1,000,000	249,833	1,000,000	83,334
Transactions with A&P Tyne Limited:				
Rentals receivable	-	-	666,667	-
Services supplied from	-	-	8,783	-
Transactions with A&P Group Limited				
Services supplied from	1,595	-	26,189	-

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the A&P Ports and Properties Limited group of companies.

12. Parent company and ultimate controlling party

The immediate parent undertaking is A&P Ports & Properties Limited. The directors regard A&P Ports & Properties Limited, which is incorporated in England and Wales, as the ultimate parent company and immediate controlling party and is the parent of the smallest and largest group to consolidate these accounts. Copies of the parent's consolidated financial statements may be obtained from:

Registrar of Companies
Crown Way
Maindy
Cardiff
CF4 3UZ