

Company Registration No. 3525741 (England and Wales)



PAN ALBION GROUP PLC & SUBSIDIARIES

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005



GERALD EDELMAN

CHARTERED ACCOUNTANTS

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PAN ALBION GROUP PLC & SUBSIDIARIES

DIRECTORS AND ADVISERS

Directors	A.S Cedar D.W. Brown
Secretary	A.S Cedar
Company number	3525741
Registered office	25 Harley Street London W1G 9BR
Registered auditors	Gerald Edelman 25 Harley Street London W1G 9BR
Business address	66 Princesdale Road Holland Park London W11 4NL

PAN ALBION GROUP PLC & SUBSIDIARIES

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PAN ALBION GROUP PLC & SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Directors

The following directors have held office since 1 January 2005:

A.S Cedar
D.W. Brown

Principal activities and review of the business

The principal activity of the company is that of a holding company. During the year under review the company became a wholly-owned subsidiary of D & E Holdings PLC.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

An interim ordinary dividend was paid amounting to £3,501,258. The directors do not recommend payment of a final dividend.

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

	Ordinary shares of £1 each	
	31 December 2005	1 January 2005
A S Cedar	-	25,000
D W Brown	-	25,000

The directors' have no interest in the shares of any of the subsidiary undertakings. A S Cedar and D W Brown are also directors of the parent company, D & E Holdings PLC, and their interest in the shares of that company are as shown in its financial statements.

	2005	2004
	£	£
During the year the group made the following payments:		
Charitable donations	650	500

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 0 (2004- 0) days' purchases.

Auditors

Gerald Edelman were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

PAN ALBION GROUP PLC & SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those 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 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 will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



A.S Cedar

Director

19 April 2006

PAN ALBION GROUP PLC & SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PAN ALBION GROUP PLC & SUBSIDIARIES

We have audited the financial statements of Pan Albion Group PLC & Subsidiaries for the year ended 31 December 2005 set out on pages 5 to 17. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 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).

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 or 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 transactions with the company 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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.

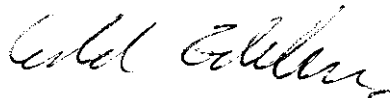
We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 16 to the financial statements.

PAN ALBION GROUP PLC & SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF PAN ALBION GROUP PLC & SUBSIDIARIES

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 and the groups affairs as at 31 December 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gerald Edelman

19 April 2006

Chartered Accountants
Registered Auditor

25 Harley Street
London
W1G 9BR

PAN ALBION GROUP PLC & SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	1,860,577	1,730,157
Administrative expenses		(284,189)	(519,780)
(Loss)/profit on disposal of investments		(83,231)	81,558
Operating profit		1,493,157	1,291,935
Other interest receivable and similar income		13,881	27,605
Interest payable and similar charges	3	(1,223,383)	(1,160,287)
Profit on ordinary activities before taxation		283,655	159,253
Tax on profit on ordinary activities	4	(130,086)	(2,545)
Profit on ordinary activities after taxation		153,569	156,708
Dividends	6	(3,501,258)	-
Retained (loss)/profit for the year	13	(3,347,689)	156,708

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

PAN ALBION GROUP PLC & SUBSIDIARIES

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 £
Profit for the financial year	153,569	156,708
Unrealised surplus on revaluation of properties	744,477	5,752,606
Total recognised gains and losses relating to the year	<u>898,046</u>	<u>5,909,314</u>

Note of historical cost profits and losses

	2005 £	2004 £
Reported profit on ordinary activities before taxation	283,655	159,253
Realisation of property revaluation gains of previous years	820,486	225,000
Historical cost profit on ordinary activities before taxation	<u>1,104,141</u>	<u>384,253</u>
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	<u>(2,527,203)</u>	<u>381,708</u>

PAN ALBION GROUP PLC & SUBSIDIARIES

BALANCE SHEETS AS AT 31 DECEMBER 2005

	Notes	Group 2005 £	2004 £	Company 2005 £	2004 £
Fixed assets					
Tangible assets	7	34,290,900	34,944,999	-	-
Investments	8	-	-	14,175,494	14,633,209
		<u>34,290,900</u>	<u>34,944,999</u>	<u>14,175,494</u>	<u>14,633,209</u>
Current assets					
Debtors	9	-	987,817	1,236,481	3,440,078
Cash at bank and in hand		705,990	594,846	-	-
		<u>705,990</u>	<u>1,582,663</u>	<u>1,236,481</u>	<u>3,440,078</u>
Creditors: amounts falling due within one year	10	(1,843,045)	(1,695,951)	(1,186,481)	(1,244,581)
Net current liabilities		<u>(1,137,055)</u>	<u>(113,288)</u>	<u>50,000</u>	<u>2,195,497</u>
Total assets less current liabilities		<u>33,153,845</u>	<u>34,831,711</u>	<u>14,225,494</u>	<u>16,828,706</u>
Creditors: amounts falling due after more than one year	11	(18,928,355)	(18,003,007)	-	-
		<u>14,225,490</u>	<u>16,828,704</u>	<u>14,225,494</u>	<u>16,828,706</u>
Capital and reserves					
Called up share capital	12	50,000	50,000	50,000	50,000
Revaluation reserve	13	14,175,490	14,251,499	14,175,494	14,633,209
Profit and loss account	13	-	2,527,205	-	2,145,497
Shareholders' funds - equity interests	14	<u>14,225,490</u>	<u>16,828,704</u>	<u>14,225,494</u>	<u>16,828,706</u>

The financial statements were approved by the board on 19 April 2006



A.S Cedar
Director

PAN ALBION GROUP PLC & SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
Net cash inflow from operating activities		2,650,693		474,859
Returns on investments and servicing of finance				
Interest received	13,881		27,605	
Interest paid	(1,223,383)		(1,160,287)	
Payment to minority interest	-		(1,752)	
Net cash outflow for returns on investments and servicing of finance		(1,209,502)		(1,134,434)
Taxation		(2,831)		289
Capital expenditure				
Payments to acquire tangible assets	(392,962)		(725,121)	
Receipts from sales of tangible assets	1,709,305		1,003,312	
Net cash inflow for capital expenditure		1,316,343		278,191
Equity dividends paid		(3,501,258)		-
Net cash outflow before management of liquid resources and financing		(815,180)		(381,095)
Financing				
New long term bank loan	926,324		316,384	
Net cash inflow from financing		926,324		316,384
Increase/(decrease) in cash in the year		111,144		(64,711)

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit	1,493,157	1,291,935
	Loss/(profit) on disposal of tangible assets	82,231	(81,558)
	Decrease in debtors	987,817	(77,276)
	Increase/(decrease) in creditors within one year	18,863	(658,242)
	Net cash inflow from operating activities	2,650,693	474,859

2	Analysis of net debt	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	594,846	111,144	-	705,990
	Debts falling due within one year	(13,509)	(976)	-	(14,485)
	Debts falling due after one year	(18,003,007)	(925,348)	-	(18,928,355)
		(18,016,516)	(926,324)	-	(18,942,840)
	Net debt	(17,421,670)	(815,180)	-	(18,236,850)

3	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	Increase/(decrease) in cash in the year	111,144	(64,711)
	Cash inflow from increase in debt	(926,324)	(316,384)
	Movement in net debt in the year	(815,180)	(381,095)
	Opening net debt	(17,421,670)	(17,040,575)
	Closing net debt	(18,236,850)	(17,421,670)

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2005. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents rent receivable and all other property related income.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Tangible fixed assets and depreciation

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.7 Investments

Fixed asset investments are stated at valuation on the basis of the net asset values of the subsidiary.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

3	Interest payable	2005 £	2004 £
	On bank loans and overdrafts	1,223,162	1,160,287
	On overdue tax	221	-
		<u>1,223,383</u>	<u>1,160,287</u>

4	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	130,086	2,834
	Adjustment for prior years	-	(289)
	Current tax charge	<u>130,086</u>	<u>2,545</u>

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	<u>283,655</u>	<u>159,253</u>
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Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)

<u>85,097</u>	<u>47,776</u>
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Effects of:

Capital allowances	(17,142)	-
Adjustments to previous periods	-	(289)
Chargeable disposals	69,741	-
Other tax adjustments	(7,610)	(44,942)
	<u>44,989</u>	<u>(45,231)</u>

Current tax charge	<u>130,086</u>	<u>2,545</u>
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5 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2005 £	2004 £
Holding company's profit for the financial year	<u>1,355,761</u>	<u>-</u>

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

6	Dividends		2005	2004
			£	£
	Ordinary interim paid		3,501,258	-
			<u> </u>	<u> </u>
7	Tangible fixed assets			
	Group			
		Freehold investment properties	Leasehold investment properties	Total
		£	£	£
	Cost or valuation			
	At 1 January 2005	33,844,999	1,100,000	34,944,999
	Additions	385,810	7,152	392,962
	Revaluation	794,477	(50,000)	744,477
	Disposals	(1,184,386)	(607,152)	(1,791,538)
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 2005	33,840,900	450,000	34,290,900
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 2004	33,844,999	1,100,000	34,944,999
		<u> </u>	<u> </u>	<u> </u>

The investment properties were valued by the directors as at 31 December 2005 on an open market basis based on a professional valuation conducted in the post balance sheet period. The historical cost of the properties at that date was £20,115,410.

No provision has been made for taxation which might become payable if the investment properties were sold at the amount at which they are included in the financial statements. If the properties were sold at that amount, the potential liability to taxation would be approximately £3.85 million.

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2005	14,633,209
Revaluation	(457,715)
	<hr/>
At 31 December 2005	14,175,494
	<hr/>
At 31 December 2004	14,633,209
	<hr/> <hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Eurocoast Limited	England & Wales	Ordinary	100
Daws Investments Limited	England & Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Eurocoast Limited	Property investment
Daws Investments Limited	Property investment

9 Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts owed by group undertakings	-	-	1,236,481	3,130,099
Other debtors	-	987,817	-	309,979
	<hr/>	<hr/>	<hr/>	<hr/>
	-	987,817	1,236,481	3,440,078
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

10 Creditors : amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	14,485	13,509	-	-
Amounts owed to group undertakings	1,186,484	-	1,186,481	421,250
Corporation tax	130,089	2,834	-	-
Taxes and social security costs	56,159	49,264	-	-
Directors current accounts	-	823,331	-	823,331
Other creditors	68,820	341,973	-	-
Accruals and deferred income	387,008	465,040	-	-
	<u>1,843,045</u>	<u>1,695,951</u>	<u>1,186,481</u>	<u>1,244,581</u>

11 Creditors : amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans	18,928,355	18,003,007	-	-
	<u>18,928,355</u>	<u>18,003,007</u>	<u>-</u>	<u>-</u>
Analysis of loans				
Not wholly repayable within five years other than by instalments:	18,942,840	18,016,516	-	-
Included in current liabilities	(14,485)	(13,509)	-	-
	<u>18,928,355</u>	<u>18,003,007</u>	<u>-</u>	<u>-</u>
Loan maturity analysis				
In more than one year but not more than two years	15,532	14,485	-	-
In more than two years but not more than five years	53,662	69,195	-	-
In more than five years	18,859,161	17,919,327	-	-
	<u>18,928,355</u>	<u>18,003,007</u>	<u>-</u>	<u>-</u>

The bank loans are secured by various charges on certain of the Group's freehold and leasehold properties. Interest is payable at various rates above base rate.

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

12 Share capital	2005	2004
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u> </u>	<u> </u>
13 Statement of movements on reserves		
Group		
	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 January 2005	14,251,499	2,527,203
Retained loss for the year	-	(3,347,689)
Transfer from revaluation reserve to profit and loss account	(820,486)	820,486
Revaluation during the year	744,477	-
	<u> </u>	<u> </u>
Balance at 31 December 2005	14,175,490	-
	<u> </u>	<u> </u>
Company		
	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 January 2005	14,633,209	2,145,497
Retained loss for the year	-	(2,145,497)
Revaluation during the year	(457,715)	-
	<u> </u>	<u> </u>
Balance at 31 December 2005	14,175,494	-
	<u> </u>	<u> </u>

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

14 Reconciliation of movements in shareholders' funds	2005	2004
Group	£	£
Profit for the financial year	153,569	156,708
Dividends	(3,501,258)	-
	<u>(3,347,689)</u>	<u>156,708</u>
Other recognised gains and losses	744,475	5,752,606
Minority interest	-	(3,251)
	<u>744,475</u>	<u>(3,251)</u>
Net (depletion in)/addition to shareholders' funds	(2,603,214)	5,906,063
Opening shareholders' funds	16,828,704	10,922,641
	<u>16,828,704</u>	<u>10,922,641</u>
Closing shareholders' funds	14,225,490	16,828,704
	<u><u>14,225,490</u></u>	<u><u>16,828,704</u></u>
	2005	2004
Company	£	£
Profit for the financial year	1,355,761	-
Dividends	(3,501,258)	-
	<u>(2,145,497)</u>	<u>-</u>
Other recognised gains and losses	(457,715)	5,909,312
	<u>(2,603,212)</u>	<u>5,909,312</u>
Net (depletion in)/addition to shareholders' funds	(2,603,212)	5,909,312
Opening shareholders' funds	16,828,706	10,919,394
	<u>16,828,706</u>	<u>10,919,394</u>
Closing shareholders' funds	14,225,494	16,828,706
	<u><u>14,225,494</u></u>	<u><u>16,828,706</u></u>

15 Employees

Number of employees

There were no employees during the year apart from the directors

16 Auditors' Ethical Standards

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are:

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

In common with many other businesses of our size and nature we use our auditors to provide tax advice and to represent us, as necessary, at tax tribunals.

PAN ALBION GROUP PLC & SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

17 Control

During the year the company became a wholly-owned subsidiary of D & E Holdings PLC.

18 Related party transactions

Group

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

Management fees of £145,000 (2004 £147,500) were charged by Cedar Brown Limited, a company in which the directors have a material interest.

Included in creditors are amounts due to the directors of the Group as follows:-

A Cedar £nil (2004 £383,188)
D Brown £nil (2004 £440,142)