

Company Registration No. 3525741 (England and Wales)



PAN ALBION GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



GERALD EDELMAN
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PAN ALBION GROUP LIMITED

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PAN ALBION GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

The principal activity of the company is that of a holding company.

Results and dividends

The results for the year are set out on page 3.

An interim dividend was paid amounting to £3,850,000 (2002 £1,335,408). The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 January 2003:

A.S Cedar
D.W. Brown

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2003	1 January 2003
A.S Cedar	25,000	25,000
D.W. Brown	25,000	25,000

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.

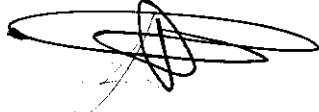
Directors' responsibilities

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 profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

On behalf of the board



A.S Cedar
Director
5 July 2004

PAN ALBION GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAN ALBION GROUP LIMITED

We have audited the financial statements of Pan Albion Group Limited on pages 3 to 10 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 United Kingdom Auditing Standards 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 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 of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Gerald Edelman

5 July 2004

Chartered Accountants
Registered Auditor

25 Harley Street
London
W1G 9BR

PAN ALBION GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Investment income	2	2,545,075	862,093
Profit on ordinary activities before taxation		2,545,075	862,093
Tax on profit on ordinary activities	3	-	-
Profit on ordinary activities after taxation		2,545,075	862,093
Dividends	4	(3,850,000)	(1,335,408)
Retained loss for the year	9	(1,304,925)	(473,315)

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

PAN ALBION GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2003

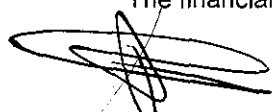
	2003 £	2002 £
Profit for the financial year	2,545,075	862,093
Unrealised (deficit)/surplus on revaluation of subsidiary undertakings	(2,349,193)	5,426,487
Total recognised gains and losses relating to the year	195,882	6,288,580
Prior year adjustment	6,894,065	-
Total gains and losses recognised since last financial statements	<u>7,089,947</u>	<u>6,288,580</u>

PAN ALBION GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

		2003		2002 as restated	
	Notes	£	£	£	£
Fixed assets					
Investments	5		8,723,897		11,073,090
Current assets					
Debtors	6	3,932,157		3,450,434	
Creditors: amounts falling due within one year	7	(1,736,660)		-	
Net current assets			2,195,497		3,450,434
Total assets less current liabilities			10,919,394		14,523,524
Capital and reserves					
Called up share capital	8		50,000		50,000
Share premium account	9		-		6,844,077
Revaluation reserve	9		8,723,897		7,629,447
Profit and loss account	9		2,145,497		-
Shareholders' funds - equity interests	10		10,919,394		14,523,524

The financial statements were approved by the Board on 5 July 2004



A.S Cedar
Director

PAN ALBION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of subsidiary undertakings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Investments

Fixed asset investments are stated at revaluation on the basis of the net assets of the subsidiaries.

1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Investment income	2003 £	2002 £
Dividends received from group undertakings	2,545,075	862,093

PAN ALBION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

3	Taxation	2003 £	2002 £
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	2,545,075	862,093
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	763,523	258,628
	Effects of:		
	Dividends and distributions received	(778,523)	(258,628)
		(778,523)	(258,628)
	Current tax charge	-	-

On the basis of the results for the year there is no charge to corporation tax.

4	Dividends	2003 £	2002 £
	Ordinary dividends paid	3,850,000	1,335,408

PAN ALBION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

5 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 January 2003	11,073,090
Revaluation	(2,349,193)
	<hr/>
At 31 December 2003	8,723,897
	<hr/>

The investment in subsidiaries has been revalued on the basis of the net asset values shown in the individual companies' audited accounts as at 31st December 2003. The historical cost of the subsidiary undertakings is £4. No provision has been made for deferred taxation, however should the investments be sold for the revalued amount a potential inherent liability to deferred taxation of approximately £1.6 million will arise.

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 aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
Eurocoast Limited	4,595,971	(1,575,454)
Daws Investments Limited	4,127,926	(1,287,937)
	<hr/>	<hr/>

6 Debtors

	2003 £	2002 £
Amounts owed by subsidiary undertakings	3,629,217	2,965,659
Other debtors	302,940	484,775
	<hr/>	<hr/>
	3,932,157	3,450,434
	<hr/>	<hr/>

PAN ALBION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

7	Creditors: amounts falling due within one year	2003	2002
		£	£
	Directors' current accounts	1,736,660	-
		<u> </u>	<u> </u>
8	Share capital	2003	2002
		£	£
	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>
9	Statement of movements on reserves		
		Share premium account	Revaluation reserve
		£	£
			Profit and loss account
			£
	Balance at 1 January 2003 as previously reported	6,844,077	7,629,447
	Prior year adjustment	(6,844,077)	3,443,643
		<u> </u>	<u> </u>
	Balance at 1 January 2003 as restated	-	11,073,090
	Retained loss for the year	-	-
	Revaluation during the year	-	(2,349,193)
		<u> </u>	<u> </u>
	Balance at 31 December 2003	-	8,723,897
		<u> </u>	<u> </u>

The directors consider that Section 131 of the Companies Act 1985 should have applied upon a prior year's group reconstruction. As a consequence a prior period adjustment has been included within these financial statements to reflect the transactions dealing with the original reconstruction in a manner that accords with Section 131 of the Act.

The company's results for the years ended 31 December 2002 and 2003 respectively and the company's net assets at the respective balance sheet dates of 31 December 2002 and 2003 are unaffected by the prior period adjustment.

PAN ALBION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

10 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Profit for the financial year	2,545,075	862,093
Dividends	(3,850,000)	(1,335,408)
	<u>(1,304,925)</u>	<u>(473,315)</u>
Other recognised gains and losses	1,094,450	5,426,487
	<u>4,953,172</u>	<u>4,903,184</u>
Net (depletion in)/addition to shareholders' funds	4,953,172	4,903,184
Opening shareholders' funds	14,523,524	9,620,340
	<u>10,919,394</u>	<u>14,523,524</u>
Closing shareholders' funds	10,919,394	14,523,524

11 Employees

Number of employees

There were no employees during the year apart from the directors.

12 Related party transactions

Included in debtors are amounts due from the following subsidiary undertakings, there are no specific terms of repayment or interest attached to these amounts:-

Daws Investments Limited £178,142 (2002 £227,268)

Eurocoast Limited £3,451,075 (2002 £2,738,391).

Included in debtors is an amount of £302,940 (2002 £305,555) due from Cedar Brown Limited, a company in which the directors have a material interest. There is no specific terms of repayment or interest attached to this amount.

Included in creditors are amounts due to the directors of the company as follows, there are no specific terms of repayment or interest attached to these amounts:-

A Cedar £864,839 (2002 £93,249)

D Brown £871,821 (2002 £85,971).