

Annington Developments (Holdings) Limited
(Registered Number: 3818327)

Annual Report and Accounts
Year Ended 31 March 2004



Annington Developments (Holdings) Limited

Directors' Report For The Year Ended 31 March 2004

The directors present their annual report and the audited accounts of the Company for the year ended 31 March 2004.

Principal activities

The principal purpose of the Company is that of a holding company. The activity of the Company is expected to continue at similar levels for the foreseeable future.

Results and dividends

The Company did not trade during the year. The Company's result after taxation for the tax year is £nil (2003: restated loss after taxation £30,746).

No dividend has been paid or proposed (2003: £nil).

Directors and their interests

The directors who held office throughout the year are given below:

C Ewald (appointed 8 January 2004)
M Fresson (resigned 8 January 2004))
C. O'Haire (appointed 23 September 2003)
C.M. Rowlinson (resigned 23 September 2003)

The directors had no interests in the shares of the Company or any other company within Le Grand Annington Limited Group.

Statement of directors' responsibilities

The directors are required 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 year. 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; and
- 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.

Annington Developments (Holdings) Limited

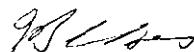
Directors' Report For The Year Ended 31 March 2004

Auditors

Having received on 20 November 2003 the formal note of resignation of PricewaterhouseCoopers LLP as auditors to the Company, it was resolved that Deloitte & Touche LLP be appointed to fill the casual vacancy so created to serve as auditors until the conclusion of the next general meeting at which accounts are laid before the members.

A resolution to appoint Deloitte & Touche LLP as auditors to the Company will be proposed at the next Annual General Meeting.

By Order of the Board



J.B. Chambers

Secretary

30 September 2004

Registered Office:

1 James Street
London
W1U 1DR

Independent Auditors' Report To The Members of Annington Developments (Holdings) Limited

We have audited the financial statements of Annington Developments (Holdings) Limited for the year ended 31 March 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. 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 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 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 accounting provisions of the Companies Act 1985. We also report 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 March 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

Date *7 October 2004*

Annington Developments (Holdings) Limited

Profit And Loss Account For The Year Ended 31 March 2004

		2004 £	2003 £ As restated (note 4)
	Note		
Turnover		-	-
Administration expenses		-	-
Operating profit	2	-	-
Provision for cash warrants exercised	6	-	(30,746)
Loss on ordinary activities before taxation		-	(30,746)
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation		-	(30,746)
Retained loss for the financial year		-	(30,746)

All results were derived from within the United Kingdom from continuing operations.

Statement Of Total Recognised Gains And Losses For The Year Ended 31 March 2004

	2004 £	2003 £ As restated (note 4)
Result for the financial year	-	-
Surplus on revaluation of investment in Group undertakings	-	29,746
Total recognised (losses)/gains for the financial year	-	29,746
Prior year adjustment (as explained in Note 4)	(30,746)	-
Total (losses)/gains recognised since the last annual report and financial statements	(30,746)	-

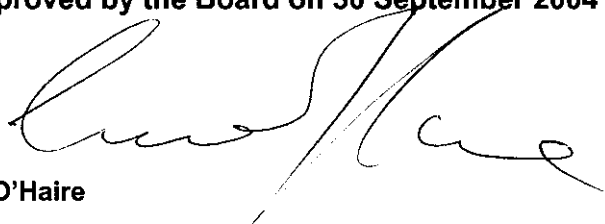
All costs are stated at historical costs.

Annington Developments (Holdings) Limited

Balance Sheet as at 31 March 2004

	Note	31 March 2004 £	31 March 2003 £ As restated (note 4)
Fixed assets			
Investment	5	29,746	29,746
Current assets			
Cash at Bank		1,000	1,000
Total assets less current liabilities		30,746	30,746
Provisions for liabilities and charges	6	(30,746)	(30,746)
Net assets		-	-
Capital and reserves:			
Called up share capital	7	-	-
Warrants	8	1,000	1,000
Revaluation reserve	9	29,746	29,746
Profit and loss account	9	(30,746)	(30,746)
Total equity shareholders' funds	10	-	-

Approved by the Board on 30 September 2004 and signed on its behalf by:



C. O'Haire

Director

Annington Developments (Holdings) Limited

Notes to the Accounts For The Year Ended 31 March 2004

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of accounting

These financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed asset investments and in accordance with applicable United Kingdom accounting standards.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company and for which consolidated accounts are prepared.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise on the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred assets are recognised to the extent that it is regarded to be more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments in group undertakings

The Company's investments in the shares of the Group undertakings are stated at net asset value at 31 March 2004. This includes, where applicable, the professional valuation of properties.

Surpluses and deficits arising from changes in net asset value are taken to the revaluation reserve.

2 Operating Profit

Costs in respect of audit services are borne by another Group company, Annington Management Limited in the current and preceding year.

3 Tax on ordinary activities

	2004 £'000	2003 £'000
Taxation on loss for the year		
UK corporation tax at 30% (2003: 30%)	-	-

Annington Developments (Holdings) Limited

Notes to the Accounts For The Year Ended 31 March 2004

3 Tax on ordinary activities (continued)

	2004 £'000	2003 £'000 As restated (note 4)
Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	-	(30,746)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 30% (2003: 30%)	-	(9,224)
Expenses not deductible for tax purposes	-	9,224
Current tax charge for the year	-	-

4 Prior year adjustment

Following their review of the financial statements, the directors consider that the value attributable to the shareholders of Annington Holdings plc is restricted due to Nomura Investment (AH) Limited's holding of cash warrants in the Company. Consequently, a warranty provision has been set up to reflect the true value attributable to the shareholders of Annington Holdings plc as this reflects a fairer presentation of the final position of the Company.

The financial effect of the restatement is set out below:

	2003 £'000
Balance sheet	
Increase in warranty provision	30,746
Decrease in net assets	30,746
Capital and reserves	
Increase in retained loss for the financial year	30,746
Decrease in total equity	30,746

Annington Developments (Holdings) Limited

Notes to the Accounts For The Year Ended 31 March 2004

5 Investment in group undertaking

Valuation	£
As at 31 March 2004 and 31 March 2003	29,746

Name of Subsidiary Undertaking	Country of Incorporation	Principal Activity
Annington Developments Limited	Great Britain	Property development

The principal undertaking at 31 March 2004 is wholly owned and included in the consolidated financial statements of the ultimate holding Company, Le Grand Annington Limited.

6 Provision for liabilities and charges

	2004 £
As at 1 April 2003	-
Prior year adjustment	30,746
As at 1 April 2003 as restated and as at 31 March 2004	30,746

The provision for warrants relates to the cash warrants held by Nomura International plc as noted in Note 8. The provision is calculated based on the cash settlement amount as at 31 March 2004 of £30,746 being the excess of the open market value of the ordinary shares over the par value of the ordinary shares issued. The warrants are exercisable at any time in whole or in part. A prior year adjustment has been made to provide for the warranty provision in the preceding year.

7 Share capital

	2004 £	2003 £
Authorised - 100,000 ordinary shares of 1p	1,000	1,000
Allotted and nil paid		
1 ordinary share of 1p - nil paid	-	-
	-	-

Annington Developments (Holdings) Limited

Notes to the Accounts For The Year Ended 31 March 2004

8 Warrants

	2004 £	2003 £
Allotted and fully paid (99,999 warrants issued)	1,000	1,000
	1,000	1,000

There are 99,999 warrants in force in relation to the Company's shares, exercisable at a strike price of £0.01 per warrant. The warrants are for cash settlement only and upon exercise of the warrants, the cash settlement amount of a warrant shall be the price which is in excess (if any) of the open market value of an ordinary share over the cost to the subscriber at par for the ordinary share over which the warrant is being exercised.

The warrants were issued to Nomura International plc in a prior period. On 27 March 2002, Nomura International plc transferred the rights under these warrants to Nomura Investments (AH) Limited, a wholly owned subsidiary of Nomura International plc.

9 Reserves

	Profit and loss account As restated (note 4) £	Revaluation Reserve £
As at 1 April 2003, as previously reported	-	29,746
Prior year adjustment	(30,746)	-
As restated	(30,746)	-
Result for the year	-	-
As at 31 March 2004	(30,746)	29,746

10 Reconciliation of movements in shareholders' funds

	2004 £	2003 £ As restated (note 4)
Shareholders' funds brought forward, as previously reported	-	30,746
Prior year adjustment	-	(30,746)
Shareholders' funds brought forward as restated	-	-
Net change in shareholders' funds	-	-
Shareholders' funds carried forward	-	-

Annington Developments (Holdings) Limited

Notes to the Accounts For The Year Ended 31 March 2004

11 Employees

The Company had no employees during the year (2003: nil). The cost of the employees is borne by another Group company, Annington Management Limited, in the current and prior year.

12 Directors' emoluments

The directors received no emoluments for their services to this company in the current and prior year.

The directors' emoluments are borne by another Group company, Annington Management Limited.

13 Cash flow statement exemption

The Company is a small company as defined under Section 47 of the Companies Act 1985. The Company has therefore elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996), "Cash Flow Statements", not to produce its own cash flow statement.

14 Other related party transactions

The Company is a subsidiary of Le Grand Annington Limited and has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard 8, "Related Party Disclosures", not to make disclosure of transactions with other entities that are part of the Group.

15 Parent company

Annington Holdings plc, a company incorporated in Great Britain, is the immediate parent company.

Le Grand Annington Limited, a company incorporated in Great Britain, is the ultimate parent company and controlling party.

Le Grand Annington Limited is the largest and smallest parent company of which the Company is a member and for which Group financial statements are drawn up.