

ANNINGTON DEVELOPMENTS LIMITED

Report and Financial Statements

31 March 2008



ANNINGTON DEVELOPMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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ANNINGTON DEVELOPMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J B Chambers
J C Hopkins
I S Hudson
N P Vaughan

SECRETARY

J B Chambers

REGISTERED OFFICE

1 James Street
London
W1U 1DR

SOLICITORS

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

BANKERS

The Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 1/2 Devonshire Square
London
EC2M 4XJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

ANNINGTON DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2008

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 (4) of the Companies Act 1985

PRINCIPAL ACTIVITY

The principal activity of the company is that of property development

DIRECTORS

The directors who served during the year were

J B Chambers

J Green (resigned 10 August 2007)

J C Hopkins

I Hudson

N P Vaughan

Qualifying third party indemnity provisions were in place for all directors of the company for the current and preceding year

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 these 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,
- 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 LIMITED

DIRECTORS' REPORT

AUDITORS

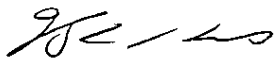
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



J B Chambers

Director

30 September 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANNINGTON DEVELOPMENTS LIMITED

We have audited the financial statements of Annington Developments Limited for the year ended 31 March 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 16. 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

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).

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 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.

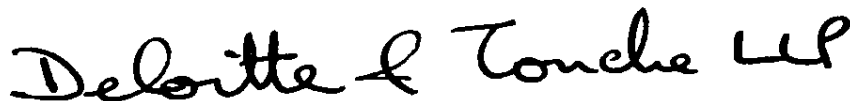
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANNINGTON DEVELOPMENTS LIMITED (continued)**

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 March 2008 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 "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

30 September 2008

ANNINGTON DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2008

| | Note | 2008 £'000 | 2007 £'000 |
|---|------|---------------|---------------|
| Administration expenses | | (474) | (340) |
| OPERATING LOSS | 2 | (474) | (340) |
| Interest receivable | 4 | 468 | 128 |
| Interest payable | 5 | (619) | (127) |
| Dividends receivable from joint ventures | | - | 500 |
| (LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (625) | 161 |
| Tax on (loss) profit on ordinary activities | 6 | - | - |
| (LOSS) PROFIT FOR THE FINANCIAL YEAR | 13 | (625) | 161 |

All activities derive from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 March 2008

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| (Loss) profit for the financial year | (625) | 161 |
| Surplus (deficit) on revaluation of investments in joint ventures | 289 | (415) |
| Surplus on revaluation of tangible fixed assets | 498 | - |
| Total recognised gains and losses for the financial year | 162 | (254) |

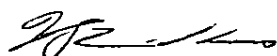
ANNINGTON DEVELOPMENTS LIMITED

BALANCE SHEET 31 March 2008

| | Note | 2008 £'000 | 2007 £'000 |
|--|------|-----------------|----------------|
| FIXED ASSETS | | | |
| Investments | 7 | 5,499 | 3,962 |
| Tangible assets | 8 | 3,363 | 1,237 |
| | | <u>8,862</u> | <u>5,199</u> |
| CURRENT ASSETS | | | |
| Debtors - due within one year | 9 | 64 | 1,734 |
| - due after more than one year | 9 | 2,999 | 3,000 |
| Cash at bank and in hand | | - | 7 |
| | | <u>3,063</u> | <u>4,741</u> |
| CREDITORS: amounts falling due within one year | 10 | <u>(395)</u> | <u>-</u> |
| NET CURRENT ASSETS | | <u>2,668</u> | <u>4,741</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>11,530</u> | <u>9,940</u> |
| CREDITORS: amounts falling due after more than one year | 11 | <u>(11,042)</u> | <u>(9,614)</u> |
| NET ASSETS | | <u>488</u> | <u>326</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | - | - |
| Revaluation reserve | 13 | 932 | 145 |
| Profit and loss account | 13 | (444) | 181 |
| SHAREHOLDERS' FUNDS | 14 | <u>488</u> | <u>326</u> |

These financial statements were approved by the Board of Directors and authorised for issue on 30 September 2008

Signed on behalf of the Board of Directors



J B Chambers

Director

ANNINGTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

1. ACCOUNTING POLICIES

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

Accounting convention

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

Group accounts

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.

Cash flow statement

The company is a wholly owned subsidiary of Annington Holdings plc and is included in the consolidated financial statements of Annington Holdings plc which include a consolidated cash flow statement and are publicly available. 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.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a 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 from 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 assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investment properties

Investment properties are revalued annually. The surpluses or deficits on the properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties, or in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 "Accounting for investment properties". The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Sales are accounted for on legal completion of contract basis.

Investments in joint ventures

The company's investments in the shares of the joint ventures are stated at net asset value shown at 31 March 2008. 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.

ANNINGTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

2. OPERATING LOSS

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Operating loss is stated after charging: | | |
| Impairment of fixed asset | 120 | - |

The auditors' remuneration was £9,000 (2007 - £4,000) for the audit of the company's annual accounts and £3,300 (2007 - £1,000) for other services relating to taxation and was borne by another group company, Annington Management Limited, in the current and preceding year

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

The company had no employees of its own during the year (2007 - nil). The cost of performing work for the company is borne by another group company, Annington Management Limited, in the current and preceding year

4. INTEREST RECEIVABLE

| | 2008 £'000 | 2007 £'000 |
|---------------------|---------------|---------------|
| Interest receivable | 468 | 128 |

5. INTEREST PAYABLE

| | 2008 £'000 | 2007 £'000 |
|------------------|---------------|---------------|
| Inter-group loan | 619 | 127 |

Amounts due to group undertakings relate to loans which are unsecured and interest bearing

6. TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Current tax | | |
| United Kingdom corporation tax at 30% (2007 - 30%) | - | - |

ANNINGTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

6. TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2007 - 30%) The current tax charge for the year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| (Loss) profit on ordinary activities before tax | (625) | 161 |
| Tax on (loss) profit on ordinary activities at standard rate | (188) | 48 |
| Factors affecting charge for the year: | | |
| Expenses not deductible for tax purposes | 222 | 119 |
| Non taxable income | (90) | (150) |
| Group relief surrendered (claimed) | 56 | (17) |
| Total actual amount of current tax | - | - |

There is no charge for corporation tax or deferred tax The amount of tax losses carried forward at 31 March 2008 is £332,929 (2007 - £nil)

A deferred tax asset has not been recognised in respect of timing differences relating to the tax losses as there is insufficient evidence that the asset will be recovered The amount of the asset not recognised is £93,220 (2007 - £nil)

7. FIXED ASSET INVESTMENTS

| | Investments £'000 | Loans £'000 | Total £'000 |
|--|----------------------|----------------|----------------|
| Other investments and loans | | | |
| Cost and net book value at 1 April 2007 | 204 | 3,758 | 3,962 |
| Additions | - | 1,248 | 1,248 |
| Revaluations | 289 | - | 289 |
| Cost and net book value at 31 March 2008 | 493 | 5,006 | 5,499 |
| Historical cost at 31 March 2008 | 60 | 5,006 | 5,066 |
| Historical cost at 31 March 2007 | 60 | 3,758 | 3,818 |

The principal undertakings at 31 March 2008, are shown below

| Name of joint venture undertaking | Country of incorporation | Principal activity | Holding % |
|--|--------------------------|----------------------|-----------|
| Annington Wates (Cove) Limited | Great Britain | Property development | 50% |
| Countryside Annington (Colchester) Limited | Great Britain | Property development | 50% |
| Countryside Annington (Mill Hill) Limited | Great Britain | Property development | 50% |

ANNINGTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

8. TANGIBLE FIXED ASSETS

| | Investment properties £'000 |
|------------------|-----------------------------------|
| Cost | |
| At 1 April 2007 | 1,237 |
| Addition | 1,748 |
| Revaluation | 498 |
| Impairment | (120) |
| | <hr/> |
| At 31 March 2008 | 3,363 |
| | <hr/> |

Three development sites were transferred from Annington Property Limited on 21 December 2006 at market value £1,210,186. These sites are currently being developed. The sites have been valued by the directors on the basis of market value.

9. DEBTORS

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Due within one year | | |
| Amounts due from group undertakings | - | 248 |
| Other debtors | 64 | 1,486 |
| | <hr/> | <hr/> |
| | 64 | 1,734 |
| | <hr/> | <hr/> |
| Amounts owed by group undertakings are unsecured, interest free and repayable on demand | | |
| Due after more than one year | | |
| Other debtors | 2,999 | 3,000 |
| | <hr/> | <hr/> |

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Amounts due to group undertakings | 395 | - |
| | <hr/> | <hr/> |
| Amounts due to group undertakings are unsecured, interest free and repayable on demand | | |

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Amounts due to group undertakings | 11,042 | 9,614 |
| | <hr/> | <hr/> |
| Amounts due to group undertakings are unsecured, interest bearing and have a fixed date of repayment | | |

ANNINGTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

12. CALLED UP SHARE CAPITAL

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Authorised | | |
| 100,000 ordinary shares of 1p each | 1 | 1 |
| Called up, allotted and nil paid | | |
| 1 ordinary share of 1p | - | - |

13. STATEMENT OF MOVEMENTS ON RESERVES

| | Profit and loss account £ | Revalu- ation reserve £ | Total £ |
|--|------------------------------------|----------------------------------|------------|
| At 1 April 2007 | 181 | 145 | 326 |
| Loss for the financial year | (625) | - | (625) |
| Revaluation of investment in joint venture | - | 289 | 289 |
| Revaluation of tangible fixed assets | - | 498 | 498 |
| At 31 March 2008 | (444) | 932 | 488 |

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| (Loss) profit for the financial year | (625) | 161 |
| Movement in revaluation reserve | 787 | (415) |
| Net increase (reduction) in shareholders' funds | 162 | (254) |
| Opening shareholders' funds | 326 | 580 |
| Closing shareholders' funds | 488 | 326 |

ANNINGTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

15. 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 No 8, "Related Party Disclosures", not to make disclosure of transactions with other entities that are part of the group

16. PARENT COMPANY

Annington Developments (Holdings) Limited, a company incorporated in Great Britain, is the immediate parent company, Annington Holdings plc, a company incorporated in Great Britain, is the intermediary parent company and Le Grand Annington Limited, a company incorporated in Great Britain, is the ultimate parent company and controlling party

Annington Holdings plc is the smallest parent company of which the company is a member and for which group financial statements are drawn up

Le Grand Annington Limited is the largest parent company of which the company is a member and for which group financial statements are drawn up. Group accounts for both these companies are available on request from the registered office at 1 James Street, London W1U 1DR