

PPH1 LIMITED
formerly Intercede 2036 Limited

REPORT AND FINANCIAL STATEMENTS

9 MONTH PERIOD ENDED 31 DECEMBER 2005

Registered Number : 05410412



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DIRECTORS' REPORT

9 MONTH PERIOD ENDED 31 DECEMBER 2005

The directors have pleasure in submitting their report and the audited financial statements of the company for the 9 month period ended 31 December 2005.

RESULTS AND DIVIDENDS

The results are shown in the profit and loss account on page 3.
The directors do not recommend the payment of a dividend.

REVIEW OF ACTIVITIES

The company was incorporated on 1 April 2005 as Intercede 2036 Limited and the company's name was changed to PPH1 Limited on 20 June 2005. The share capital of the company, 1 ordinary share of £1.00, was purchased by the company's immediate parent company, PPH 0 Limited from Mitre House Nominees Limited on 30 June 2005.

On 31 October 2005, PPH0 Limited was allotted 1 ordinary share for a total subscription price of £10,242,000 and on 3 November 2005, PPH0 Limited was allotted 1 ordinary share for £2,294,000.

The company's principal activity during the period was the provision of property leasing services.

DIRECTORS

The directors during the period were as follows:

Mitre Directors Limited (Appointed 1 April 2005, resigned 30 June 2005)
Mitre Secretaries Limited (Appointed 1 April 2005, resigned 30 June 2005)
T G Finn (Appointed 30 June 2005)
D R Forsyth (Appointed 30 June 2005)
H C Sykes (Appointed 30 June 2005)
Pendragon Management Services Ltd (Appointed 30 June 2005, resigned 31 October 2005)
M S Casha (Appointed 30 June 2005, resigned 31 October 2005)
S B Eighteen (Appointed 31 October 2005)
A C Farnell (Appointed 31 October 2005)
N S Moy (Appointed 31 October 2005)

DIRECTORS' INTERESTS

None of the directors had any interest in the share capital of the company.

During the period none of the directors had a material interest in any contract of significance in relation to the company's activities.

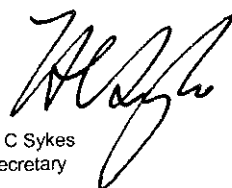
PAYMENTS TO SUPPLIERS

The Company has no trade creditors therefore the number of days' purchases outstanding for payment by the company at 31 December 2005 was nil days.

AUDITORS

KPMG Audit Plc were appointed as auditors on 25 October 2005.
A resolution to re-appoint KPMG Audit Plc as auditors will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board


H C Sykes
Secretary

Loxley House
Little Oak Drive
Annesley
Nottinghamshire
31 October 2006

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPH1 LIMITED (formerly Intercede 2036 Limited)

We have audited the financial statements of PPH1 Limited (formerly Intercede 2036 Limited) for the period ended 31st December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the reconciliation of movements in shareholders funds and the related notes. 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 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 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 UK Accounting Standards (UK 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, 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.

Opinion

In our opinion the financial statements:

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

PROFIT AND LOSS ACCOUNT

9 MONTH PERIOD ENDED 31 DECEMBER 2005

Note		2005 £000
2	TURNOVER	2,941
	GROSS PROFIT	2,941
	Administrative charges	(70)
3	OPERATING PROFIT	2,871
	Loss on disposal of fixed assets	(223)
	PROFIT BEFORE INTEREST	2,648
5	Interest payable	(2,364)
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	284
6	Taxation	(166)
	PROFIT FOR THE PERIOD	118

All amounts relate to continuing operations.

Movements in reserves are shown in note 12.

The notes on pages 6 to 8 form part of these financial statements.

There were no recognised gains and losses for the current period other than as shown above.


BALANCE SHEET

AT 31 DECEMBER 2005

Note		2005 £000
	FIXED ASSETS	
7	Tangible assets	92,434
	CURRENT ASSETS	
	Cash at bank and in hand	1,624
8	CREDITORS: amounts falling due within one year	(1,850)
	NET CURRENT LIABILITIES	(226)
	TOTAL ASSETS LESS CURRENT LIABILITIES	92,208
9	CREDITORS: amounts falling due after more than one year	(79,510)
10	Provisions for liabilities and charges	(44)
	NET ASSETS	12,654
	CAPITAL AND RESERVES	
11	Called up share capital	-
12	Share premium account	12,536
12	Profit and loss account	118
	EQUITY SHAREHOLDERS' FUNDS	12,654

Approved by the Board of Directors on 31 October 2006 and signed on its behalf by :


D R Forsyth
Director


N S Moy
Director

The notes on pages 6 to 8 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

PERIOD ENDED 31 DECEMBER 2005

	2005 £000
Profit for the financial period	118
On issue of share capital	12,536
Net increase in shareholders' funds	12,654
Opening shareholders' funds	-
Closing shareholders' funds	12,654

The notes on pages 6 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

(a) Accounting convention. The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention. The financial statements have been prepared on a going concern basis.

(b) Turnover. Rental income is credited to the profit and loss account as turnover in equal instalments over the period of the lease.

(c) Tangible fixed assets and depreciation. Freehold land is not depreciated. From 30 June 2005 to 31 October 2005, the company was a wholly owned subsidiary of Pendragon PLC, and as such the properties were depreciated in line with group policy which is:

Freehold buildings - 2% per annum,
Leasehold buildings - 2% per annum or over the period of the lease if less than 50 years.

From 31 October 2005, the company's immediate parent company, PPH0 Limited entered into a joint venture agreement. From this point, the properties held by PPH1 Limited were investment properties and no depreciation was charged.

(d) Cash flow statement. As a wholly owned subsidiary undertaking of PPH0 Limited, the company has relied upon the exemption in Financial Reporting Standard No.1 (revised) and has not included a cash flow statement as part of these financial statements.

(e) Related parties. The following are deemed to be related parties of PPH1 Limited:

PPH0 Limited - Immediate parent company
PPH2 Limited - Subsidiary
Pendragon Group Services Limited - Joint Venture partner in PPH0 Limited
Pendragon PLC - Ultimate parent of Pendragon Group Services Limited
Natwest Property Investments Limited - Joint Venture partner in PPH0 Limited
The Royal Bank of Scotland Group plc - Ultimate parent of Natwest Property Investments Limited
T G Finn - Director
D R Forsyth - Director
H C Sykes - Director
M S Casha - Director
S B Eighteen - Director
A C Farnell - Director
N S Moy - Director

During the period to 31 December 2005, £95,565,000 of land and buildings were purchased from PPH2 Limited. There was no profit or loss on the sale.

During the period, the following creditors were payable to related parties:

	£000
The Royal Bank of Scotland Group plc	80,418
PPH2 Limited	34
	80,452

During the period, the following interest was paid to related parties:

	£000
The Royal Bank of Scotland Group plc	813

(f) Auditors' remuneration. Auditors' remuneration is borne by Pendragon PLC, the ultimate parent company of Pendragon Group Services Limited, one of the Joint Venture partners in PPH0 Limited.

2	TURNOVER	2005
		£000
	Rentals receivable	2,941

All turnover arises in the United Kingdom from the company's principal activities.

3	OPERATING PROFIT	2005
	Operating profit has been arrived at after charging / (crediting):	£000
	Depreciation of tangible fixed assets - owned	48
	Rentals receivable	(2,941)

4	EMPLOYEES
	The company had no employees during the period.

No director of the company received or waived any remuneration for services to the company during the period.

NOTES TO THE FINANCIAL STATEMENTS continued

9 MONTH PERIOD ENDED 31 DECEMBER 2005

5 INTEREST PAYABLE / (RECEIVABLE)

	2005 £000
Interest payable on loans:	
Bank loans and overdrafts	2,370
Interest receivable:	
Bank interest receivable	(6)
	2,364

6 TAXATION

	2005 £000
UK corporation tax at 30.0%	
Current tax on income for the year	122
	122
Deferred taxation	
Current year deferred taxation	44
	166

Factors affecting the tax charge for the period:

The tax assessed is different than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

Profit on ordinary activities before tax	284
Tax on profit at UK rate of 30%	85
Permanent differences:	
Accounting depreciation for which no tax relief is due	14
Difference between accounts profits and taxable profits on capital asset disposals	67
Total permanent differences	81
Deferred tax movements taken to the profit and loss account:	
Accelerated capital allowances	(44)
Other provisions	-
Total timing differences	(44)
Total current tax charge	122
Aggregate tax charges are analysed as:	
Current tax	122
Deferred tax	44
	166

7 FIXED ASSETS - TANGIBLE ASSETS

	Land & Buildings £000
Cost	
At incorporation	-
Additions	95,565
Disposals	(3,085)
At 31 December 2005	92,480
Depreciation	
At incorporation	-
Disposals	(2)
Charge for the period	48
At 31 December 2005	46
Net book value	
At 31 December 2005	92,434
At incorporation	-

There were no capital commitments at the year end.

NOTES TO THE FINANCIAL STATEMENTS continued

9 MONTH PERIOD ENDED 31 DECEMBER 2005

8 CREDITORS : amounts falling due within one year

	2005 £000
Bank loans and overdrafts	908
Amounts owed to group undertakings	34
UK corporation tax	122
Other taxation	621
Accruals and deferred income	165
	1,850

9 CREDITORS : amounts falling due after more than one year

	2005 £000
Bank loans and overdrafts	79,510

10 PROVISIONS FOR LIABILITIES AND CHARGES

The movement in the provision for the period is as follows:

	Deferred Taxation £000
At incorporation	-
Profit and loss account	44
At 31 December 2005	44

The amounts of deferred tax provided in the financial statements are as follows:

	2005 £000
Fixed asset timing differences	44

11 CALLED UP SHARE CAPITAL

	2005 £000
Authorised, allotted, called up and fully paid : 3 ordinary shares of £1.00 each	-

12 RESERVES

	Share Premium Account £000	Profit and Loss Account £000
At incorporation	-	-
On issue of share capital	12,536	-
Profit for the financial period	-	118
At 31 December 2005	12,536	118

13 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH COMPANY IS A MEMBER

The company's immediate and ultimate parent company is PPH0 Limited which is incorporated in England and Wales. PPH0 Limited is a joint venture undertaking between Pendragon PLC and The Royal Bank of Scotland Group plc. Copies of the financial statements of Pendragon PLC and The Royal Bank of Scotland Group plc can be obtained from their respective Company Secretaries at the following addresses:

Pendragon PLC, Loxley House, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR.
The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.