

PPH0 LIMITED
formerly Intercede 2041 Limited

REPORT AND FINANCIAL STATEMENTS

8 MONTH 3 WEEK PERIOD ENDED 31 DECEMBER 2005

Registered Number : 05418426



CONTENTS

8 MONTH 3 WEEK PERIOD ENDED 31 DECEMBER 2005

PAGE

- 1 Directors' Report
- 2 Directors' Responsibilities Statement
- 2 Independent Auditors' Report
- 3 Profit and Loss Account
- 4 Balance Sheet
- 5 Reconciliation of Movements in Shareholders' Funds
- 6 Notes to the Financial Statements

DIRECTORS' REPORT

8 MONTH 3 WEEK PERIOD ENDED 31 DECEMBER 2005

The directors have pleasure in submitting their report and the audited financial statements of the company for the 8 month 3 week 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 8 April 2005 as Intercede 2041 Limited and the company's name was changed to PPH0 Limited on 24 June 2005. On 30 June 2005, the share capital of the company, 1 ordinary share of £1.00, was purchased by Pendragon Group Services Limited from Mitre House Nominees Limited.

On 31 October 2005, the issued and authorised share capital of 1 ordinary share of £1.00 was redesignated into an ordinary 'A' share of £1.00 and the unissued and authorised share capital of 99 shares of £1.00 each were redesignated into 99 ordinary 'A' shares of £1.00 each. On 31 October 2005, the company's authorised share capital was increased from £100 to £5,000,000,600 by the creation of:

- an additional 53 ordinary 'A' shares of £1.00 each
- 147 ordinary 'B' shares of £1.00 each
- 300 preference shares of £1.00 each
- 2,500,000,000 redeemable deferred shares of £1.00 each
- 2,500,000,000 T preference shares of £1.00 each

On 31 October 2005 a joint venture agreement was entered into in respect of the company by Pendragon Group Services Limited and Natwest Property Investments Limited. Pendragon Group Services Limited were allotted 50 'A' shares for a total subscription price of £5,223,000 and 100 Preference Shares for a total subscription price of £100. Natwest Property Investments Limited were allotted 49 'B' shares for a total subscription price of £5,019,000.

On 3 November 2005, Pendragon Group Services Limited were allotted 51 'A' shares for a total subscription price of £1,170,000 and 100 Preference Shares for a total subscription price of £100. Natwest Property Investments Limited were allotted 49 'B' shares for a total subscription price of £1,124,000.

The company's principal activity during the period was a holding company.

DIRECTORS

The directors during the period were as follows:

Mitre Directors Limited (Appointed 8 April 2005, resigned 30 June 2005)
Mitre Secretaries Limited (Appointed 8 April 2005, resigned 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)
T G Finn (Appointed 7 July 2005)
M S Casha (Appointed 7 July 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

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

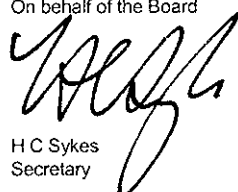
PAYMENTS TO SUPPLIERS

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 PPH0 LIMITED (formerly Intercede 2041 Limited)

We have audited the financial statements of PPH0 Limited (formerly Intercede 2041 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 result for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Birmingham
Chartered Accountants
Registered Auditor

KPMG Audit Plc

31 October 2006

PROFIT AND LOSS ACCOUNT

During the period ended 31 December 2005, the company did not trade, consequently there was no profit or loss and no recognised gains or losses in the period.

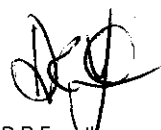
All amounts relate to continuing operations.
Movements in reserves are shown in note 5.
The notes on pages 6 and 7 form part of these financial statements

BALANCE SHEET

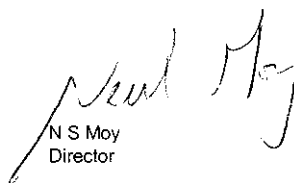
AT 31 DECEMBER 2005

Note		2005 £000
	FIXED ASSETS	
3	Investments	12,536
	NET ASSETS	12,536
	CAPITAL AND RESERVES	
4	Called up share capital	-
5	Share premium account	12,536
	EQUITY SHAREHOLDERS' FUNDS	12,536

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 and 7 form part of these financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

PERIOD ENDED 31 DECEMBER 2005

	2005 £000
On issue of share capital	12,536
Net increase in shareholders' funds	12,536
Opening shareholders' funds	-
Closing shareholders' funds	12,536

The notes on pages 6 and 7 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.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

(b) Investments. Investments held as fixed assets are stated at cost less any impairment losses.

(c) Cash flow statement. The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare a cash flow statement.

(d) Related parties. The following are deemed to be related parties of PPH0 Limited:

PPH1 Limited - Subsidiary
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, 102 ordinary 'A' shares, nominal value £1.00 each were issued to Pendragon Group Services Limited for a consideration of £6,393,000.

During the period to 31 December 2005, 200 preference shares, nominal value £1.00 each were issued to Pendragon Group Services Limited for a consideration of £200.

During the period to 31 December 2005, 98 ordinary 'B' shares, nominal value £1.00 each, were issued to Natwest Property Investments Limited for a consideration of £6,143,000.

(e) 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 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.

3 INVESTMENTS

Shares in
subsidiary
undertakings
£000

At 31 December 2005 **12,536**

Shares in subsidiary undertakings are stated at cost. PPH0 Limited owns 100 per cent of the issued ordinary share capital of the following subsidiaries incorporated in the United Kingdom:

	Activity
PPH1 Limited	Property Investment Company
PPH2 Limited	Property Investment Company

4 CALLED UP SHARE CAPITAL

2005
£000

Authorised :	
153 ordinary 'A' shares of £1.00 each	-
147 ordinary 'B' shares of £1.00 each	-
300 preference shares of £1 each	-
2,500,000,000 redeemable deferred shares of £1.00 each	2,500,000
2,500,000,000 T preference shares of £1.00 each	2,500,000
Allotted, called up and fully paid :	
102 ordinary 'A' shares of £1.00 each	-
98 ordinary 'B' shares of £1.00 each	-
200 preference shares of £1.00 each	-

The profits which the company may decide to distribute shall be applied in paying to each holder of a preference share, in priority to any payment to the holders of 'A' shares or 'B' shares, a floating rate non-cumulative preferential dividend at the rate per annum equal to LIBOR on the capital for the time being paid up on that share, such dividend to accrue from day to day and to be paid in one instalment on 31 December in each year in respect of the period ending on that date.

NOTES TO THE FINANCIAL STATEMENTS continued

PERIOD ENDED 31 DECEMBER 2005

5 RESERVES

	Share Premium Account £000
At incorporation	-
On issue of share capital	12,536
At 31 December 2005	12,536

6 JOINT VENTURE PARTIES

The company is a joint venture undertaking between Pendragon PLC and The Royal Bank of Scotland Group plc. Details of the share ownership are disclosed in the directors' report. 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.