Pall Mall Directories Limited
(formerly Nikko Energy Resources Limited)
Directors' report and financial statements

For the period ended 31 March 2006
Registered number 5355303

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Directors' report

for the period ended 31 March 2006

The directors present their annual report and the audited financial statements for the period beginning 7 February 2005 and ending 31 March 2006.

Principal activities and business review

The Company was incorporated as Alnery No. 2490 Limited on 7 February 2005. It changed its name to Nikko Energy Resources Limited on the 17th February 2005 and to Pall Mall Directories Limited on the 9 May 2005. The Company commenced trading on 12 May 2005. One ordinary share was issued to Nikko Principal Investments Limited for proceeds of £1.

During the period the Company took a 15.01% investment in European Directories SA, which acquired 100% of the YBR Group which has a portfolio of directories businesses in Europe. Subsequently, it declined to take up its shareholders' rights on a further acquisition by European Directories SA, and the effective holding has fallen to 11.34%.

Results and dividend

The Company made an after tax loss of £3,983,679 for the period 7 February 2005 to 31 March 2006. The directors consider the results to be satisfactory given the nature of the investments made which are not expected to generate a return in the short term. The directors do not propose to pay a dividend.

Future developments

The Company intends to continue to act as an investment holding company for the foreseeable future.

Financial risk management

The nature of the Company's operations expose it to a number of financial risks, primarily in relation to liquidity risk, credit risk and interest rate risk. The Company's business plan does not lend itself to matching borrowing terms to investment terms, as it involves making short term borrowings from the parent company to fund investments with a three to five year investment horizon.

The principal risks facing the business are described below:

Credit Risk

The Company has implemented policies that require appropriate understanding of the expected returns on capital invested. The amount of exposure to any individual counterparty is subject to a limit which is reassessed should additional funding be requested. The Company borrows solely from its parent company, and does not utilise external debt funding.

Liquidity Risk

The Company has agreed that its funding requirements will be met from borrowing solely from its parent company and does not intend to utilise third party finance. The liquidity risk is managed by the borrowings being for a longer term than the expected term of the investments, as the investment horizon period is expected to be 3-5 years.

Directors' report

for the period ended 31 March 2006 (continued)

Interest rate cash flow risk

The Company has interest rate cash flow risk as it has interest bearing liabilities but no interest earning assets. This risk is mitigated as the Company has entered into fixed rate interest bearing liabilities, with an agreement that interest is accrued but only payable on demand by the note-holder.

Foreign exchange risk

The Company has investments denominated in Euros and has matched this risk by also borrowing the full amount of the investment in Euros.

Directors and directors' interests

The directors who held office during the period were as follows:

Alnery Incorporations No1 Ltd	(appointed 7 February 2005; resigned 9 February 2005)
Alnery Incorporations No2 Ltd	(appointed 7 February 2005; resigned 9 February 2005)
Brian Berry	(appointed 9 February 2005)
Philip Busfield	(appointed 9 February 2005)
Simon Oakland	(appointed 6 May 2005)
Peter Gissel	(appointed 9 February 2005; resigned 6 May 2005)
Andrew Balgarnie	(appointed 9 February 2005; resigned 6 May 2005)
James Wilding	(appointed 6 May 2005; resigned 8 September 2005)

According to the Register of Directors' Interests maintained under Section 325 of the Companies Act 1985, none of the directors had at the end of the financial period any interest pursuant to Section 324 of the Companies Act 1985 in the Company.

In addition, according to the Register maintained under Section 325 of the Companies Act 1985, none of the Directors or any member of their respective immediate family (as defined in paragraph 2(B) (3) of Schedule VII of the Companies Act 1985) was granted or exercised during the financial period any right to subscribe for shares in or debentures of the Company.

Company Secretary

The secretaries who held office during the period were:

Alnery Incorporations No 1 Limited	(appointed 7 February 2005: resigned 9 February 2005)
John Beck	(appointed 9 February 2005)

Directors' report

for the period ended 31 March 2006 (continued)

Political and charitable donations.

The Company made no political contributions or donations to UK charities during the period.

Statement of disclosure of information to auditors

The directors confirm that:

(a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) the directors have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The directors have taken advantage of the Elective Regime, under section 386 of the Companies Act 1985, for the dispensation from the annual appointment of auditors. The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office.

By order of the board

John Beck
Secretary to Pall Mall Directories Limited
100 Pall Mall
London
SW1Y 5NN
1st December 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period, 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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.

Brian Berry

Director

1 December 2006

Independent auditors' report to the members of Pall Mall Directories Limited

We have audited the financial statements of Pall Mall Directories Limited for the period ended 31 March 2006 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 law and United Kingdom Accounting Standards (United Kingdom 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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.

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 2006 and of its loss for the period 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
1 December 2006

Pall Mall Directories Limited
Profit and loss account

for the period ended 31 March 2006

	Note	07/02/05 to 31/03/2006 £'000
Administrative expenses		(330)
Operating loss		(330)
Interest receivable and similar income		137
Interest payable and similar charges	3	(3,791)
Loss on ordinary activities before taxation	4	(3,984)
Taxation on loss on ordinary activities	5	-
Retained loss for the period	10	(3,984)

The results above all relate to ordinary continuing activities.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

The Company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 10 to 15 form part of these financial statements

Auditors' report – page 7

Pall Mall Directories Limited
Balance sheet

at 31 March 2006

	Note	31/03/2006 £'000
Fixed assets		
Investments	*6*	58,467
Current liabilities		
Creditors: amounts falling due within one year	*7*	(105)
Net current liabilities		(105)
Total assets less current liabilities		58,362
***Creditors:* amounts falling due after more than one year**	*8*	(62,346)
Net liabilities		(3,984)
Capital and reserves – Equity		
Called up share capital	*9*	-
Profit and loss account	*10*	(3,984)
Total shareholder's deficit	*10*	(3,984)

The financial statements on pages 8 to 15 were approved by the board of directors on 1 December 2006 and signed on its behalf by:

Brian Berry
Director

The notes on pages 10 to 15 form part of these financial statements

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Notes to the financial statements

for the period ended 31 March 2006

1 Accounting policies

These accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985, and with applicable Accounting Standards issued by the Accounting Standards Board. Under s228 of the Companies Act 1985 the Company is exempt from preparing consolidated accounts and this exemption has been taken.

The following paragraphs describe the main policies.

Investment income

Investment income represents net profits and losses from disposals of investments less provisions made during the year for the diminution of value of investments held.

Investment income is disclosed instead of turnover as this reflects more meaningfully the nature and the results of the Company's activities.

In computing income in respect of debt and equity investments, interest income on loan notes and dividends on shares carrying an entitlement to a fixed amount or at a pre-determined rate are recognised in the period to which such income and dividends relate.

Financing fees

Financing fees incurred in relation to raising loan note finance are capitalised and amortised to the profit and loss account over the term to maturity of the related debt. Debt is shown in the balance sheet at the amount of the net proceeds received after deduction of the capitalised financing fees.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

Debt securities, equity shares and other similar interests intended to be held for the long term or to maturity are treated as fixed asset investments, and are valued at cost less provision for permanent diminution in value.

The intention of holding each asset is regularly reviewed and if appropriate, the investment classification altered accordingly.

Notes to the financial statements

for the period ended 31 March 2006 (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling monthly and recorded at the rate of exchange ruling at the date of translation.

Monetary assets and liabilities at the balance sheet date denominated in foreign currencies have been translated into sterling at the market rates of exchange at the balance sheet date and exchange differences are recognised in the profit and loss.

Exchange gains and losses arising on the translation of foreign currency borrowings used to finance foreign currency equity investments at the balance sheet date are taken to reserves and offset against the corresponding exchange gains and losses arising on the equity investments.

Cashflow Statement

The Company is a wholly owned subsidiary of Nikko Principal Investments Limited and is included in the consolidated financial statements of NPIL Hold Co Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

2 Directors' emoluments and employee information

The directors received no emoluments in respect of their services to the Company during the period. No staff were employed by the Company during the period.

3 Interest payable and similar charges

	07/02/05 to 31/03/2006 £'000
Interest payable on loans from group undertakings	**3,791**

4 Loss on ordinary activities before taxation

	07/02/05 to 31/03/2006 £'000
This is stated after charging the following	
Audit services - statutory audit	**6**
Amortisation of capitalised financing fees	**175**

Notes to the financial statements

for the period ended 31 March 2006 (continued)

5 Tax on loss on ordinary activities

	07/02/05 to 31/03/2006 £'000
UK Corporation tax on loss for the period	-
Factors affecting the current tax charge for the period:	
Loss on ordinary activities before tax	(3,984)
Loss on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30%	(1,195)
Group relief surrendered without payment	1,195
Current tax charge for the period	-

6 Fixed asset investments

	2006 £'000
Cost:	
On incorporation	-
Additions	58,467
At 31 March 2006	58,467

The investment is stated at cost. During the period the Company purchased a 15.01% investment in European Directories SA for consideration of €82,960,473 in May 2005. Subsequently, it declined to take up its shareholders' rights on a further acquisition by European Directories SA, and the effective holding has fallen to 11.34%.

The investment consists of a portfolio of shares and convertible zero coupon 2015 loan notes.

The investments are unlisted and are valued by the directors at £58,467,120 at 31 March 2006.

Notes to the financial statements

for the period ended 31 March 2006 (continued)

7 Creditors: amounts falling due within one year

	2006
	£'000
Amount due to group undertakings	99
Accruals and deferred income	6
	105

8 Creditors: amounts falling due after more than one year

	2006
	£'000
Amount due to group undertakings	**62,346**
	62,346

Analysis of amount due to Group undertakings: 31 March 2006

	€'000	£'000
Loan balance	87,067	60,784
Add: Accrued interest		3,707
Less: capitalised financing fee		(2,145)
		62,346

The amounts due to Group undertakings are unsecured and are repayable on 31 March 2017. Interest is accrued at 7% per annum and is payable on demand.

Notes to the financial statements

for the period ended 31 March 2006 (continued)

9 Called up share capital

	2006 £
Authorised	
100 Ordinary shares of £1 each	100
Allotted, called up and fully paid	
1 Ordinary share of £1 each	1

10 Reconciliation of movements in shareholder's funds

	Share capital 2006 £'000	Profit and loss 2006 £'000	Total 2006 £'000
On incorporation	-	-	-
Loss for the period	-	(3,984)	(3,984)
Foreign exchange gain on fixed asset investments	-	1,433	1,433
Foreign exchange loss on borrowings raised to finance fixed asset investment	-	(1,433)	(1,433)
Shareholder's deficit at 31 March 2006	-	(3,984)	(3,984)

11 Capital and other commitments

The Company had no capital or other commitments not provided for at 31 March 2006.

12 Contingent liabilities

The Company had no contingent liabilities at 31 March 2006.

13 Related party transactions

As 100% of the Company's voting rights are held by Nikko Principal Investments Limited, the Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Notes to the financial statements

for the period ended 31 March 2006 (continued)

14 Parent and controlling undertaking

Name	**Country of Registration or incorporation**	**Address from where group accounts are obtainable**
Immediate Parent Company		
Nikko Principal Investments Limited	United Kingdom	100 Pall Mall, London, SW1Y 5NN
Intermediate Holding Company		
NPIL Hold Co Limited	United Kingdom	100 Pall Mall, London, SW1Y 5NN
Ultimate Parent Company		
Nikko Cordial Corporation	Japan	6-5, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo 103-8825 Japan

The parent undertaking of the smallest group of undertakings that presents consolidated financial statements including the results of the Company is NPIL Hold Co Limited, a company registered in England & Wales. Nikko Cordial Corporation, a company incorporated in Japan, is the parent undertaking of the largest group of undertakings that prepares consolidated financial statements and of which the Company is a member. Nikko Cordial Corporation has beneficial ownership of the entire issued share capital of NPIL Hold Co Limited.

Copies of the financial statements for NPIL Hold Co Limited are available from the Company Secretary at the above address. Copies of the financial statements for Nikko Cordial Corporation are available on request from Nikko Cordial Corporation at the above address.