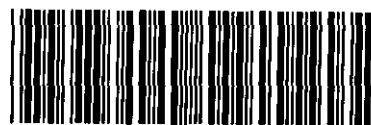


PandoraExpress 1 Ltd
(Registered Number: 4688642)

Directors' Report and Financial Statements

Period Ended 2 July 2006

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PandoraExpress 1 Ltd

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PandoraExpress 1 Ltd

Directors' Report for the 53 Week Period Ended 2 July 2006

The directors submit their report and the audited financial statements of the Company for the 53 week period ended 2 July 2006.

Review of the business

The Company's principal activity is that of a holding company.

Results and dividends

The Company did not trade during the period. The directors do not recommend the payment of a dividend for the period. (2005: nil)

Directors and their interests

The directors of the Company during the period and to the date of this report are shown below:

C Heath (appointed 21 December 2005)
H Smyth (appointed 21 December 2005)
R 'T Hooft (resigned 21 December 2005)
C Luyckx (resigned 21 December 2005)
M Dale (resigned 21 December 2005)
S Robertson (resigned 21 December 2005)

The current directors do not have any interest in the share capital of the Company and there have been no other changes since the period end.

The interests of the directors, who are also directors of Gondola Holdings Plc, the ultimate parent undertaking and the largest group for which consolidated accounts are prepared (the "Group") are shown in the annual report of that company.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs 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.

PandoraExpress 1 Ltd

Directors' Report for the 53 Week Period Ended 2 July 2006 (Cont'd)

Statement of directors' responsibilities (cont'd)

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.

In addition the Companies Act 1985 requires directors to provide the company's auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report. The directors, having made appropriate enquiries, confirm that:

- as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.



J Freeman
Company Secretary
14 December 2006

Independent Auditors' Report to the Members of PandoraExpress 1 Ltd

We have audited the financial statements of PandoraExpress 1 Ltd for the 53 week period ended 2 July 2006 which comprise 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 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 2 July 2006;
- 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
14 December 2006

PandoraExpress 1 Ltd

Balance Sheet as at 2 July 2006

	Note	2 July 2006 £	26 June 2005 £
Fixed assets			
Investments	4	12,502	12,502
Net assets		12,502	12,502
Capital and reserves			
Called-up share capital	5	12,502	12,502
Equity shareholders' funds	6	12,502	12,502

Approved by the Board on 14 December 2006

Director
London

PandoraExpress 1 Ltd

Notes to the Financial Statements - 2 July 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The company has adopted FRS 21 "Events after the Balance Sheet Date" in these accounts. The adoption of this standard represents a change in accounting policy. There was no material impact of adopting FRS 21 and accordingly there has been no restatement of the comparative figures. The following accounting policies have been applied:

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with all applicable accounting standards.

(b) Investments

Investments are held at cost less any provision for impairment.

2 Auditors' remuneration

Auditors' remuneration was borne by a related company.

3 Staff costs

The company had no employees during the period.

Directors' remuneration

No remuneration was paid by the company to any director during the period.

Harvey Smyth is a director of the ultimate parent company, Gondola Holdings plc and other subsidiaries within the Group, it is not possible to make an accurate apportionment of his emoluments in respect of each of the companies. The emoluments of Harvey Smyth are paid by a fellow subsidiary which makes no recharge to the group companies.

Chris Heath is employed by Gondola Holdings plc and remunerated by that company in respect of his services as Group employee. His emoluments are dealt with in the accounts of Gondola Holdings plc and he received no emoluments for services to the Company.

4 Fixed asset investments

£

At 26 June 2005 and 2 July 2006 12,502

The Company's principal subsidiary undertakings were :

Name of Subsidiary	Principal activity	Country of Incorporation	Proportion of Ordinary Share Capital
PandoraExpress 3 Limited	Holding Company	United Kingdom	100%
PandoraExpress 4 Limited	Holding Company	United Kingdom	100%
PandoraExpress 2 Limited	Holding Company	United Kingdom	100%
GondolaExpress Plc	Holding Company	United Kingdom	100%
PandoraExpress 5 Limited	Dormant	United Kingdom	100%
PandoraExpress 2A Limited*	Holding Company	United Kingdom	100%
PizzaExpress (Franchises) Limited*	Franchising	United Kingdom	100%
Café Pasta Limited*	Restaurateur	United Kingdom	100%

* These companies were sold on 20 October 2005.

On 20 October 2005, PandoraExpress 2 Ltd, a subsidiary, sold its investment in PandoraExpress 2A Ltd to the direct ownership of PandoraExpress LP the former ultimate parent.

PandoraExpress 1 Ltd

Notes to the Financial Statements - 2 July 2006

5 Share capital

	2006 Equity £	2005 Equity £
Authorised:		
50,100 Ordinary shares of £1	50,100	50,100
Allotted, called-up and fully paid:		
12,502 Ordinary A shares of £1	12,502	12,502

6 Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Opening and closing shareholders' funds	12,502	12,502

7 Ultimate parent undertaking

The Company's immediate parent undertaking is Gondola Group Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Gondola Holdings plc, a company incorporated in England and Wales

The directors consider that Gondola Holdings plc, a public limited company under the laws of England and Wales, is the company's ultimate parent undertaking.

PandoraExpress 1 Limited is exempt from the obligation to prepare and deliver group accounts as it is a subsidiary undertaking of Gondola Holdings plc, a company incorporated in Great Britain, which itself draws up consolidated financial statements.

At 2 July 2006, the largest group for which group financial statements are prepared was Gondola Holdings plc. The immediate parent undertaking has not prepared group financial statements. The 2006 Annual report of Gondola Holdings plc is available at www.gondolaholdings.com.

8 Cash flow statement and related party disclosures

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of the Financial Reporting Standard 1 (revised). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Gondola Holdings plc group.

9 Post balance sheet event

On 22 November 2006, at a Court Meeting and an Extraordinary General Meeting of Gondola Holdings plc, held in connection with the recommended offer by Paternoster Acquisitions Limited to acquire Gondola Holdings plc ('Gondola') by means of a 'Scheme of Arrangement' ('the Scheme'), the majority of Gondola shareholders voted to approve the Scheme. The Scheme was passed by the requisite of the majority.

Subject to the sanction of the Scheme by the High Court which is anticipated to take place on 21 December 2006, receipt of merger clearance from the European Commission and various other conditions, the Scheme will be effective on 22 December 2006.