

Registered Number 5724326

Forest Midco Limited

Annual report and financial statements

For the 60 weeks
19 April 2007

FRIDAY



AJ0WHVAB

A45

07/12/2007

117

COMPANIES HOUSE

Forest Midco Limited

Registered No 5724326

Directors and advisors

Directors

M P Dalby
M R France
A M Robinson
P H Stoll
A Valeri

Secretary

T H Parker

Independent auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business park
Castle Donington
East Midlands
DE74 2UZ

Registered office

One Edison Rise
New Ollerton
Newark
Notts
NG22 9DP

Directors' report

For the 60 weeks ended 19 April 2007

The directors present their annual report and audited financial statements for the 60 weeks ended 19 April 2007

Principal activities and review of the business

The principal activity of the company during the period was that of an intermediate holding company. No change to the principal activity is anticipated.

The income statement on page 6 shows a pre-tax loss of £3,041,000 for the period. The balance sheet on page 8 shows net current assets of £17,415,000 at 19 April 2007 with net debt to non group companies of £nil.

Future outlook

The Directors consider that the company will continue in its present state for the foreseeable future.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the Forest Holdco Limited group, which include those of the company, are disclosed in the Forest Holdco Limited's annual report which does not form part of this report.

Date of incorporation

The company was incorporated on 28 February 2006 as Forest Midco Limited.

This is the first accounting reference period of the Company and hence no comparative figures are presented.

Key performance indicators ("KPIs")

The directors of Forest Holdco Limited manage the group's operations on a per village basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Forest Midco Limited.

Financial risk management

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the Forest Holdco Limited group.

The Group finances its operations by a mixture of shareholders' funds, bank and other borrowings as required. The Group has historically sought to reduce the cost of capital by refinancing and restructuring the Group funding using the underlying asset value.

Liquidity risk

The Group maintains sufficient cash reserves to ensure that it can meet its medium term working capital and funding obligation.

Currency risk

The Group is exposed to limited currency risk through foreign currency transactions. The Group does not operate a hedging facility to manage these currency risks as they are considered to be insignificant.

Directors' report For the 60 weeks ended 19 April 2007 (continued)

Credit risk

The Group borrows from well-established institutions with high credit ratings

Directors

The directors who served the company during the period were as follows

M P Dalby	(appointed 14 December 2006)
MR France	(appointed 14 December 2006)
A M Robinson	(appointed 14 December 2006)
JP Baratta	(appointed 12 May 2006, resigned 19 April 2007)
PH Sioli	(appointed 19 April 2007)
A Valeri	(appointed 03 March 2006, resigned 14 February 2007, reappointed 19 April 2007)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 that the financial statements comply with IFRSs as adopted by the European Union
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report

For the 60 weeks ended 19 April 2007 (continued)

Auditors and disclosure of information to auditors

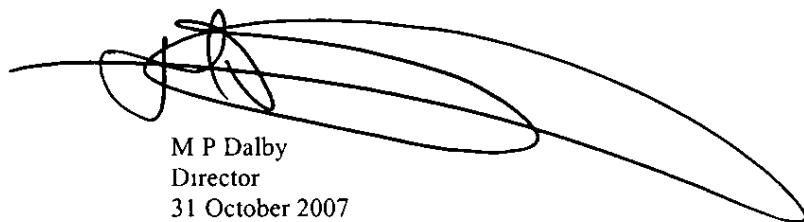
In respect of each of the persons who was a director of the company at the date at which the directors' report was approved

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware Relevant information is defined as "information needed by the company's auditors in connection with preparing their report"
- each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and establish that the company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the board



M P Dalby
Director
31 October 2007

Independent auditors' report

to the members of Forest Midco Limited

We have audited the financial statements of Forest Midco Limited for the year ended 19 April 2007 which comprise the Income Statement, the Statement of Changes in Equity, 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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). 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 whether the financial statements have been 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 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.


Independent auditors' report

to the members of Forest Midco Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 19 April 2007 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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
27 November 2007

Income Statement

for the 60 weeks ended 19 April 2007

	Notes	60 weeks ended 19 April 2007 £'000
Interest payable and similar charges	4	(3,041)
Loss on ordinary activities before taxation		(3,041)
Tax credit on loss on ordinary activities	5	456
Loss on ordinary activities after taxation		(2,585)

All activities are derived from continuing operations

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

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

Statement of Changes in Equity for the 60 weeks ended 19 April 2007

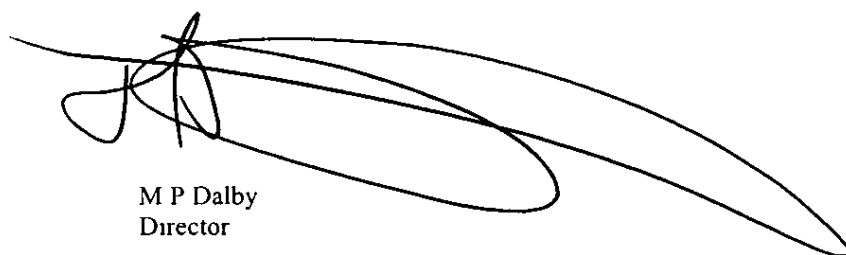
	<i>Notes</i>	<i>60 weeks ended 19 April 2007 £'000</i>
At incorporation		-
Issue of Shares	10	20,000
Loss for the period	11	(2,585)
At 19 April 2007	11	17,415

Balance sheet

As at 19 April 2007

	Notes	2007 £'000
Assets		
Investments	6	90,516
Current Assets		
Deferred Tax Asset	7	456
Current Liabilities		
Trade and other payables	8	(50,516)
NET CURRENT LIABILITIES		(50,060)
TOTAL ASSETS LESS CURRENT LIABILITIES		40,456
Non-Current Liabilities		
Trade and other payables	9	(23,041)
Net Assets		17,415
Shareholders Funds		
Called up share capital	10	20,000
Retained Earnings	11	(2,585)
TOTAL SHAREHOLDERS FUNDS	11	17,415

The financial statements on page 7 to 15 were approved by the board of directors on 31 October 2007 and were signed on its behalf by



M P Dalby
Director

Notes to the financial statements

For the 60 weeks ended 19 April 2007

1. Accounting policies

General information

The Company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company does not have any income or expense that has not been recognised in the income statement during the period and has therefore not prepared a statement of recognised income and expense.

Accounting reference date

The Company prepares financial statements drawn up to the Thursday nearest 22 April each year.

Basis of consolidation

The Company has taken advantage of the exemption provided by section 228 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The Company does not have any cash or cash equivalents and therefore the company has not prepared a cash flow statement.

Fixed asset investments

Investments held as fixed assets are stated at cost less any impairment in value.

Dividends received from investments are brought to account in the profit and loss account when received.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements (continued)

For the 60 weeks ended 19 April 2007

1 Accounting policies (continued)

Deferred tax (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Capital instruments

Capital instruments are included at cost, adjusted for discount accretion or premium amortisation. Interest thereon and the premium or discount where relevant is taken to the profit and loss account so as to produce a constant rate of return over the period to the date of expected redemption. Finance costs associated with the issue of the capital instrument are capitalised and written off to the profit and loss account over the period to the expected date of redemption.

Costs associated with the early repayment of borrowings are written off to the profit and loss account as incurred.

2. Operating result

Auditors' remuneration of £115,000 is included within the financial statements of Center Parcs (Operating Company) Limited, a fellow group undertaking. This includes £2,000 in respect of Forest Midco Limited.

3. Staff costs

The company has no employees other than the Directors. No salaries or wages have been paid to employees, including the directors, during the period.

4. Interest payable and similar charges

	<i>60 weeks ended 19 April 2007 £'000</i>
Loan interest payable	3,041

Notes to the financial statements (continued)

For the 60 weeks ended 19 April 2007

5 Tax credit on loss on ordinary activities

(a) Tax credit on loss on ordinary activities

The tax credit is made up as follows

	<i>60 weeks ended 19 April 2007 £'000</i>
Current Tax	-
Deferred Tax	456
Tax credit on loss on ordinary activities	456

(b) Factors affecting current tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%) The difference is reconciled below

	<i>60 weeks ended 19 April 2007 £'000</i>
Loss on ordinary activities before taxation	(3,041)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(912)
Expenses not deductible for tax purposes	456
Tax credit for the period	(456)

(c) Deferred tax

The deferred tax asset included in the balance sheet is as follows

	<i>2007 £'000</i>
Short term timing differences	456

Notes to the financial statements (continued)

For the 60 weeks ended 19 April 2007

6. Investments

	<i>Investments in subsidiary undertakings</i>
	<i>£'000</i>
Cost	
Addition	90,516

Investments at 19 April 2007 relate to the investments in Forest Bidco Limited, registered in England & Wales. Investments represent holdings of 100% of issued share capital. The principal activity of Forest Bidco Limited is that of an intermediate holding company.

7. Deferred Tax Asset

	<i>2007</i>
	<i>£'000</i>
Deferred Tax Assets	
Deferred tax assets to be recovered with 12 months	456

The gross movement on the deferred income tax account is as follows

	<i>2007</i>
	<i>£'000</i>
At incorporation	-
Income statement charge	456
At 19 April 2007	456

8. Trade and other payables - current

	<i>2007</i>
	<i>£'000</i>
Amounts owed to group undertakings	50,516

Included within amounts owed to group undertakings are loans of £45,500,000 & £5,015,810 from Forest Bidco Limited & Forest Holdco Limited respectively. These loans are interest free.

Notes to the financial statements (continued)

For the 60 weeks ended 19 April 2007

9. Trade and other payables – non current

	<i>2007</i>
	<i>£'000</i>
Loan from Group undertaking	23,041

On 19 May 2006 the company issued £20,000,000 of loan notes to Forest Luxco Sarl. These loan notes incur interest at 16% and are repayable on 19 May 2016. Interest is calculated twice yearly and is compounded if not paid. During the period under review interest of £3,041,000 was incurred on the loan notes.

10. Called up share capital

	<i>2007</i>
	<i>£'000</i>
Authorised	
20,000,000 Ordinary shares of £1 each	20,000

	<i>2007</i>
	<i>£'000</i>
Allotted, issued and fully paid	
20,000,000 Ordinary shares of £1 each	20,000

On incorporation the authorised share capital of the company was 1,000 £1 ordinary shares. On 19 May 2006 this was increased to 20,000,000 £1 ordinary shares.

On incorporation the company issued 1,000 ordinary £1 shares.

On 19 May 2006 the company issued 19,999,999 £1 ordinary shares at par.

Notes to the financial statements (continued)

For the 60 weeks ended 19 April 2007

11. Reconciliation of total shareholders' funds and movement on reserves

	<i>Share Capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At Incorporation	-	-	-
Issue of share capital	20,000	-	20,000
Result for the period		(2,625)	(2,625)
At 19 April 2007	20,000	(2,625)	17,375

12. Related party transactions

The following movements on accounts with fellow Group companies occurred in the periods reported in these financial statements

	<i>Balance at incorporation</i>	<i>Movement in 52 weeks</i>	<i>Balance at 19 April 2007</i>
	<i>£'000s</i>	<i>£'000s</i>	<i>£'000s</i>
Forest Bidco Limited	-	(45,500)	(45,500)
Forest Holdco Limited	-	(5,016)	(5,016)

The movement on the intercompany accounts with Forest Bidco Limited and Forest Holdco Limited relate to loans of £45,500,000 & £5,015,810 from Forest Bidco Limited & Forest Holdco Limited respectively. These loans are interest free.

13. Post balance sheet event

A number of changes to the UK corporation tax system were announced in the March 2007 Budget Statement and were enacted in the 2007 Finance Act in June 2007. The changes had not substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The main changes which will affect these accounts going forward are i) the corporation tax rate will reduce from 30% to 28% with effect from 1 April 2008 and ii) balancing adjustments for industrial buildings are abolished. The financial impact of these changes will be quantified in the accounts going forward.

14. Ultimate parent company

At 19 April 2007 the immediate parent company was Forest Holdco Limited, a company registered in England & Wales, with the ultimate parent company Forest Cayco Holdings LP, registered in the Cayman Islands. The largest and smallest group of which the company is a member and for which group accounts are drawn up is now Forest Holdco Limited a company registered in England and Wales.

A copy of the Forest Holdco Limited financial statements can be obtained on application to The Company Secretary, One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.