

Senad Investments Limited
(formerly Targetwater Limited)

**Directors' report and financial
statements**

Registered number 05843085

31 August 2007



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Directors and advisors

Directors

BJ Jones
JR Atkinson
DA Gordon
MJ Press

Secretary

JR Atkinson

Registered office

1 St George's House
Vernon Gate
Derby
DE1 1UQ

Company number

05843085

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers

Nomura International plc
1 St Martin's-le-Grand
London
EC1A 4NP

Solicitors

Marriott Harrison
Staple Court
11 Staple Inn Building
London
WC1V 7QH

Directors' report

The directors present their report and financial statements for the period from 12 June 2006 (the date of incorporation) to 31 August 2007

Company incorporation and change of name

The company was incorporated as Targetwater Limited on 12 June 2006. On 21 June 2006, the company changed its name to Senad Investments Limited

Principal activity

The principal activity of the company is that of an intermediate holding company

Results and dividends

The trading results for the period and the company's financial position at the end of the period are shown in the attached profit and loss account

No dividends have been paid or proposed in the period ended 31 August 2007

Directors

The directors who held office during the financial year and to the date of this report are as follows

Instant Companies Limited	- appointed on incorporation, resigned 21 June 2006
BJ Jones	- appointed 21 June 2006
TF Lee	- appointed 21 June 2006, resigned 3 August 2007
KA Baines	- appointed 21 June 2006, resigned 3 August 2007
DA Gordon	- appointed 28 June 2006
PV Taylor	- appointed 28 June 2006, resigned 20 June 2007
MJ Press	- appointed 20 June 2007
JR Atkinson	- appointed 3 August 2007

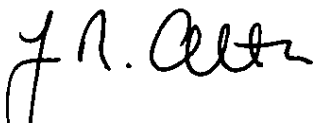
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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

KPMG LLP were appointed first auditors of the company by the directors. In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board


JR Atkinson
Secretary

Dated 4/4/08

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 and applicable law (UK Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

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



KPMG LLP

St Nicholas House
Park Row
Nottingham NG1 6FQ

**Report of the independent auditors to the members of Senad Investments Limited
(formerly Targetwater Limited)**

We have audited the financial statements of Senad Investments Limited (formerly Targetwater Limited) for the period from 12 June 2006 (the date of incorporation) to 31 August 2007 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.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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 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.

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 August 2007 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.

KPMG LLP

Chartered Accountants
Registered Auditor

Dated *4 April 2008*

Profit and loss account
for the period ended 31 August 2007

	<i>Note</i>	2007 £000
Turnover		-
Cost of sales		-
		<hr/>
Gross profit		-
Administrative expenses		(1,167)
		<hr/>
Operating loss		(1,167)
Interest payable and similar charges	2	(11,237)
Interest receivable and similar income	3	117
		<hr/>
Loss on ordinary activities before taxation	4	(12,287)
Tax on loss on ordinary activities	7	-
		<hr/>
Loss for the financial period	13	(12,287)
		<hr/> <hr/>


In the current period the company made no material acquisitions and had no discontinued operations

There were no recognised gains or losses in the current period other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet
as at 31 August 2007

	<i>Note</i>	£000	2007 £000
Fixed assets			
Investments	<i>10</i>		83,607
Current assets			
Cash at bank and in hand		516	
Creditors, amounts falling due within one year	<i>9</i>	<u>(96,409)</u>	
Net current liabilities			<u>(95,893)</u>
Net liabilities			<u>(12,286)</u>
Capital and reserves			
Called up share capital	<i>11</i>		1
Profit and loss account	<i>12</i>		<u>(12,287)</u>
Shareholder's deficit	<i>13</i>		<u>(12,286)</u>

These financial statements were approved by the board of directors on 4/4/08 and were signed on its behalf by



DA Gordon
Director



MJ Press
Director

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards on a going concern basis

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

Going concern

The directors have prepared forecasts including cashflow information for the foreseeable future and the group have appropriate facilities in place until June 2008. It is the directors' intention to re-negotiate the banking facilities in June 2008. As well as their support for the business the group's major shareholder has indicated their willingness to provide further funding if necessary. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis

Cash flow statement

Under FRS 1 'Cash flow statements (revised 1996)' the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary and its parent company includes the company in its own published consolidated financial statements

Related party transactions

As the company is a wholly owned subsidiary, the company has taken advantage of the exemption contained within FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Senad Equity Limited, within which the company is included, can be obtained from the address given in note 18

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Investments

The cost of investment is their purchase cost together with any incremental costs of acquisition. Provision is made against the cost of investments where, in the opinion of the directors, there is an impairment in the value of the individual investments

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes (continued)

2 Interest payable and similar charges

	2007 £000
Bank loans	8,628
Amortisation of issue costs	2,486
Other similar charges	123
	<hr/> 11,237 <hr/>

3 Interest receivable and similar income

	2007 £000
Bank interest receivable	117
	<hr/>

4 Loss on ordinary activities before taxation

	2007 £000
<i>Loss on ordinary activities before taxation is arrived at after charging</i>	
<i>Auditors' remuneration</i>	
- audit of these financial statements	-
- other services relating to taxation	-
	<hr/>

Auditors' remuneration relating to this company has been charged to Senad Limited

Notes (continued)

5 Directors' emoluments and fees

	2007 £000
Aggregate emoluments (including benefits in kind)	102
Pension contributions	-
	<u>102</u>

6 Employees

	2007 Number
<i>The average number of employees (including directors and part time staff) during the year was as follows</i>	

Administrative	11
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	£000
<i>The aggregate payroll costs of these employees (including directors) were as follows</i>	
Wages and salaries	361
Social security costs	74
Other pension costs	36
	<u>471</u>

Notes (continued)

7 Tax on loss on ordinary activities

(a) Analysis of charge in the period

	2007 £000
<i>UK corporation tax</i>	
Current tax on income for the period	-
	<hr/>
Tax on loss on ordinary activities	-
	<hr/>

(b) Factors affecting the tax charge for the period

The current tax charge for the period is higher than the standard 30% rate of corporation tax in the UK. The differences are explained below

	2007 £000
Loss on ordinary activities before tax	(12,287)
	<hr/>
Current tax at 30%	(3,686)
Effect of	
Transfer pricing adjustment	79
Group relief	3,287
Deferred tax not recognised on losses	320
	<hr/>
Total current tax charge	-
	<hr/>

(c) Deferred taxation

Unprovided amounts of deferred taxation comprise

	2007 £000
Losses	1,065
	<hr/>
Deferred tax asset at 28% not recognised	298
	<hr/>

The deferred tax asset relating to losses has not been recognised due to uncertainty surrounding its potential recovery

Notes (continued)

8 Investments

	Shares in group undertakings £000
<i>Cost</i>	
Additions (note 10)	83,607
At end of period	83,607
<i>Net book value</i>	
At 31 August 2007	83,607

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet. The company holds more than 20% of the share capital of the following companies which are all registered in England and Wales

Name of undertaking	Nature of holding	Nature of business	Ownership
The Senad Group Limited	Direct	Intermediate holding company	100%
Senad Holdings Limited	Direct	Intermediate holding company	100%

9 Creditors: amounts falling due within one year

	2007 £000
Bank loans	89,290
Amounts owed to group undertakings	7,080
Accruals and deferred income	39
	96,409

Bank loan

The bank loan is secured against properties owned by the Senad Equity Limited group. At the period end the bank loan facility was due for repayment in full during December 2007. During the post balance sheet period the bank loan facility has been extended to June 2008 following which it is the directors' intention to re-finance the group.

The rate of interest on the bank loan is LIBOR plus 3.5% margin plus a mandatory cost (formula based). An interest rate agreement is in place for £90 million at a fixed rate of interest of 5.16%.

On 23 November 2007 the company's bank loans with Nomura International plc reduced to £65 million following the issue of additional loan notes in the amount of £30 million.

Notes (continued)

9 Creditors: amounts falling due within one year (continued)

During the period £3,196,000 of costs were incurred which were directly attributable to the raising of debt finance. The costs are being amortised over the life of the bank loan in accordance with FRS4. During the period amortisation of £2,486,000 was charged to the profit and loss account, as analysed below

	Bank debt £000
Issue costs	3,196
Amortisation in the period	(2,486)
	<hr/>
Unamortised issue costs at 31 August 2007	710
	<hr/>

Notes (continued)

10 Acquisitions

On 5 July the company acquired The Senad Group Limited and Senad Holdings Limited, together with their subsidiary companies

The details of the cost of investment for the company are set out below

Further detail on the acquisition is included in the consolidated financial statements of the ultimate parent company, Senad Equity Limited

	2007 £000
Cash to acquire share capital	78,600
Management loan notes	2,721
Share for share exchange	223
Costs associated with the acquisition	2,063
	<hr/>
Cost of investment in Senad Investments Limited	83,607
Cash to repay existing debt	30,690
	<hr/>
Purchase consideration and costs of acquisition	114,297
	<hr/>

11 Called up share capital

	2007 £000
<i>Authorised</i>	
200,000,000 'A' ordinary shares of £0.01 each	2,000
20,000,000 'B' ordinary shares of £0.01 each	200
20,000,000 'C' ordinary shares of £0.01 each	200
17,566,647 'D' ordinary shares of £0.01 each	176
	<hr/>
	2,576
	<hr/>

	2007 £
<i>Allotted, called up and fully paid</i>	
85,875 'A' ordinary shares of £0.01 each	859
2,893 'B' ordinary shares of £0.01 each	29
11,231 'C' ordinary shares of £0.01 each	112
	<hr/>
	1,000
	<hr/>

Notes (continued)

11 Called up share capital (continued)

Class rights

The A, B, C and D Ordinary shares are separate classes of shares but rank *pari passu* in all respects, save as set out below

Dividends

Holders of A, B and C Ordinary shares are entitled to receive any dividends out of the profits of the company available for distribution pro-rata to the voting rights attached to their holdings

Holders of D Ordinary shares are entitled to receive dividends out of the profits of the company available for distribution from the time immediately prior to any sale or listing at a rate of 10% of the aggregate amount available to be distributed to shareholders

Capital

On a distribution of assets of the company among its members on a winding up or other return of capital the holders of A, B and C Ordinary shares shall be entitled to participate in proportion to the voting rights attached to their shares

The holders of D Ordinary shares shall have the right to receive a total of 1p for all D Ordinary shares in issue

Voting

Every holder of an A, B or C Ordinary share shall have one vote for every share held

Any votes cast by holders of C Ordinary shares will always equate to 11.2% of the total votes cast

If a resolution is proposed and the votes cast either in favour or against such resolution by holders of A Ordinary shares are insufficient to pass/defeat the resolution then any votes cast by holders of A Ordinary shares will always count for 75% of total votes cast

Holders of D Ordinary shares shall not be entitled to receive notice of or attend any general meeting of the company or to vote on any resolution proposed

12 Reserves

	Profit and loss account £000
On incorporation	-
Loss for the period	(12,287)
	<hr/>
At 31 August 2007	(12,287)
	<hr/>

Notes (continued)

13 Reconciliation of movements in shareholder's deficit

	2007 £000
Loss for the period	(12,287)
Issue of shares	1
	<hr/>
Net movement in shareholder's deficit	(12,286)
Opening shareholder's funds	-
	<hr/>
Closing shareholder's deficit	(12,286)
	<hr/>

14 Capital and other commitments

At 31 August 2007 the company had no capital or other commitments

15 Financial commitments

At 31 August 2007 the company had no annual commitments under non-cancellable operating leases

16 Contingent liabilities

Cross guarantees are in place in relation to the company's bank loans with Nomura International plc of £90 million. In addition the company is subject to a charge to Nomura International plc over all properties and other assets held and monies due or to become due.

On 23 November 2007 the company's bank loans with Nomura International plc reduced to £65 million following the issue of additional loan notes in the amount of £30 million.

17 Related party transactions

The company has taken advantage of the exemption contained within FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities that form part of the Senad Equity Limited group.

18 Ultimate parent company

The company is a subsidiary of Senad Holdco 2 Limited, a company incorporated in the United Kingdom and itself a subsidiary of Senad Equity Limited. Senad Equity Limited, a company incorporated in the United Kingdom, is the ultimate parent company. The ultimate controlling party is Delta Commercial Property LP.

The largest group in which the results of the company are consolidated is that headed by Senad Equity Limited. The consolidated financial statements of Senad Equity Limited may be obtained from Senad Equity Limited, 1 St George's House, Vernon Gate, Derby, DE1 1UQ.