

Davy Property Holdings Limited

Financial Statements 31 December 2008
together with directors' and auditors' reports

Registered number: 31754



Davy Property Holdings Limited

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2008.

Activities and prospects

The Company is a property management company engaged in a work out process.

The Company is a member of the TH Global group of companies. The Group is engaged in a work-out process and is reducing its operating activities. The work-out is a financial and organisational restructuring aimed at (i) achieving viable long-term solutions for its remaining businesses and (ii) resolving outstanding disputes and liabilities, in the best interest of creditors and shareholders under the existing circumstances. At the date of approval of these financial statements, the Group has attained its ambition to divest itself of its operating businesses. The Group continues in its other objective to wind up residual liabilities and responsibilities arising out of past activities, transactions, events and circumstances as soon as practicable.

The Company's property management activities relate to premises occupied by the TH Global Group. During the year the Company terminated the lease related to the premises. By virtue of that termination the Company ceased to operate or control any business activities. It is not the intention of the Directors or shareholder to seek new business opportunities or activity for the Company.

The Company's residuary liability is responsibility for industrial disease claims lodged against the Company by former employees arising from the circumstances of the past activities of the Company.

As a past employer and operator of engineering businesses (before its role was changed to property management), the Company is the recipient of claims by former employees alleging that they have suffered bodily injury as a result of industrial diseases caused during the course of the claimant's employment with the Company. These claims do not arise until many years after the relevant employment ceased (- medical conditions may not develop until much later). The Company together with its insurance carriers and outside claims handlers and counsel review each claim that is pursued by claimants. In those cases where a compensatable disease, exposure during the course of employment and causation can be established by the claimants, the Company's approach is to seek to resolve claims for amounts that reflect the type of disease, the seriousness of the injury, the age of the claimant, the particular jurisdiction of the claim and the number and solvency of other defendants.

Financial statements and dividend

The financial statements of the Company appear on pages 6 to 13 inclusive.

These financial statements have been prepared on a basis other than the going concern basis.

The result for the year is set out in the profit and loss account on page 6. Retained profit of £46,460 (2007 - £76,655 loss) have been transferred to reserves.

The Company has a deficit on its profit and loss account. Consequently, no dividend may be paid.

Directors

The Directors who held office throughout the year and continue in office at the date of this report are:

Rufus Laycock
Marcelo Pereira

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

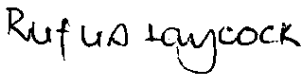
Davy Property Holdings Limited

Directors' Report (continued)

Disclosure of information to auditors

The Directors who held office at the date 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.

By order of the Board,



Rufus Laycock
Director

Date: 16 November 2009

Registered Office
Surrey House
36-44 High Street
Redhill
Surrey RH1 1RH

Davy Property Holdings Limited

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.

These financial statements have been prepared on a basis other than the going concern basis.

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.

Independent auditors' report to the members of Davy Property Holdings Limited

We have audited the financial statements of Davy Property Holdings Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements but 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 December 2008 and of its profit 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.

Independent auditors' report to the members of Davy Property Holdings Limited (continued)

Emphasis of Matter - uncertainty regarding the recovery of inter-company receivables

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty regarding the recovery of inter-company receivables. The TH Global Group is in process of actively seeking settlement of significant issues, claims and obligations and disposing of its remaining assets. The outcome of this process is subject to material uncertainties in terms of timing and amount which may adversely affect the Group's future cash flow if actual results were to differ materially from those anticipated. The Company has significant inter company receivables, the full recovery of which is uncertain due in part to the uncertainty regarding the settlement of the counterparty's obligations, and inter company payables which are due on demand. These conditions, along with the other matters explained in the Basis of Preparation in note 1 to the financial statements, indicate the existence of a material uncertainty in relation to the recovery of inter-company receivables. The financial statements do not include any adjustments that would result if the inter-company balances were not recoverable.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

16 November 2009

Davy Property Holdings Limited

Profit And Loss Account for the Year Ended 31 December 2008

	Note	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Rental income		313,336	298,988
Cost of sales - property outgoings	2	<u>(272,050)</u>	<u>(334,527)</u>
Operating profit/(loss)		41,286	(35,539)
Administrative expenses	3	5,174	(63,450)
Interest receivable and similar income	4	-	22,334
Profit/(loss) on ordinary activities before taxation	6	46,460	(76,655)
Taxation - on profit/(loss) on ordinary activities	7	<u>-</u>	<u>-</u>
Retained profit/(loss) for the financial year	11	<u>46,460</u>	<u>(76,655)</u>

The notes on pages 8 to 13 inclusive form part of these financial statements.

The Company has no recognised gains or losses other than the profit for the current and loss in the prior financial years. Accordingly, a statement of total recognised gains and losses has not been prepared.

The only movement in shareholders' funds is the profit for the year. Accordingly, a statement reconciling the movements in shareholders' funds has not been prepared.

The profit and loss account has been prepared on the basis that all operations are discontinued operations.

**Balance Sheet at
31 December 2008**

	Note	31 December 2008		31 December 2007	
		£	£	£	£
Current assets					
Debtors	8	<u>18,090,547</u>		<u>18,160,770</u>	
Creditors: Amounts falling due within one year					
Amounts owed to fellow subsidiary undertakings		(9,804,075)		(9,803,545)	
Taxation and social security		-		(175)	
Accruals and deferred income		(19,452)		(74,670)	
Trade Creditors		<u>(1,438)</u>		<u>(7,058)</u>	
		(9,824,965)		(9,885,448)	
Net current assets			8,265,582		8,275,322
Provisions for liabilities and charges	9		<u>(7,000)</u>		<u>(63,200)</u>
Net assets			<u>8,258,582</u>		<u>8,212,122</u>
Capital and reserves					
Called up equity share capital	10		26,000,000		26,000,000
Share premium account			1,259,260		1,259,260
Profit and loss account - (deficit)	11		<u>(19,000,678)</u>		<u>(19,047,138)</u>
Equity shareholders' funds			<u>8,258,582</u>		<u>8,212,122</u>

The notes on pages 8 to 13 inclusive form part of these financial statements.

The financial statements were approved by the Board of Directors on 16 November 2009 and signed on its behalf by:

Rufus Laycock

Rufus Laycock
Director

Notes to accounts 31 December 2008

1. Accounting policies

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

(a) Basis of preparation

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

The financial statements have not been prepared on a going concern basis.

The Company is engaged in a work out process together with the other members of the TH Global Group. The purpose and activity of the work-out is explained in the Directors' Report.

At the date of approval of these financial statements it is the opinion of the Directors of the Company that it is in the best interests of creditors of the Company for there to be a work-out process, involving seeking agreement with creditors in relation to outstanding borrowings, disputes, liabilities and legacy issues and based on their current expectation that the disputes and liabilities are capable of being resolved through a negotiated settlement process out of the funds, cash flows and assets realisations available based on all known factors. Group Management explores a range of appropriate strategic and financial alternatives to achieve its objective, which includes obtaining agreement to compromise indebtedness.

The Directors of the Company recognise and report that the work-out is subject to significant issues indicating material uncertainties and risks which may cause significant doubt on the Group's ability to continue as a going concern if actual results were to differ materially from those anticipated. These uncertainties relate to:

- whether the outcome of a number of existing claims including insurance claims (incurred and incurred but not reported), industrial injury claims and overseas taxation claims will be as estimated;
- whether the settlement consideration in relation to the Group's outstanding liabilities will be within the expected range and timing; and
- whether the actual consideration received upon disposal of the remaining Group's assets will be as estimated.

In preparing these financial statements, the Directors have taken into account Group Management's best estimates to forecast cash movements over the next 12 months from the date of these accounts. These estimates and forecasts indicate that the Group has the ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. However these estimates are based on assumptions including values and timing of expected liabilities settlement, claims outcome and assets disposal and therefore subject to the material uncertainties aforementioned.

Given the above there is a material uncertainty in relation to intercompany receivables because of the complex web of intercompany indebtedness subsisting in the TH Global Group such that the actual recovery may be significantly less than the reported balance in part due to the uncertainty regarding the settlement of the Group's obligations. No provision has been made in the financial statements in relation to this uncertainty. The carrying values of receivables from Group companies having a net deficiency of assets are assessed individually at year-end and a provision is booked against them where appropriate.

(b) Cash flow statement

The Company is exempt under the terms of FRS 1 from the requirement to produce a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated accounts.

Davy Property Holdings Limited

Notes to accounts (continued)

31 December 2008

1. Accounting policies (continued)

(c) Related parties

The Company is exempt under the terms of FRS 8 from the requirement to disclose transactions with entities that are part of the Group on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

(d) Turnover

Turnover, which includes inter company trading, arises wholly within the United Kingdom and represents rental income, net of VAT, from premises leased by the Company.

(e) Taxation

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.

(f) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2. Cost of sales - property outgoings

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Property outgoings less amounts charged against provisions	(272,050)	(334,527)

3. Administrative expenses

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
(Release)/accrual of provision relating to legacy responsibilities	(16,934)	63,200
Other Expenses	11,760	250
	<u>(5,174)</u>	<u>63,450</u>

Davy Property Holdings Limited

Notes to accounts (continued)

31 December 2008

4. Interest receivable and similar income

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Receivable from Group companies	-	22,334
	<u>-</u>	<u>22,334</u>

5. Inter-company interest

With effect from 1 January 2008, UK subsidiaries within the TH Global Group including the Company stopped charging interest (where interest was previously charged) on UK to UK inter-company debt and UK to UK inter-company account receivables with certain limited exceptions. This change in approach in the compensation for UK to UK inter-company financial transactions has been made in recognition of, and to assist with, the work-out of the Group.

6. Profit/ (loss) on ordinary activities before taxation

Profit/ (loss) on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Hire charges on land and buildings	<u>310,477</u>	<u>237,000</u>

Neither of the Directors received any emoluments from the Company during the year (2007 - £Nil). There were no employees of the Company during the year (2007- None).

The audit fee in respect of the statutory audit of these financial statements was £ 2,575 (2007 - £2,500). This fee has been paid on behalf of the Company by a fellow subsidiary undertaking.

7. Taxation - on profit/(loss) on ordinary activities

Recognised in the profit and loss account

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
<i>Current tax expenses</i>		
UK Corporation tax on profit for the year	-	-
Foreign tax on profit for the year	-	-
Current tax charge and tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2008

7. Taxation - on profit/ (loss) on ordinary activities (continued)

Factors affecting the current tax charge

The tax assessed for the year is lower (2007 - higher) than the standard rate of corporation tax in the UK. The differences are as follows:-

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Profit/ (loss) on ordinary activities before taxation	46,460	(76,655)
Taxation charge/ (credit) at UK Corporation Tax rate of 28.5% (2007: 30%)	13,241	(22,997)
Effects of		
Group relief for which no payment is received	2,021	10,131
Capital allowances in excess of depreciation	(17,582)	(6,169)
Increase in losses carried forward	6,546	18,960
Utilisation of losses brought forward	(4,826)	-
Items not deductible for tax	600	75
Actual tax charge per accounts	-	-

Factors affecting future tax charges

It is anticipated that any future taxable income in this company will be sheltered from tax by utilisation of group relief from other Group companies, and, where possible, the use of the Group's tax losses arising in prior years.

The TH Global Limited UK tax group has brought forward tax losses estimated at £203 M and surplus ACT of approximately £159M.

There is no potential liability to deferred taxation (2007 - £Nil).

8. Debtors

	31 December 2008 £	31 December 2007 £
Amounts falling due within one year:		
Trade debtors	2,065	1,175
Amount owed by immediate parent undertaking	7,259,602	7,481,728
Amounts owed by fellow subsidiary undertakings	10,827,486	10,604,812
Prepayments and accrued income	1,335	73,055
Taxation and social security	59	-
	<u>18,090,547</u>	<u>18,160,770</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2008

9. Provisions for liabilities and charges

	£
At 1 January 2008	63,200
Utilised during the year	(39,266)
Released in the year	<u>(16,934)</u>
At 31 December 2008	<u>7,000</u>

The provision represents the anticipated costs of winding-up the legacy responsibilities of the Company.

Contingent Liability

As a past employer and operator of engineering businesses, the Company is the recipient of industrial injury and disease claims submitted by former employees. On the various legal and financial restructurings which occurred in the former Kvaerner group the Company retained responsibility in the great majority of cases for industrial injury and disease claims resulting from its former activities. Claims do not arise until many years after the relevant employment ceased (- medical conditions may not develop until much later). The nature of these industrial diseases - their causation, progress and latency periods, is such that it is neither possible to know with any certainty the timing of the submission of claims nor to measure with any reliability the number of future claims and the cost of settlement. The Company provides for the anticipated settlement costs and associated expenses arising from the claims where a reasonable estimate can be made of the probable outcome of the claim. Where it is not possible to make a reasonable estimate, no provision is made. No provision is made in respect of claims not yet received and verified. The future receipt and settlement of these claims could result in additional liabilities.

	31 December 2008	31 December 2007
	£	£
10. Called up equity share capital		
Authorised, allotted and fully paid: 104,000,000 ordinary shares of 25 pence each	<u>26,000,000</u>	<u>26,000,000</u>

11. Profit and loss account

	£
At 1 January 2008 - (deficit)	(19,047,138)
Retained profit for the financial year	46,460
At 31 December 2008 - (deficit)	<u>(19,000,678)</u>

12. Commitments

Annual commitments under non-cancellable operating leases are as follows:-

	31 December 2008	31 December 2007
	£	£
Operating leases which expire in 2 to 5 years - Land and buildings	<u>-</u>	<u>237,000</u>

Davy Property Holdings Limited

Notes to accounts (continued)

31 December 2008

13. Ultimate parent company and ultimate controlling party

The Company's immediate parent company is Trafalgar House Property Limited, incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Medaura BV, a private company incorporated in The Netherlands. The consolidated financial statements of Medaura BV are available to the public and may be obtained from the Chamber of Commerce, Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam, The Netherlands or from the Company Secretary, TH Global Limited, Surrey House, 36-44 High Street, Redhill, Surrey RH1 1RH, UK.

The Glacier Trust, established under the laws of Guernsey, is to be regarded as the ultimate controlling party of the Company