

Davy Property Holdings Limited

Financial Statements 31 December 2009
together with directors' and auditors' reports

Registered number 31754

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Davy Property Holdings Limited

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2009

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. The Group has divested 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 ceased during December 2008. Since that date the Company has not operated or controlled 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 residual 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 12 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 loss of £79,166 (2008 - profit of £46,460) 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

Rufus Laycock
Director

Date 29 September 2010

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)

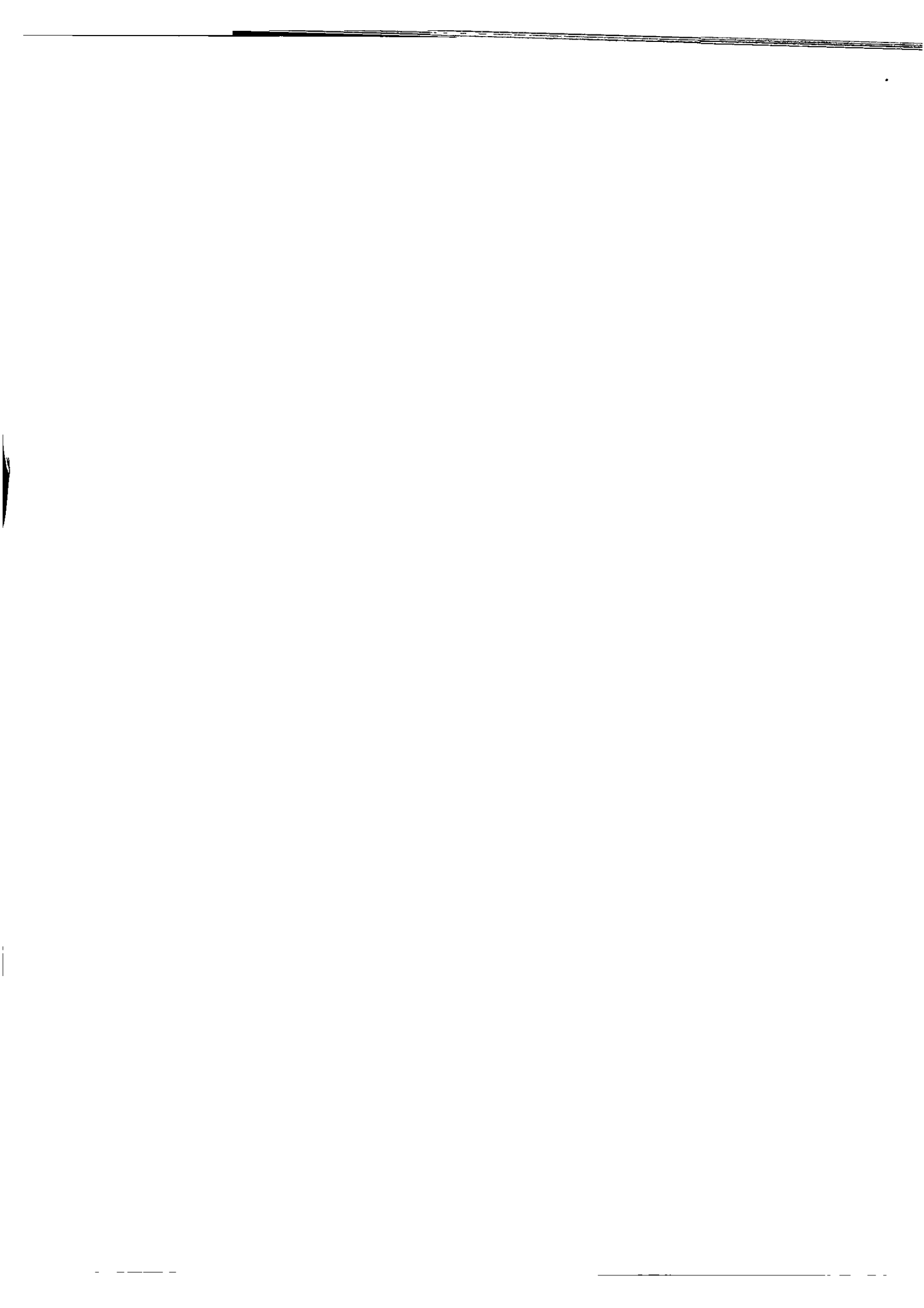
The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

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 2006. 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 2009 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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 liabilities within an expected range and timing, closure of claims as estimated 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 cash flows in the foreseeable future if actual results were to differ materially from those anticipated. The Company has net current assets, which include 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mike Maloney (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

Date 30 September 2010



Davy Property Holdings Limited

Profit And Loss Account for the Year Ended 31 December 2009

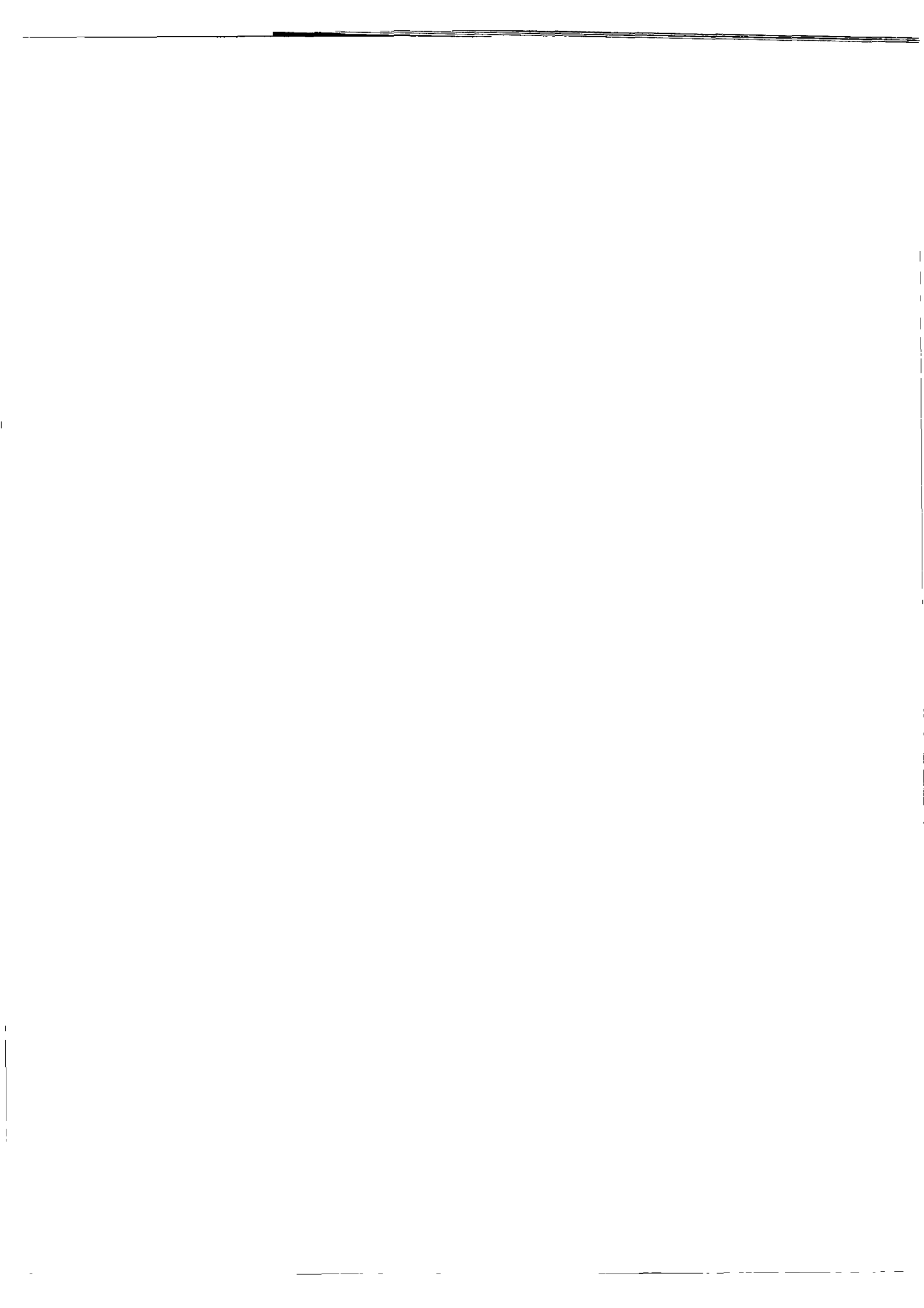
	Note	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Rental income		-	313,336
Cost of sales - property outgoings	2	<u>1,438</u>	<u>(272,050)</u>
Operating profit		1,438	41,286
Administrative expenses	3	(80,604)	5,174
(Loss)/profit on ordinary activities before taxation	5	<u>(79,166)</u>	<u>46,460</u>
Taxation - on (loss)/profit on ordinary activities	6	<u>-</u>	<u>-</u>
Retained (loss)/profit for the financial year	10	<u><u>(79,166)</u></u>	<u><u>46,460</u></u>

The notes on pages 8 to 12 inclusive form part of these financial statements

The Company has no recognised gains or losses other than the loss for the current and profit for 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 loss 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 2009**

	Note	31 December 2009		31 December 2008	
		£	£	£	£
Current assets					
Debtors	7	<u>10,833,372</u>		<u>18,090,547</u>	
Creditors Amounts falling due within one year					
Amounts owed to fellow subsidiary undertakings		(2,551,338)		(9,804,075)	
Accruals and deferred income		(18,118)		(19,452)	
Trade Creditors		<u>-</u>		<u>(1,438)</u>	
		(2,569,456)		(9,824,965)	
Net current assets			8,263,916		8,265,582
Provisions for liabilities and charges	8		<u>(84,500)</u>		<u>(7,000)</u>
Net assets			<u>8,179,416</u>		<u>8,258,582</u>
Capital and reserves					
Called up equity share capital	9		26,000,000		26,000,000
Share premium account			1,259,260		1,259,260
Profit and loss account - (deficit)	10		<u>(19,079,844)</u>		<u>(19,000,678)</u>
Equity shareholders' funds			<u>8,179,416</u>		<u>8,258,582</u>

The notes on pages 8 to 12 inclusive form part of these financial statements

The financial statements were approved by the Board of Directors on 29 September 2010 and signed on its behalf by

Rufus Laycock

Rufus Laycock
Director



Davy Property Holdings Limited

Notes to accounts 31 December 2009

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 the 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. The Directors explore a range of appropriate strategic and financial alternatives to achieve the Company's objectives, which may include 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 for the foreseeable future if actual results were to differ materially from those anticipated. These uncertainties relate to

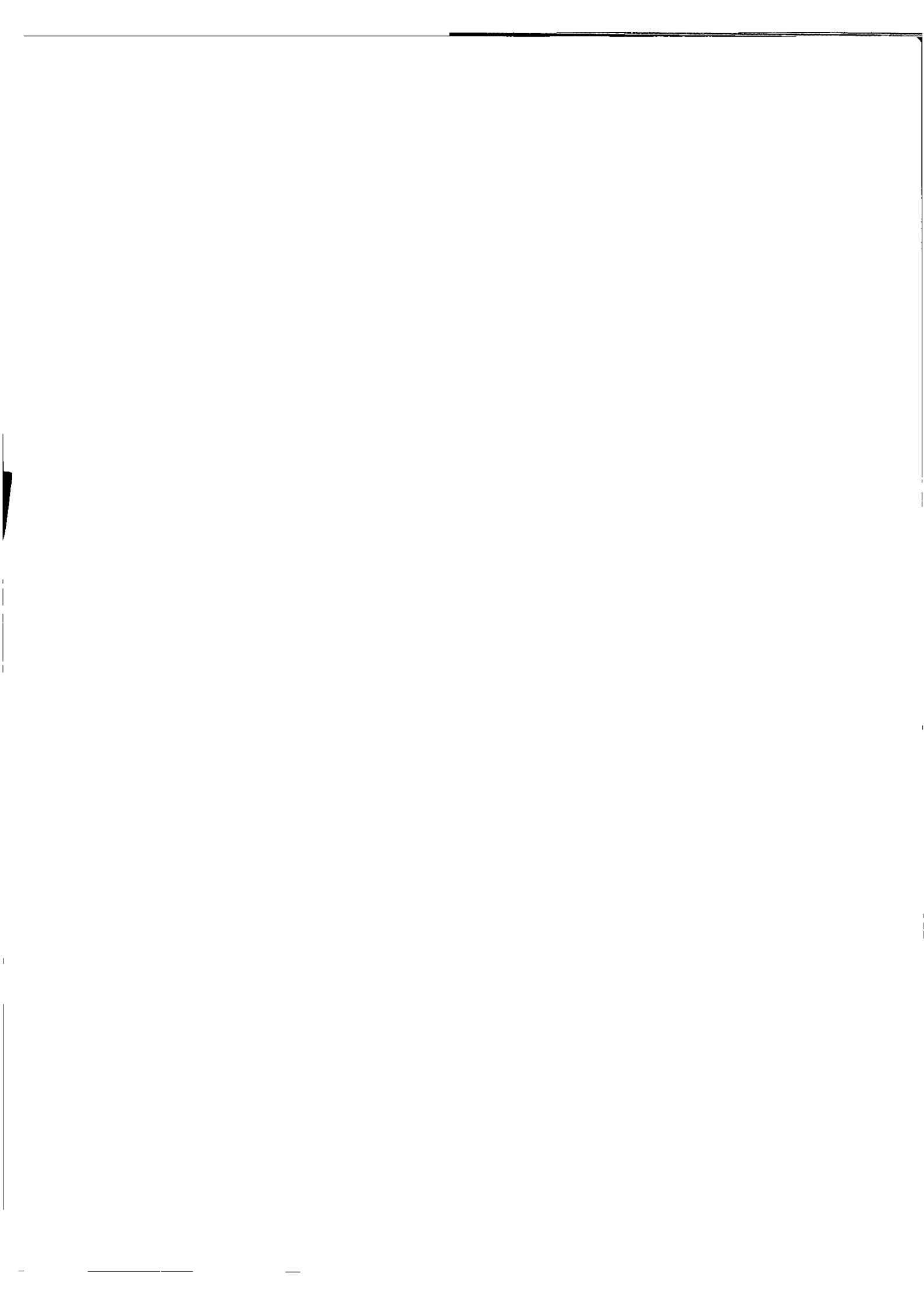
- whether the outcome of a number of existing claims including industrial disease compensation claims (incurred and incurred but not reported) and overseas taxation claims will be as estimated,
- whether the settlement consideration in relation to the Group's outstanding liabilities will be within the 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. The going concern assessment did not consider the period beyond 12 months from the date of signing of the financial statements and whether the Group would continue to be in a position where it could continue to pay (or resolve through negotiated settlement) its liabilities as they fall due

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 2009

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 2009 £	Year ended 31 December 2008 £
Property outgoings less amounts charged against provisions	1,438	(272,050)

3 Administrative expenses

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Creation/(release) of provision relating to legacy responsibilities	80,454	(16,934)
Other expenses	150	11,760
	<u>80,604</u>	<u>(5,174)</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2009

4 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.

5 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Hire charges on land and buildings	-	310,477

Neither of the Directors received any emoluments from the Company during the year (2008 - £Nil). There were no employees of the Company during the year (2008 - None).

The audit fee in respect of the statutory audit of these financial statements was £ 2,652 (2008 - £2,575). This fee has been paid on behalf of the Company by a fellow subsidiary undertaking.

6 Taxation - on (loss)/profit on ordinary activities

Recognised in the profit and loss account

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
<i>Current tax expenses</i>		
UK Corporation tax on (loss)/profit for the year	-	-
Foreign tax on (loss)/profit for the year	-	-
Current tax charge and tax on (loss)/profit on ordinary activities	-	-



Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2009

6 Taxation - on (loss)/profit on ordinary activities (continued)

Factors affecting the current tax charge

The tax assessed for the year is higher (2008 - lower) than the standard rate of corporation tax in the UK. The differences are as follows -

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
(Loss)/profit on ordinary activities before taxation	(79,166)	46,460
Taxation charge at UK Corporation Tax rate of 28% (2008 - 28.5%)	(22,166)	13,241
Effects of		
Group relief for which no payment is received	-	2,021
Capital allowances in excess of depreciation	-	(17,582)
Increase in losses carried forward	22,124	6,546
Utilisation of losses brought forward	-	(4,826)
Items not deductible for tax	42	600
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 GH Global Limited UK tax group has brought forward tax losses estimated at £301M, capital losses of £538M and surplus ACT of approximately £159M.

There is no potential liability to deferred taxation (2008 - £Nil).

7 Debtors

	31 December 2009 £	31 December 2008 £
Amounts falling due within one year		
Trade debtors	-	2,065
Amount owed by immediate parent undertaking	-	7,259,602
Amounts owed by fellow subsidiary undertakings	10,833,372	10,827,486
Prepayments and accrued income	-	1,335
Taxation and social security	-	59
	<u>10,833,372</u>	<u>18,090,547</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2009

8 Provisions for liabilities and charges

	£
At 1 January 2009	7,000
Utilised during the year	(2,954)
Created in the year	<u>80,454</u>
At 31 December 2009	<u>84,500</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 estimated cost of incurred claims less insurance recoveries. 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.

	Year ended 31 December 2009	Year ended 31 December 2008
9 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>

10 Profit and loss account

	£
At 1 January 2009 - (deficit)	(19,000,678)
Retained loss for the financial year	<u>(79,166)</u>
At 31 December 2009 - (deficit)	<u>(19,079,844)</u>

11 Ultimate parent company and ultimate controlling party

The Company's immediate parent company is One Berkeley Street 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, GH 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

