

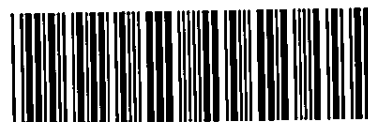
Company Registration No 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

Report and Financial Statements

For the year ended 31 December 2009

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SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Rollins
S J Nicholls

SECRETARY

A J Bodenham

REGISTERED OFFICE

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

BANKERS

Lloyds TSB Group plc
25 Gresham Street
London EC2V 7HN

AUDITORS

Deloitte LLP
Reading, United Kingdom

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT

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

Principal activity and business review

The company acts as a non-trading financing company within the Senior plc group of companies and is expected to do so for the foreseeable future

Results and dividends

The results for the year were as follows

	2009 £000	2008 £000
Profit and loss account, 1 January	3,100	2,321
Profit for the financial year	<u>49,905</u>	<u>779</u>
Profit and loss account, 31 December	<u>53,005</u>	<u>3,100</u>

Principal risks and uncertainties

The main risk facing the company is the underlying performance of its subsidiary companies. The directors address this by ensuring the subsidiaries have sufficient resources from within the Senior group to be able to continue trading.

Due to a large outstanding balance owed to group undertakings as stated in note 9, the company's main risk in respect of going concern is the net current liabilities position held on the balance sheet. Of the total amount owed to group undertakings of £199,069,529, the amount owed to Senior Finance Three Limited of £181,069,529 represents the largest portion of this outstanding balance.

The company achieved a good level of profit and its financial position remains strong. This, combined with the financial support of its ultimate parent company (Senior plc), give the directors the expectation that the company will have adequate resources to continue in existence for the foreseeable future. Thus, the Board has continued to adopt the going concern basis in preparing the company's Financial Statements.

Directors

The directors who served during the year and to the date of signing this report were as follows

M Rollins
S J Nicholls

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

Auditors

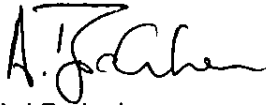
Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



A J Bodenham
Secretary

11 May 2010

Registered Office

59/61 High Street
Rickmansworth
Herts
WD3 1RH

SENIOR ENGINEERING INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 instruments for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SENIOR ENGINEERING INVESTMENTS LIMITED

We have audited the financial statements of Senior Engineering Investments Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

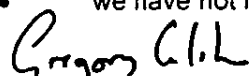
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



Gregory Culshaw (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom

25 May 2010

SENIOR ENGINEERING INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2009**

	Notes	2009 £000	2008 £000
Other operating income (net)	2	<u>59,381</u>	<u>7,670</u>
Operating profit		59,381	7,670
Interest receivable	3	1,751	2,776
Interest payable	4	<u>(11,227)</u>	<u>(11,636)</u>
Profit / (loss) on ordinary activities before taxation	5	49,905	(1,190)
Tax on profit/ (loss) on ordinary activities	6	<u>-</u>	<u>1,969</u>
Profit on ordinary activities after taxation being the retained profit for the year	11	<u>49,905</u>	<u>779</u>

All activities derive from continuing operations

There are no recognised gains and losses other than the result for the current and preceding financial year. Accordingly, no statement of total recognised gains and losses is given

SENIOR ENGINEERING INVESTMENTS LIMITED

BALANCE SHEET

31 December 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Investments in subsidiary undertakings	7	<u>303,577</u>	<u>303,577</u>
Current assets			
Debtors	8	100,743	39,553
Cash at bank and in hand		<u>481</u>	<u>2,914</u>
		101,224	42,467
Creditors: Amounts falling due within one year	9	<u>(202,404)</u>	<u>(193,552)</u>
Net current liabilities		(101,180)	(151,085)
Total assets less current liabilities being net assets		<u>202,397</u>	<u>152,492</u>
Capital and reserves			
Called up share capital	10	149,000	149,000
Profit and loss account	11	53,005	3,100
Other reserves	11	<u>392</u>	<u>392</u>
Shareholder's funds	11	<u>202,397</u>	<u>152,492</u>

These financial statements were approved by the Board of Directors and authorised for issue on 11 May 2010

Signed on behalf of the Board of Directors



M Rollins
Director



S J Nicholls
Director

Company Registration No. 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and have been applied consistently in the current and prior year. The particular accounting policies adopted are described below.

a) Accounting convention

The financial statements are prepared on the going concern basis as discussed in the Directors' Report under the historical cost convention.

b) Going concern

Due to a large outstanding balance owed to group undertakings as stated in note 9, the company's main risk in respect of going concern is the net current liabilities position held on the balance sheet.

The company's financial position and future prospects are described in the Directors' Report. This, combined with the financial support of its ultimate parent company (Senior plc), give the directors the expectation that the company will have adequate resources to continue in existence for the foreseeable future. Thus, the Board has continued to adopt the going concern basis in preparing the company's Financial Statements.

c) Investments

The company accounts for its investments in subsidiary undertakings at cost less amounts written off for impairment. Dividends receivable are credited to the Company's profit and loss account when declared, inclusive of tax deducted at source in the country of origin.

d) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

e) Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as exchange gain or loss in the profit and loss account.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

1 Accounting policies (continued)

f) Cash flow statement

As permitted by Financial Reporting Standard No 1 (Revised), the company has not produced a cashflow statement, as it is a wholly owned subsidiary undertaking of Senior plc, which has produced a group cashflow statement in its accounts

g) Exemption from preparation of consolidated accounts

As permitted by the Companies Act 2006, the company has not prepared consolidated accounts, as it is a wholly owned subsidiary of Senior plc, which is registered in England and Wales and prepared consolidated accounts that are available to the public

2 Other operating income (net)

	2009 £000	2008 £000
Dividends from subsidiary undertakings - UK	7,698	7,670
Dividends from subsidiary undertakings - Overseas	51,685	-
Administrative expenses	(2)	-
	<u>59,381</u>	<u>7,670</u>

3 Interest receivable

	2009 £000	2008 £000
Intercompany interest receivable	<u>1,751</u>	<u>2,776</u>

4 Interest payable

	2009 £000	2008 £000
Intercompany interest payable	<u>11,227</u>	<u>11,636</u>

5 Profit / (loss) on ordinary activities before taxation

Profit / (loss) on ordinary activities before taxation is stated after charging	2009 £000	2008 £000
Auditors' remuneration – Annual statutory audit services	<u>1</u>	<u>1</u>
There were no non audit services in either year		

Directors' remuneration for services provided to the company was £nil (2008 - £nil)
The company has no other employees (2008 - nil)

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

6 Taxation on profit / (loss) on ordinary activities

a) Analysis of tax on ordinary activities

	2009 £000	2008 £000
UK corporation tax charge / (credit) at 28% (2008 – 28.5%) on the profit / (loss) for the year	-	(1,969)

The above tax charge / (credit) for the year is disproportionate as the majority of income is not subject to UK corporation tax and this charge / (credit) relates to amounts payable / (receivable) in respect of group tax relief

b) Factors affecting tax charge / (credit) for the current year

The tax charge / (credit) for the current year differs from that resulting from applying the standard rate of corporation tax of 28% (2008 – 28.5%) to the profit / (loss) before tax

	2009 £000	2008 £000
The differences are explained below		
Profit / (loss) on ordinary activities before tax	49,905	(1,190)
Tax charge / (credit) at 28% (2008 – 28.5%) thereon	13,973	(339)
Effects of		
Dividend income	(16,627)	(2,186)
Unrelieved tax losses	2,654	556
Current tax charge / (credit) for the year	-	(1,969)

c) Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of tax losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £4,974,000 (2008 - £2,320,000). The asset would be recovered if the company makes sufficient profits from its non-trading activities in the future.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

7 Fixed asset investments in subsidiary undertakings

	Shares at cost £000	Provision for impairment £000	Net book value £000
At 1 January 2009 and 31 December 2009	303,577	-	303,577

On 14 September 2009 the company and Senior Finance Four Limited (a company registered on 12 June 2009 in England and Wales) entered into a share swap agreement whereby the company transferred the entire issued share capital of Senior Engineering Investments B V to Senior Finance Four Limited and in exchange, Senior Finance Four Limited allotted 177,428,059 ordinary shares with a nominal value of £1 each to the company. The carrying value of the fixed asset investments has not been affected by this share swap.

The trading subsidiary undertakings of the company, all of which are wholly-owned and registered in England and Wales are as follows:

Name	Nature of trade
Senior UK Limited	Aerospace and automotive
Senior Hargreaves Limited	Specialised industrial
Senior Finance Four Limited	Financing company

The shares of the overseas subsidiary undertakings of the company, with minor exceptions, are held directly or indirectly by Senior Investments A G, a wholly-owned company incorporated in Switzerland. The overseas trading subsidiary undertakings of the company, all of which are directly or indirectly wholly-owned by Senior Investments A G, unless otherwise indicated, are as follows:

Name	Nature of Trade	Country of Incorporation
Senior Aerospace Ermeto S A S	Aerospace	France
Senior Automotive Blois S A S	Automotive	France
Senior Calorstat S A S	Aerospace	France
Senior Operations LLC	Aerospace, automotive and specialised industrial	USA
Senior Operations (Canada) Limited	Specialised industrial	Canada
Senior Berghöfer GmbH	Automotive	Germany
Senior Aerospace Bosman B V *	Aerospace	Holland
Senior do Brasil Ltda	Automotive	Brazil
Senior Automotive Czech s r o	Automotive	Czech Republic
Senior Automotive S A (Pty) Limited	Automotive	South Africa
Senior India Private Limited	Automotive	India

* On 23 January 2009 Senior Engineering Investments B V disposed of 100% of its investment in Senior Aerospace Bosman B V, (a company incorporated in The Netherlands) to Senior Investments A G.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

8 Debtors

	2009 £000	2008 £000
Amounts falling due within one year		
Interest receivable – due from group undertakings	43	53
Amounts due from group undertakings	<u>100,700</u>	<u>39,500</u>
	<u>100,743</u>	<u>39,553</u>

9 Creditors: Amounts falling due within one year

	2009 £000	2008 £000
Interest payable - owing to group undertakings	303	339
Amounts owing to group undertakings	199,070	192,070
Group tax relief payable	<u>3,031</u>	<u>1,143</u>
	<u>202,404</u>	<u>193,552</u>

Of the total amounts due to group undertakings, £178,700,000 bears interest at a fixed rate of 6% and £20,369,529 at variable rates

10 Called-up share capital

	2009 £000	2008 £000
Authorised		
150,000,000 ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>
Called-up, allotted and fully paid		
149,000,000 ordinary shares of £1 each	<u>149,000</u>	<u>149,000</u>

11 Shareholder's funds and movements on reserves

	Reserves				Total
	Share capital £000	Profit & loss account £000	Other reserves £000	Total reserves £'000	shareholder's funds £000
At 1 January 2009	149,000	3,100	392	3,492	152,492
Profit for the financial year	-	49,905	-	49,905	49,905
At 31 December 2009	<u>149,000</u>	<u>53,005</u>	<u>392</u>	<u>53,397</u>	<u>202,397</u>

Other reserves comprise a capital contribution received from the parent company during 1992 which is considered by the company to be distributable

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

11 Shareholder's funds and movements on reserves (continued)

Reconciliation of movement in shareholder's funds

	2009 £000	2008 £000
Profit for the financial year	49,905	779
Net increase in shareholder's funds	49,905	779
Opening shareholder's funds	152,492	151,713
Closing shareholder's funds	202,397	152,492

12 Guarantees

a) Private placement loans

The company is a guarantor, jointly and severally, with certain other group companies, of US \$120 million (2008 – \$120 million) unsecured loan notes under an agreement dated 8 October 2008

The company is a guarantor, jointly and severally, with certain other Group companies, of US \$30 million (2008 – \$30 million) unsecured loan notes under an agreement dated 31 January 2007

The company is a guarantor, jointly and severally, with certain other group companies of US \$35million (2008 – \$35 million) unsecured loan notes under an agreement dated 22 October 2007

The company was a guarantor, jointly and severally, with certain other group companies of US \$75 million unsecured loan notes, under amended agreements dated 22 October 1998 and 31 December 2005 These were repaid in October 2008

b) Bank guarantees

The company is a guarantor, jointly and severally, with certain other group companies of all indebtedness of certain US group companies to their US clearing banker, including a committed single bank US\$20 million revolving credit facility and a US\$15 million letters of credit facility At 31 December 2009 there was no amounts drawn under the revolving credit facility (2008 – US\$nil) and US\$14.1 million drawn under the letters of credit facility (2008 – US\$7.4 million) The maturity dates of these facilities were extended during 2008 from August 2010 to August 2011

The company is a guarantor, jointly and severally, with certain other group companies of all indebtedness of these other group companies to one of the group's UK clearing bankers

c) Revolving credit facility

The company is a guarantor, jointly and severally, with certain other group companies of a committed £80 million syndicated multi-currency revolving credit facility maturing in July 2012 At 31 December 2009 the total amounts borrowed under the facility were £4.5 million comprising €5.0 million At 31 December 2008 the total amounts borrowed under the facility were £20.2 million comprising £18.6 million and €1.7 million

d) Bilateral facility

In January 2008, a new £20m bilateral 364 day facility, with an option to extend by one year, was established with the Group's principal UK clearing bankers The facility was cancelled in October 2008 following the raising of the \$120 million loan notes

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

13 Ultimate parent company

The company's ultimate parent and controlling company, which prepares consolidated accounts incorporating the company's results, is Senior plc, whose registered office is at 59/61 High Street, Rickmansworth, Hertfordshire WD3 1RH. The consolidated accounts of the group are available to the public and can either be downloaded from the Senior plc website www.seniorplc.com or obtained from the aforementioned address.

14 Related party transactions

Transactions with group entities are not disclosed as the company is wholly owned subsidiary of a company which produces consolidated accounts that are publicly available.

