

REGENER LIMITED
[Formerly Apex Regeneration Limited and Equion Holdings Limited]

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2004**



Registered Number: 4401853

REGENTER LIMITED
[Formerly Apex Regeneration Limited and Equion Holdings Limited]

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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REGENER LIMITED
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DIRECTORS AND ADVISORS

Directors

G A Blott (appointed 4 February 2004)
A E Friend
P M A Lloyd (appointed 4 February 2004)
G S Lucas (resigned 3 February 2004)
A C Roper (resigned 3 February 2004)
I J Wells (appointed 18 August 2004 as alternate director for A E Friend)
R Weston

Company secretary and registered office

P G Shell
Allington House
150 Victoria Street
London SW1E 5LB

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Principal bankers

National Westminster Bank Plc
27 High Street
Brecon
Powys LD3 7LF

REGENER LIMITED
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DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Group is to provide investment in and management of social housing and wider regeneration partnerships between the public and private sectors. It is expected that the Company's activities will remain the same in the foreseeable future.

REVIEW OF THE YEAR

On 4 February 2004 the Company changed its name to Apex Regeneration Limited and on 12 March 2004 to Regenter Limited.

The Group is currently bidding for six PFI projects, two of which are at preferred bidder status.

On 30 March 2004, Regenter Limited acquired 100% of the shares of Bentilee Hub (Holding) Limited, whose principal activity is to act as a holding company.

On 5 May 2004, Regenter Limited acquired 100% of the shares of Regenter Management Services Limited (formerly known as Severn River Crossing Holdings Limited), which provides management services to the Group including conducting its bidding activity.

RESULTS AND DIVIDENDS

The Group's loss for the year before and after taxation amounted to £1,296,308 (2003 - £nil).

The Directors do not recommend the payment of a dividend (2003 - £nil).

DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1.


DIRECTORS' INTERESTS

No Director held any interests in the shares of the Company, or had any personal interest in any significant or material contract with the Company, during the year ended 31 December 2004.

AUDITORS

The Directors appointed Deloitte & Touche LLP as auditors of the Company during the year. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

On behalf of the Board


G A Blott
Director
8 June 2005

REGENTER LIMITED
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *state whether applicable accounting standards have been followed; and*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.*

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REGENER LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REGENER LIMITED

We have audited the financial statements of Regenter Limited for the year ended 31 December 2004 which comprise the Group profit and loss account, the balance sheets, cash flow statement, the related notes 1 to 16 and the list of principal subsidiaries. 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 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 described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements 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 of the state of the Company's and the Group's affairs as at 31 December 2004 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

13 June 2005

REGENER LIMITED
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GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Administrative expenses		(1,296,308)	-
Operating loss and retained loss for the year transferred from reserves	2, 10	<u>(1,296,308)</u>	<u>-</u>

A reconciliation of movement in equity shareholders' funds is given in note 11.

All items in the profit and loss account relate to continuing operations.

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents.

All gains and losses are recognised in the profit and loss account in both the current and preceding year, and therefore no separate statement of total recognised gains and losses has been presented.

REGENER LIMITED
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GROUP BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	2003 £
Current assets			
Debtors due within one year	7	1,765,236	12,500
Cash at bank and in hand		<u>314,734</u>	<u>-</u>
		2,079,970	12,500
Creditors: amounts falling due within one year	8	(3,326,278)	-
Net (liabilities)/assets		<u>(1,246,308)</u>	<u>12,500</u>
Capital and reserves			
Called up share capital	9	50,000	12,500
Profit and loss account	10	(1,296,308)	-
Equity shareholders' (deficit)/funds	11	<u>(1,246,308)</u>	<u>12,500</u>

The financial statements were approved by the Board of Directors on 8 June 2005 and were signed on its behalf by:


G A Blott
Director
8 June 2005

REGENER LIMITED
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COMPANY BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	2003 £
Fixed assets			
Investments	6	3	-
Current assets			
Debtors due within one year	7	2,511,661	12,500
Cash at bank and in hand		314,734	-
		<u>2,826,395</u>	<u>12,500</u>
Creditors: amounts falling due within one year	8	(2,782,898)	-
Net current assets		<u>43,497</u>	<u>12,500</u>
Total assets less current liabilities		<u>43,500</u>	<u>12,500</u>
Capital and reserves			
Called up share capital	9	50,000	12,500
Profit and loss account	10	(6,500)	-
Equity shareholders' funds	11	<u>43,500</u>	<u>12,500</u>

The financial statements were approved by the Board of Directors on 8 June 2005 and were signed on its behalf by:


G A Blott
Director

8 June 2005

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GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Net cash outflow from operating activities	12		(2,498,899)		-
Financing					
Issue of ordinary share capital		37,500		-	
Increase in shareholder loans falling due within one year		<u>2,776,133</u>		<u>-</u>	
Net cash inflow from financing			2,813,633		-
Increase in cash in the year			<u>314,734</u>		<u>-</u>

REGENER LIMITED
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Notes to the financial statements for the year ended 31 December 2004

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

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

In accordance with Section 230 of the Companies Act 1985 no separate profit and loss account has been presented for the company. The company's retained loss for the year ended 31 December 2004 was £6,500 (2003 - £nil).

b) Basis of consolidation

The group profit and loss account and balance sheet include the financial statements of Regenter Limited and its subsidiary undertakings made up to 31 December. Where subsidiaries are acquired or sold during the period the group profit and loss account includes the results for the part of the period for which they were subsidiaries. On acquisition of subsidiaries goodwill is capitalised and amortised over its useful economic life.

c) Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment. Income from investments is included in the profit and loss account as declared.

d) Taxation

Current tax, including United Kingdom 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.

In accordance with FRS 19 'Deferred Tax', deferred taxation 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 group'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 when, 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 differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

e) PFI Bid Costs

PFI bid costs are charged to the profit and loss account until such time as the Company is virtually certain that it will enter into contracts for the relevant PFI project. Virtual certainty is generally achieved at the time the Company is selected as preferred bidder. From the point of virtual certainty, bid costs are capitalised and held in the Company balance sheet as a debtor prior to achieving financial close. On financial close of PFI project and financing agreements, the Company recovers capitalised bid costs from the relevant project company. If the recovery of bid costs exceeds the amount capitalised by the Company to financial close, the over-recovery is credited to the profit and loss account.

2 OPERATING LOSS

	2004	2003
Operating loss is stated after charging:	£	£
Auditors' remuneration	<u>12,087</u>	<u>-</u>

REGENER LIMITED
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Notes to the financial statements for the year ended 31 December 2004 (continued)

3 EMOLUMENTS OF DIRECTORS

The Directors did not receive any remuneration for the year (2003 - £nil).

4 STAFF NUMBERS

The Group had no employees during the year (2003 - nil).

5 TAX ON LOSS ON ORDINARY ACTIVITIES

The Group does not anticipate surrendering tax losses and is not recognising a deferred tax asset, and consequently there is no current or deferred tax charge in the year (2003 - £nil).

6 INVESTMENTS

Company	Shares in in group undertakings £
Cost and net book value	
At 1 January 2004	-
Additions	3
At 31 December 2004	<u>3</u>

The Company's principal subsidiary undertakings are listed on page 13.

In the opinion of the Directors the aggregate value of the investment in subsidiary undertakings is not less than the amount stated in the balance sheet.

7 DEBTORS DUE WITHIN ONE YEAR

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Amounts owed by group undertakings	-	2,511,397	-	-
Amounts owed by shareholders	-	-	12,500	12,500
Other debtors	322	-	-	-
Input VAT	442,370	264	-	-
Preferred bidder costs capitalised	1,322,544	-	-	-
	<u>1,765,236</u>	<u>2,511,661</u>	<u>12,500</u>	<u>12,500</u>

8 CREDITORS

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Trade creditors	478,488	1,762	-	-
Amounts owed to shareholders	2,776,133	2,776,133	-	-
Accruals and deferred income	71,657	5,003	-	-
	<u>3,326,278</u>	<u>2,782,898</u>	<u>-</u>	<u>-</u>

Of the amounts owed to shareholders, £1,555,000 has been provided by Equion Limited and £1,221,133 by UKPIM Holdco Limited. These shareholder loans are interest free and repayable on demand.

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Notes to the financial statements for the year ended 31 December 2004 (continued)

9 CALLED UP SHARE CAPITAL

	2004		2003	
	Group No.	Company No.	Group No.	Company No.
Authorised:				
Ordinary Shares at £1 each	50,000	50,000	12,500	12,500
	£	£	£	£
Allotted, called up and fully paid:				
50,000 Ordinary Shares at £1 each	50,000	50,000	12,500	12,500

10 MOVEMENT IN RESERVES

	Profit and loss account £
Group	
At 1 January 2004	-
Retained loss for the year	(1,296,308)
At 31 December 2004	<u>(1,296,308)</u>
Company	
At 1 January 2004	-
Retained loss for the year	(6,500)
At 31st December 2004	<u>(6,500)</u>

11 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2004 £	2003 £
Group		
Opening equity shareholders' funds	12,500	12,500
Loss for the financial year	(1,296,308)	-
Increase in share capital	37,500	-
Closing equity shareholders' (deficit)/funds	<u>(1,246,308)</u>	<u>12,500</u>
Company		
Opening equity shareholders' funds	12,500	12,500
Loss for the financial year	(6,500)	-
Increase in share capital	37,500	-
Closing equity shareholders' funds	<u>43,500</u>	<u>12,500</u>

12 RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating loss	(1,296,308)	-
Increase in debtors	(1,752,736)	-
Increase in creditors	550,145	-
	<u>(2,498,899)</u>	<u>-</u>

REGENER LIMITED
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Notes to the financial statements for the year ended 31 December 2004 (continued)

13 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

The Company had no contingent liabilities or commitments as at 31 December 2004 (2003: £nil).

14 TRANSACTIONS WITH RELATED PARTIES

As stated in note 8, the Group at the year end owed £2,776,133 (2003 - £nil) to its joint venture shareholders.

15 CONTROLLING PARTIES

Regenter Limited is a joint venture between Equion Limited (50%) and UKPIM Holdco Limited (50%). Both companies are incorporated in Great Britain and registered in England and Wales.

16 POST BALANCE SHEET EVENT

On 24 February 2005, Bentilee Hub (Project Company) Limited reached financial close on a PFI contract to design, build and operate a joint services centre in Stoke-On-Trent.

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PRINCIPAL SUBSIDIARIES

Company name	Class and percentage of shares held	Principal activity	Country of incorporation
Regenter Management Services Limited	100% of ordinary shares	Management Services Company	Great Britain
Bentilee Hub (Holding) Limited	100% of ordinary shares	PFI accommodation operator	Great Britain