

Company Registration No. 5080222

SENIOR FINANCE THREE LIMITED

Report and Financial Statements

For the year ended 31 December 2005



SENIOR FINANCE THREE LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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SENIOR FINANCE THREE LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A J Bodenham
M Rollins

SECRETARY

A J Bodenham

REGISTERED OFFICE

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

SENIOR FINANCE THREE LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the accounts and independent auditors' report for the year ended 31 December 2005.

Principal activity

The Company, which was incorporated on 22 March 2004 as Boldstyle Limited, changed its name to Senior Finance Three Limited on 1 April 2004. 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:

	£000
Profit and loss account, 1 January 2005	251
Profit for the financial year	7,604
Dividends paid	<u>(7,625)</u>
Profit and loss account, 31 December 2005	<u>230</u>

Directors and their interests

The following directors held office during the period:

A J Bodenham
M Rollins

The directors who hold office at the period-end had no interests in the shares of the Company, other than by virtue of their interests (which are all beneficial) in the shares of Senior plc. The interests of M Rollins are disclosed in the accounts of Senior plc. The interests of A J Bodenham in the 10p ordinary shares of Senior plc at the period-end, were as follows:

	Senior plc 1999 Executive Share Option Plan			
	2004	Lapsed	Exercised	2005
A J Bodenham	166,811	-	-	166,811

The directors had no other interests requiring to be disclosed under Schedule 7 of the Companies Act 1985.

Laying of accounts and reports

In accordance with Sections 252 and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 5 August 2005, to dispense with the laying of accounts and reports before the Company in general meeting.

SENIOR FINANCE THREE LIMITED

DIRECTORS' REPORT continued

Annual general meeting

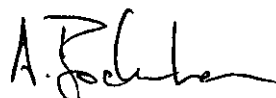
In accordance with Sections 366A and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 5 August 2005, to dispense with the holding of annual general meetings.

Auditors

Deloitte & Touche LLP were appointed as Company's auditor on 30 March 2004.

In accordance with Sections 386 and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 5 August 2005, to dispense with the obligation to appoint auditors annually.

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

A handwritten signature in black ink, appearing to read 'A. Bodenham', written in a cursive style.

A J Bodenham
Secretary

SENIOR FINANCE THREE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company 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.
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 FINANCE THREE LIMITED

We have audited the financial statements of Senior Finance Three Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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 law and United Kingdom Generally Accepted Accounting Practice. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework 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 and other information contained in the annual report for the above year as described in the contents section 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

25 May 2006

SENIOR FINANCE THREE LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2005

	Notes	2005 £000	22 March 2004 to 31 December 2004 £000
Interest receivable and similar income	2	<u>10,861</u>	<u>8,180</u>
Profit on ordinary activities before taxation	3	10,861	8,180
Tax on profit on ordinary activities	4	<u>(3,257)</u>	<u>(2,454)</u>
Profit for the financial year	9	<u>7,604</u>	<u>5,726</u>

All activities relate to continuing operations.

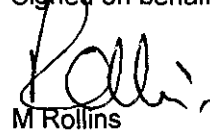
There were no recognised gains or losses other than reported above.

SENIOR FINANCE THREE LIMITED**BALANCE SHEET**

31 December 2005

	Notes	2005 £000	2004 £000
Current assets			
Debtors: Amounts falling due after more than one year	6	181,060	181,168
Debtors: Amounts falling due within one year	6	<u>338</u>	<u>359</u>
		181,398	181,527
Creditors: Amounts falling due within one year	7	<u>-</u>	<u>(108)</u>
Net assets		<u>181,398</u>	<u>181,419</u>
 Capital and reserves			
Called up share capital	8	181,168	181,168
Profit and loss account	9	<u>230</u>	<u>251</u>
Equity shareholders' funds	9	<u>181,398</u>	<u>181,419</u>

These financial statements were approved by the Board of Directors on 24 May 2006.
Signed on behalf of the Board of Directors:



M Rollins
Director



A J Bodenham
Director

SENIOR FINANCE THREE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2005

1 Statement of accounting policies

The principal accounting policies are as set out below:

a) Basis of accounting

The accounts are prepared under the historical cost convention and have been prepared in accordance with applicable financial reporting and UK accounting standards. In accordance with Section 228 (1) of the Companies Act 1985 consolidated accounts have not been prepared.

b) Taxation

Corporation tax payable is provided on taxable profits at the effective current rate.

c) Foreign currencies

Transactions denominated in foreign currencies are recorded at actual exchange rates. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated at the rates of exchange prevailing at the year end and the gain or loss is recorded in the profit and loss account.

d) Cash flow statement

No cash flow statement has been prepared as the ultimate parent company prepares a consolidated cash flow statement which includes the results of the Company in accordance with Financial Reporting Standard No. 1.

e) Transactions with related parties

In accordance with the provision of Financial Reporting Standard No. 8, the Company has not presented details of transactions with group entities as the accounts of Senior plc, which include the Company, are publicly available.

SENIOR FINANCE THREE LIMITED

NOTES TO THE ACCOUNTS (continued)

2 Interest receivable and similar income

	2005 £000	22 March 2004 to 31 December 2004 £000
Interest receivable – intra group	10,861	8,180
	<u>10,861</u>	<u>8,180</u>

3 Profit on ordinary activities before taxation

Directors' remuneration for services provided to the Company was £nil (2004 - £nil) in the year.
The Company has no other employees.

Auditors' remuneration was borne by the parent company.

4 Taxation

	2005 £000	22 March 2004 to 31 December 2004 £000
Corporation tax charge at 30% based on the profit for the year	(3,257)	(2,454)

Reconciliation of current tax charge for the year:

	2005 £000	22 March 2004 to 31 December 2004 £000
Profit on ordinary activities before taxation	10,861	8,180
Tax at 30% thereon	(3,257)	(2,454)
Current tax charge for the year	<u>(3,257)</u>	<u>(2,454)</u>

5 Dividends

	2005 £000	22 March 2004 to 31 December 2004 £000
Interim dividends paid	7,625	5,475

Interim dividends totalling 4.21p per share were paid to Senior Engineering Investments B.V., the immediate parent company.

SENIOR FINANCE THREE LIMITED

NOTES TO THE ACCOUNTS (continued)

6 Debtors

	2005 £000	2004 £000
Amounts falling due within one year:		
Due from group undertakings	<u>338</u>	<u>359</u>
	<u>338</u>	<u>359</u>
Amounts falling due after more than one year:		
Amounts due from group undertakings	<u>181,060</u>	<u>181,168</u>
	<u>181,060</u>	<u>181,168</u>
Total Debtors	<u>181,398</u>	<u>181,527</u>

7 Creditors: Amounts falling due within one year

	2005 £000	2004 £000
Amounts due to group undertakings	<u>-</u>	<u>108</u>
	<u>-</u>	<u>108</u>

8 Called-up equity share capital

	2005 £000	2004 £000
Authorised		
200,000,000 shares of £1 each	<u>200,000</u>	<u>200,000</u>
Allotted, called-up and fully-paid		
181,167,530 shares of £1 each	<u>181,168</u>	<u>181,168</u>

9 Equity shareholders' funds

	Share capital £000	Profit & loss account £000	Total shareholder's funds £000
At 31 December 2004	181,168	251	181,419
Profit for the financial year	-	7,604	7,604
Dividends paid	-	(7,625)	(7,625)
At 31 December 2005	<u>181,168</u>	<u>230</u>	<u>181,398</u>

SENIOR FINANCE THREE LIMITED

NOTES TO THE ACCOUNTS (continued)

10 Guarantees and other financial commitments

The company was confirmed as a guarantor, with effect from 3 October 2005, jointly and severally, with certain other group companies of a committed £46 million multi-currency revolving credit facility dated 23 October 2003, amended by an agreement dated 7 June 2005 and maturing 31 October 2007. At 31 December 2005 the total amounts borrowed under this facility were £7.2 million comprising Euro 6.3 million and US\$5.0 million. At 31 December 2004 there were no amounts drawn under this facility.

11 Parent company

The Company is a wholly owned subsidiary of Senior Engineering Investments B.V., a company incorporated in The Netherlands and registered as having established a branch in England and Wales.

The Company's ultimate parent undertaking and controlling party is Senior plc, which is registered in England and Wales. The consolidated accounts of the parent company and its subsidiaries are available to the public from Senior plc, 59/61 High Street, Rickmansworth, Hertfordshire, WD3 1RH.