Forest Refico Limited

Annual report and financial statements

for the 53 weeks ended 23 April 2009

Registered number: 05994320

Directors and advisors

Directors
MP Dalby
MR France
PH Stoll
AM Robinson
A Valeri
JP Baratta
CR Pike

Secretary
R Singh - Dehal

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
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East Midlands
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Directors' report
for the 53 weeks ended 23 April 2009

The directors present their report and audited financial statements for the 53 week period ended 23 April 2009.

Principal activities and review of the business

The principal activity of the company during the period was that of an intermediate holding company. No change to the principal activity is anticipated.

The income statement on page 6 shows a pre-tax profit of £27.1 million (75 weeks ended 17 April 2008: loss of £22.6 million) for the period.

The Directors regard Forest Cayco Holdings L.P. to be the ultimate parent. The ultimate controlling parties are investment funds advised by The Blackstone Group.

Dividends

On 17 April 2009 the directors declared a dividend of £28 million being 101p per share. This was paid shortly after the balance sheet date.

Capital reduction

On 14th April 2009 the Company undertook a reduction in capital by reducing the nominal value of each £1 share in issue to £100/27,687,301. The impact was to reduce the called up share capital to £100.

Future outlook

The directors forecast that the company will continue its current trading position for the foreseeable future.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the Forest Holdco Limited group, which include those of the company, are disclosed in Forest Holdco Limited's annual report, which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Forest Holdco Limited manage the group's operations on a per village basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Forest Refico Limited.

Financial risk management

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the Forest Holdco Limited group.

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has historically sought to reduce the cost of capital by refinancing and restructuring the Group funding using the underlying asset value.

The overall policy in respect of interest rates is to reduce the exposure to floating rates. The Group currently has interest rate caps in place, held by the Company.

Interest rate risk

The Group has in place floating rate debt as its primary funding source. In order to minimise exposure to interest rate fluctuations, the Group utilises interest rate caps.

Directors' report for the 53 weeks ended 23 April 2009 (continued)

Liquidity risk

The Group maintains sufficient cash reserves to ensure that it can meet its medium term working capital and funding obligations.

Currency risk

The Group is exposed to limited currency risk through foreign currency transactions. The Group does not operate a hedging facility to manage these currency risks as they are considered to be insignificant.

Credit risk

The Group borrows from well-established institutions with high credit ratings.

Directors

The directors who served the company during the period and up to the date of this report were as follows:

PH Stoll
MP Dalby
MR France
AM Robinson
A Valeri
JP Baratta (appointed 1/4/2009)
CR Pike (appointed 1/4/2009)

Statement of directors' responsibilities in respect of 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report
for the 53 weeks ended 23 April 2009 (continued)

Statement of disclosure of information to auditors

In accordance with Section 418, in the case of each director in office at the date the directors' report is approved, the following applies:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board

M P Dalby
Director
21 October 2009

Independent auditors' report

to the members of Forest Refico Limited

We have audited the financial statements of Forest Refico Limited for the 53 week period ended 23 April 2009 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 23 April 2009 and of its profit and cash flows for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 period 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.

Roy Tandy (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
22 October 2009

Income statement
for the period ended 23 April 2009

	Notes	*53 week period ended 23 April 2009 £m*	*75 week period ended 17 April 2008 £m*
Administrative expenses		**(0.7)**	(1.3)
Other (expense)/ income	4	**(1.5)**	0.1
Operating loss	2	**(2.2)**	(1.2)
Income from group undertaking	8	**42.7**	-
Interest receivable	5	**5.5**	6.9
Interest payable and similar charges	6	**(18.9)**	(28.3)
Profit/(loss) on ordinary activities before taxation		**27.1**	(22.6)
Tax on profit/(loss) on ordinary activities	7	**0.4**	-
Profit/(loss) for the financial period	17	**27.5**	(22.6)

All results derive from continuing activities.

There are no recognised income or expenses other than the profit/(loss) above, therefore no separate statement of recognised income and expense has been presented.

Statement of changes in equity

	53 week period ended 23 April 2009 £m	*75 week period ended 17 April 2008 £m*
At start of period	**5.1**	-
Issue of shares	**-**	27.7
Profit/(loss) for the period	**27.5**	(22.6)
Dividends	**(28.0)**	-
At end of period	**4.6**	5.1

Balance sheet
as at 23 April 2009

	Notes	2009 £m	2008 £m
Assets			
Non-current assets			
Investments in subsidiaries	8	**204.9**	204.9
Deferred tax asset	9	**0.4**	-
		205.3	204.9
Current assets			
Trade and other receivables	10	**124.1**	120.4
Derivative financial instruments	13	**0.4**	2.4
Cash and cash equivalents		**-**	1.0
		124.5	123.8
Liabilities			
Current liabilities			
Trade and other payables	11	**(32.0)**	(30.5)
Derivative financial instruments	13	**(1.9)**	(2.4)
Net current assets		**90.6**	90.9
Non current liabilities			
Financial borrowings	12	**(291.3)**	(290.7)
Net assets		**4.6**	5.1
Equity			
Ordinary shares	16	**-**	27.7
Retained earnings	17	**4.6**	(22.6)
Total equity		**4.6**	5.1

The financial statements on pages 6 to 18 were approved by the board of directors on 21 October 2009 and were signed on its behalf by:

M P Dalby
Director
21 October 2009

Cash flow statement
for the period ended 23 April 2009

	Notes	53 week period ended 23 April 2009 £m	75 week period ended 17 April 2008 £m
Cash flow from operating activities			
Cash generated from/(used in) operations	18	**1.6**	(11.8)
Interest received		**1.0**	0.1
Interest paid		**(18.3)**	(26.8)
Net cash used in operating activities		**(15.7)**	(38.5)
Cash flow from investing activities			
Acquisition of subsidiary		**-**	(177.2)
Dividend received		**14.7**	-
Net cash generated from/(used in) investing activities		**14.7**	(177.2)
Cash flow from financing activities			
Net proceeds from receipt of bank loans		**-**	289.9
Loans made to fellow group undertakings		**-**	(73.2)
Net cash flow from financing activities		**-**	216.7
Net (decrease)/increase in cash and cash equivalents	19	**(1.0)**	1.0
Cash and cash equivalents at start of period		**1.0**	-
Cash and cash equivalents at end of period		**-**	1.0

Notes to the financial statements
for the period ended 23 April 2009

1. Accounting policies
General information
The Company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Basis of accounting
The financial statements have been prepared under the historical cost convention and on a going concern basis.
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Accounting reference date
The Company prepares financial statements drawn up to the Thursday nearest to 22 April each year.

Basis of consolidation
The Company is not required to prepare group accounts under section 400 of the Companies Act 2006. The Company is included in the consolidated accounts of Forest Holdco Limited. The accounts show information relating to the company as an individual undertaking and not as a group.

Fixed asset investments
Investments held as fixed assets are stated at cost and reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Dividends received from investments are brought to account in the income statement when received.

Dividend distribution
Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

New standards and interpretations not applied
During the financial period, the IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application.

Current income tax
The charge for current taxation is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements (continued)

for the period ended 23 April 2009

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of investments in subsidiaries and interests in joint ventures where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, and on the initial recognition of non-deductible goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date.

Deferred tax is measured on an undiscounted basis, and at the tax rates that are expected to apply in the periods in which the asset or liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Derivative financial instruments – Interest rate caps

The company uses interest rate caps to mitigate interest rate exposures.

Financial instruments are valued at fair value with any changes in fair value being reflected in the income statement in the period to which it relates.

The company considers its derivative financial instruments qualify for hedge accounting when the following criteria are met:

- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

As a policy the Company does not hedge account.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transactions costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Issue costs of loans

The issue costs recognised in the income statement in respect of capital instruments are allocated to periods over the terms of the instruments at a constant rate on the carrying amount.

2. Operating loss

The auditors' remuneration for the period ended 23 April 2009 is borne by Center Parcs (Operating Company) Limited, a fellow group company. Of this fee, £15,000 (2008: £15,000) relates to the audit of Forest Refico Limited.

3. Staff costs

The company has no employees other than the Directors (2008: nil). No salaries or wages have been paid to employees, including the directors, during the period (2008: £nil).

Notes to the financial statements (continued)
for the period ended 23 April 2009

4. Other (expenses)/income

	53 week period ended 23 April 2009 £m	*75 week period ended 17 April 2008 £m*
Movement on fair value of derivative financial instruments (assets)	**(2.0)**	2.4
Movement on fair value of derivative financial instruments (liabilities)	**0.5**	(2.3)
	(1.5)	0.1

5. Interest receivable

	53 week period ended 23 April 2009 £m	*75 week period ended 17 April 2008 £m*
Bank interest receivable	**-**	0.1
Interest receivable from group undertakings	**4.5**	6.6
Other interest receivable	**1.0**	0.2
	5.5	6.9

As a result of the previous refinancing the company repaid bank loans previously held by other group companies and introduced intercompany loans in their place. These loans accrued interest at LIBOR plus 1.22% during the period, totalling £4,500,000 (2008: £6,600,000).

Subsequent to the refinancing an element of the debt was securitised. The Company is entitled to 50% of the interest differential resulting from the securitisation. During the period, £985,000 (2008: £200,000) such income was receivable.

6. Interest payable and similar charges

	53 week period ended 23 April 2009 £m	*75 week period ended 17 April 2008 £m*
Loan interest payable	**18.3**	27.4
Interest payable to group undertakings	**-**	0.1
Fees payable on loan facilities	**0.6**	0.8
	18.9	28.3

Fees of £3,025,000 were incurred as a result of the refinancing. These were capitalised and offset against the relevant loans. The fees are being amortised over the life of the loans. During the period, fees of £626,000 (2008: £843,000) were amortised.

The loan interest payable is on the loans arising from the refinancing (see note 14).

Notes to the financial statements (continued)

for the period ended 23 April 2009

7. Tax on profit/(loss) on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

The tax is made up as follows:

	53 week period ended 23 April 2009 £m	*75 week period ended 17 April 2008 £m*
Current tax:		
UK Corporation tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(0.4)	-
Tax on profit/(loss) on ordinary activities	(0.4)	-

(b) Factors affecting the tax

The tax assessed for the period is lower (2008: higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 30%). The difference is reconciled below:

	53 week period ended 23 April 2009 £m	*75 week period ended 17 April 2008 £m*
Profit/(loss) on ordinary activities before taxation	27.1	(22.6)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	7.6	(6.8)
Group relief not paid for	3.9	6.8
Permanent differences in respect of transfer pricing adjustments	-	(0.1)
Income not taxable	(11.9)	-
Expenses not deductible for tax purposes	-	0.1
Tax for the period (note 7 (a))	(0.4)	-

8. Investments

	Investments in subsidiary undertakings £m
Cost:	
At 23 April 2009 & 17 April 2008	**204.9**

The investment at 23 April 2009 and 17 April 2008 represents 100% of the issued share capital of Center Parcs (UK) Group Limited, a company incorporated in England and Wales.

During the period the Company recognised dividends receivable of £14,670,000 and £28,000,000 were recognised from its subsidiary. The first of these was received during the period with the second outstanding at the balance sheet date. This was subsequently received shortly after the period end.

Notes to the financial statements (continued)
for the period ended 23 April 2009

9. Deferred tax asset

Deferred taxation is provided at 28% (2008: 28%) in the financial statements as follows:

	2009	*2008*
	£m	*£m*
Deferred Tax Assets		
Deferred tax assets to be recovered after more than 12 months	0.4	-
	0.4	-

The movement on the deferred tax account is as follows:

	53 week period ended 23 April 2009 £m	*75 week period ended 17 April 2008 £m*
At beginning of period	-	-
Income statement (credit)/charge	(0.4)	-
At end of period	(0.4)	-

The deferred tax asset has been recognised on the basis that it is expected that the company will have sufficient future profits to realise the asset in future periods.

10. Trade and other receivables

	2009	*2008*
	£m	*£m*
Amounts owed by group undertakings	84.2	80.6
Amounts owed by related parties	39.6	39.6
Prepayments and accrued income	0.3	0.2
	124.1	120.4

Included within amounts owed by group undertakings are loans due from Center Parcs (UK) Group Limited of £84.2million (2008: £54.1million). This loan accrues interest at LIBOR plus 1.22% and is repayable on demand.

The remaining amounts owed by group undertaking are non interest bearing and repayable on demand. The amounts owed by related parties are due from members of the CP Comet Holdings Limited group of companies. This group is held under the same ultimate ownership as the company. The balances have arisen as a result of the refinancing of the groups in December 2006. These balances are non-interest bearing and repayable on demand.

Notes to the financial statements (continued)

for the period ended 23 April 2009

11. Trade and other payables

	2009 *£m*	*2008* *£m*
Amounts owed to group undertakings	**30.4**	28.7
Amounts owed to related parties	**1.2**	1.2
Loan interest payable	**0.4**	0.6
	32.0	30.5

Included within amounts owed to group undertakings is a loan of £632,897 due to Forest Bidco Limited. This loan bears interest at LIBOR plus 1.22%. During the period, interest of £44,219 (2008: £63,826) was charged on this loan. A one percentage point movement in interest rates would affect the interest charge by approximately £6,000.

The remaining amounts owed to group undertakings are non interest bearing and repayable upon demand.

The amounts owed to related parties are due to members of the CP Comet Holdings Limited group of companies. This group is held under the same ultimate ownership as the company. The balances have arisen as a result of the refinancing of the groups in December 2006. These balances are non interest bearing and repayable on demand.

12. Financial borrowings

	2009 *£m*	*2008* *£m*
Bank loans (note 14)	**291.3**	290.7

13. Fair value of derivative financial instruments

	2009 *£m*	*2008* *£m*
Fair value of interest rate cap (Note 14)	**0.4**	2.4
Fair value of deferred premium on interest rate cap (Note 14)	**(1.9)**	(2.4)

Notes to the financial statements (continued)
for the period ended 23 April 2009

14. Loans

	2009	*2008*
	£m	***£m***
Wholly repayable within five years:		
£219,324,128 senior A bank loan at LIBOR plus 1.22% per annum	**219.3**	219.3
£73,572,989 senior B bank loan at LIBOR plus 2.24% per annum	**73.6**	73.6
	292.9	292.9
Amounts repayable:		
In two to five years	**292.9**	292.9
Less: unamortised issue costs	**(1.6)**	(2.2)
	291.3	290.7

The loans are part of an overall £1,032 million facility made available to the group together with the CP Comet Holdings Limited group of companies. This group owns the four Center Parcs properties on which the villages operate. The total facility was drawn down across the two groups on 14 December 2006. The loans are repayable in October 2011 and were split into three Tranches as follows:

Senior A	£682 million facility bearing interest at LIBOR plus 0.8%
Senior B	£250 million facility bearing interest at LIBOR plus 2.5%
Senior C	£100 million facility bearing interest at LIBOR plus 3.75%

Subsequently, the Senior C loan was redesignated as Senior A and B loans and the margin on the Senior A and B loans adjusted to 1.22% and 2.24% respectively.

Financing fees of £3,024,760 were incurred as a result of the refinancing. These were capitalised and offset against the loans and are being amortised on a straight line basis over the period of the loans. During the period, £625,670 of the fees were amortised.

Interest rate caps

At the balance sheet date, the company had in place an interest rate cap. The notional value was £292,897,115 (2008: £297,215,797). The interest rate cap limits the interest rate at 5.5% until January 2010 and then 6% until January 2012 on an accreting balance. A quarterly premium of £172,604 is payable in respect of this interest rate cap until January 2012.

Sensitivity

A one percentage point movement in interest rates would affect the Company's annual external interest charge by approximately £2.9 million. Increases in the interest rate are protected above 5.5% until January 2010 and then 6% until January 2012 by the interest rate cap.

Notes to the financial statements (continued)

for the period ended 23 April 2009

15. Related party transactions

During the period, the company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding at 23 April 2009, are as follows:

	Balance at Incorporation £m	Movement in 75 weeks £m	Balance at 17 April 2008 £m	Movement in 53 weeks £m	**Balance at 23 April 2009 £m**
Related party					
Center Parcs (Operating Company) Limited	-	(1.5)	(1.5)	(0.2)	**(1.7)**
Forest Bidco Limited	-	(0.7)	(0.7)	(28.0)	**(28.7)**
Center Parcs (UK) Group Limited	-	54.1	54.1	30.1	**84.2**
Comet Refico Limited	-	39.6	39.6	-	**39.6**
Sun CP Newmidco Limited	-	(1.2)	(1.2)	-	**(1.2)**

The movement on the Center Parcs (Operating Company) Limited intercompany account represents the interest receivable offset against other ordinary trading activities.

The movement on the Forest Bidco Limited intercompany account represents the dividend payable to Forest Bidco Limited.

The movement on the Center Parcs (UK) Group Limited intercompany account represents the dividend receivable and interest receivable from Center Parcs (UK) Group Limited.

16. Share capital

	Authorised 2009 £m	2008 £m
30,000,000 ordinary shares of £100/27,687,301 each (2008: £1 each)	-	30.0

	Allotted, called up and fully paid 2009 No.	2009 £m	2008 No.	2008 £m
Ordinary shares of £100/27,687,301 each (2008: £1 each)	**27,687,301**	-	27,687,301	27.7

On 14th April 2009 the Company undertook a reduction in capital by reducing the nominal value of each £1 share in issue to £100/27,687,301. The impact was to reduce the called up share capital to £100.

Management of capital

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or borrow additional debt.

Notes to the financial statements (continued)
for the period ended 23 April 2009

17. Reconciliation of movement on reserves

	Retained earnings *£m*
At 17 April 2008	**(22.6)**
Profit for the period	**27.5**
Capital reduction	**27.7**
Dividend	**(28.0)**
At 23 April 2009	**4.6**

On 17 April 2009 the directors declared a dividend of £28 million being 101p per share. This was paid shortly after the balance sheet date.

18. Cash generated from/(used in) operations

Reconciliation of profit/(loss) before tax to the cash generated from/(used in) operations:

	53 week period ended 23 April 2009 £m	75 week period ended 17 April 2008 £m
Profit/(loss) before tax	**27.1**	(22.6)
Adjustments for:		
Other (expense)/income	**1.5**	(0.1)
Interest receivable	**(5.5)**	(6.9)
Interest payable	**18.9**	28.3
Income from group undertaking	**(42.7)**	-
Changes in working capital		
Movement in trade and other receivables	**14.0**	(39.6)
Movement in trade and other payables	**(11.7)**	29.1
Cash generated from/(used in) operations	**1.6**	(11.8)

Notes to the financial statements (continued)

for the period ended 23 April 2009

19. Reconciliation of net cash flow to movement in net debt

	53 week period ended 23 April 2009 £m	75 week period ended 17 April 2008 £m
(Decrease)/increase in cash in the period	(1.0)	1.0
Net cash inflow from increase in loans	-	(289.9)
Changes in net debt arising from cash flows	(1.0)	(288.9)
Non cash movement:		
Amortisation of issue costs	(0.6)	(0.8)
Net debt at start of period	(289.7)	-
Net debt at period end	(291.3)	(289.7)

20. Analysis of changes in net debt

	At 17 April 2008 £m	Cash flows £m	Non-cash movements £m	At 23 April 2009 £m
Cash and cash equivalents	1.0	(1.0)	-	-
Bank loans	(290.7)	-	(0.6)	(291.3)
	(289.7)	(1.0)	(0.6)	(291.3)

The cash and cash equivalents relate to one business bank account.

21. Ultimate parent company and controlling parties

At 23 April 2009, the immediate parent company was Forest Bidco Limited, a company registered in England and Wales. The Directors regard Forest Cayco Holdings L.P., registered in the Cayman Islands, to be the ultimate holding company. The ultimate controlling parties are funds advised by The Blackstone Group. The largest and smallest group of which the company is a member and for which group accounts are drawn up is Forest Holdco Limited. Copies of the accounts of Forest Holdco Limited are available from the registered office detailed on page 1.