HERA INVESTMENTS ONE LIMITED

(Company Registration Number: 5282338)

REPORT AND ACCOUNTS
For the year ended 31 December 2008

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Registered Office:

The Pearl Centre
Lynch Wood
Peterborough
PE2 6FY

Company Registration No: 5282338

BOARD OF DIRECTORS

M Dale
Director

S J Robertson
Director

B J Thompson
Alternate Director

Company Secretary

G A Watson

DIRECTORS' REPORT

The directors have pleasure in presenting the Report and Accounts of Hera Investments One Limited ("the Company") for the year ended 31 December 2008.

Principal activities and future developments

The principal activity of the Company is that of an investment company. This will continue to be the principal activity for the foreseeable future.

Strategy

The strategy of the Company is to maximise the value of its investments whilst ensuring that all cash flow requirements are met.

Principal risks and uncertainties

The risk management objectives and policies of the Company are primarily to protect the Company's ability to meet its cash flow requirements. The main risks facing the Company are:

- interest rate risk, since the movement in interest rates will impact the value of interest payable by the Company;
- liquidity risk, arising from insufficient assets to meet payment obligations; and
- credit risk, arising from the default of the counterparty to a particular financial asset.

The Company's exposure to all these risks is monitored by the directors, who agree policies for managing each of these risks on an ongoing basis. The Company uses interest rate hedges to mitigate the impact of interest rate risk to the Company.

Material developments and subsequent events

On 29 September 2008, Jambright Midco Limited replaced Jambright Limited as the Company's immediate parent undertaking. Jambright Limited remains the ultimate parent undertaking of the Company.

Servicing the cash flow requirements of the Company is dependent upon cash flows generated by Pearl Group Limited, the joint venture undertaking of the Company. During 2008 the lack of liquidity in the capital markets and the increase in corporate bond spreads have adversely affected the value of the asset portfolio of the Pearl Group Limited Group which has had a negative impact on it's solvency position and the position of its subsidiaries. In addition, the FSA issued an Own Initiative Variation of Permission ("OIVoP") on Pearl Group Limited which inter alia, requires cash payments and any other transfer of economic benefits from regulated entities within the Pearl Group Limited Group to be disclosed to, and approved by, the FSA. This strain on the solvency position of the subsidiaries of the Pearl Group Limited Group together with the OIVoP has reduced the forecast cash flows that Pearl Group Limited expects to receive from it's subsidiaries which enable Pearl Group Limited to service the scheduled interest payments on its subordinated debt obligations to the Company and to make loans and dividends to the Company. In the post balance sheet period, interest due from Pearl Group Limited on the subordinated loan notes was deferred and the interest and capital repayments of the Company due on 15 May 2009 under the £905m facility agreement were deferred. As the cash inflows to the Company are uncertain, it is considered probable that the Company will not be able to meet its interest and debt repayments under the existing £905m facility agreement as and when they fall due for payment.

During the post balance sheet period, the Company has therefore been in negotiation with the syndicate of lenders who provided finance under the £905m facility agreement entered into jointly by the Company and Sun Capital Investments Limited. As at 31 December 2008, £412.5m of capital remained outstanding by the Company under this facility. As an integral part of these negotiations, the shareholders of the Company have entered into an exclusivity agreement to exchange their interests in the Company together with their other interests in the Pearl Group Limited Group for the issue of shares in Liberty Acquisitions Holdings (International) Company ("Liberty"). Liberty is an entity listed on the Euronext exchange. It is anticipated that the Liberty shareholders will vote on the acquisition of the Group in the second half of July and if approved, that the acquisition will become effective thereafter, subject to regulatory and other approvals. Conditional upon these negotiations, the existing facility would be amended as follows:

DIRECTORS' REPORT (CONTINUED)

Material developments and subsequent events (continued)

- £75.0m of the existing facility would be converted into a £75m secured convertible C loan note repayable after 15 years and attracting interest at LIBOR plus a margin of 1.00%;
- £325.0m of the existing facility would be acquired by Liberty from the lending banks; and
- The remaining £425m outstanding under the existing facility would be replaced with an amended facility of £425.0m, repayable over the period from 30 June 2011 to 2016, attracting interest at LIBOR plus a margin of 1.25%.

The Company would continue to share jointly with Sun Capital Investments Limited in these new financing provisions.

It is anticipated that, post acquisition, Liberty would provide new capital which would be passed through the Company to Pearl Group Limited and into its insurance subsidiaries. These capital injections would improve the capital strength of the Pearl Group Limited Group and its insurance subsidiaries. This, together with an expected lifting of the OIVoP should enable the Company to be able to service the interest and capital repayments due under the amended facility.

Performance during 2008

The Company generated a profit after taxation for the year of £7.3m (2007: loss of £6.0m). This result includes the Company's 50% share of the dividends paid by Pearl Group Limited, its joint venture undertaking of £76.1m (2007: £16.7m) of which the Company has waived its entitlement to £51.2m.

During the year, Pearl Group Limited reported a loss for the period attributable to shareholders of £610m (2007: £141m profit)

Dividends

The directors have declared and paid dividends of £10.0m in the year ended 31 December 2008 (2007: £nil).

Position as at 31 December 2008

The net liabilities of the Company at 31 December 2008 were £5.0m (restated 2007: net liabilities of £2.3m). The decrease in the year reflects the profit after taxation arising in 2008 of £7.3m, offset by the payment of dividends of £10.0m during the year.

Prior year adjustments

Following a review of the agreement for the Upper Tier 2 subordinated loan notes issued by Pearl Group Limited, the designation of this investment has been changed from a loan and receivable to an equity investment. As a result of this, the profit and loss reserve at 1 January 2007 has been restated to recognise an additional loss of £11.3m, reflecting the reversal of £12.5m interest income accrued on this loan and a tax credit of £1.2m. This change in designation has had no impact on the loss for the year ended 31 December 2007.

Key Performance Indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Going concern

The financial statements of the Company have been prepared on the going concern basis. In adopting the going concern basis the following significant matters have been taken into consideration:

DIRECTORS' REPORT (continued)

Going concern (continued)

- Servicing the cash flow requirements of the Company is dependent upon cash flows generated by Pearl Group Limited, the joint venture undertaking of the Company. Due to increased uncertainty in the forecast cash flows to the Company from Pearl Group Limited, the Company considers it probable that it would not be able to meet its interest and debt repayments under the existing £905m facility agreement as and when they fall due for payment, unless the restructuring referred to below is complete.

- In the post balance sheet period, the Company has therefore been in negotiation with the syndicate of lenders who provided finance under the £905m facility agreement. These negotiations have resulted in a series of proposed amendments to the terms of this facility agreement which reflect the ability of the joint venture undertaking to generate cash flows. Finalisation of these Heads of Terms is contingent on the success of the Liberty share exchange set out below.

- As an integral part of the negotiations of the £905m facility agreement, the shareholders of the Company have entered into an exclusivity agreement to exchange their interests in the Company undertaking for shares to be issued in Liberty, a Euronext listed entity. The acquisition by Liberty together with the agreements reached with the other stakeholders of the Pearl Group Limited Group is anticipated to provide additional capital and liquidity to the Pearl Group Limited Group as well as alleviate the current cash flow requirements of the Company.

The directors have concluded that the reliance of the Company on the completion of the acquisition by Liberty represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. Nevertheless, after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the Company can continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the accounts.

Directors and their interests

The names of the directors as at the date of this report are set out on page 2.

Audit information

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board of Directors

G A Watson
Secretary
27 June 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 those accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts 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 HERA INVESTMENTS ONE LIMITED

We have audited the Company financial statements (the "financial statements") of Hera Investments One Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. 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

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 2008 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERA INVESTMENTS ONE LIMITED (continued)

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the Accounting Policies note on page 11 concerning the company's ability to continue as a going concern. The conditions described in the Accounting Policies note indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

Ernst & Young LLP
Registered Auditor
London
27 June 2009

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Notes	31 Dec 08 £m	31 Dec 07 £m
Interest receivable and similar income	2	53.9	44.6
Unrealised losses on investments	2	(14.9)	(2.0)
Interest payable and similar charges	3	(41.6)	(42.7)
Loss on ordinary activities before taxation		(2.6)	(0.1)
Tax on loss on ordinary activities	7	9.9	(5.9)
Profit/(loss) on ordinary activities after taxation	15	7.3	(6.0)

All activities relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2008

	31 Dec 08 £m	31 Dec 07 £m
Total recognised gains/(losses) arising in the year	7.3	(6.0)
Prior year adjustment (see accounting policies)	(11.3)	
	(4.0)	

BALANCE SHEET
At 31 December 2008

	Notes	31 Dec 08 £m	Restated 31 Dec 07 £m
Fixed assets:			
Investments in joint venture	9	298.0	298.0
Loans to joint venture designated as:			
- Equity	9	144.5	144.5
- Loans and receivables	9	85.5	85.5
		528.0	528.0
Current assets:			
Debtors	10	18.9	7.5
Creditors: amounts falling due within one year	11	(53.0)	(41.1)
Net current liabilities		(34.1)	(33.6)
Total assets less current liabilities		493.9	494.4
Creditors: amounts falling due after more than one year	12	(498.9)	(496.7)
Net liabilities		(5.0)	(2.3)
Capital and reserves:			
Called up share capital	14.2	-	-
Profit and loss account	15	(5.0)	(2.3)
Shareholders' funds attributable to equity interests	15	(5.0)	(2.3)

The accounts were approved by the Board of Directors on 27 June 2009 and signed on its behalf by:

Director

ACCOUNTING POLICIES

Basis of preparation

The accounts of Hera Investments One Limited ("the Company") have been prepared in accordance with applicable accounting standards and under the historical cost convention rules.

Going concern

The financial statements of the Company have been prepared on the going concern basis. In adopting the going concern basis the following significant matters have been taken into consideration:

- Servicing the cash flow requirements of the Company is dependent upon cash flows generated by Pearl Group Limited, the joint venture undertaking of the Company. Due to increased uncertainty in the forecast cash flows to the Company from Pearl Group Limited, the Company considers it probable that it would not be able to meet its interest and debt repayments under the existing £905m facility agreement as and when they fall due for payment, unless the restructuring referred to below is completed.

- In the post balance sheet period, the Company has therefore been in negotiation with the syndicate of lenders who provided finance under the £905m facility agreement. These negotiations have resulted in a series of proposed amendments to the terms of this facility agreement which reflect the ability of the joint venture undertaking to generate cash flows. Finalisation of these Heads of Terms is contingent on the success of the Liberty share exchange set out below.

- As an integral part of the negotiations of the £905m facility agreement, the shareholders of the Company entered into an exclusivity agreement to exchange their interests in the Company for shares to be issued in Liberty, a Euronext listed entity. The acquisition by Liberty together with the agreements reached with the other stakeholders of the Pearl Group Limited Group is anticipated to provide additional capital and liquidity to the Pearl Group Limited Group as well as alleviate the current cash flow requirements of the Company.

The directors have concluded that the reliance of the Company on the completion of the acquisition by Liberty represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. Nevertheless, after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the Company can continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the accounts.

Prior year adjustments

Following a review of the agreement for the Upper Tier 2 subordinated loan notes issued by Pearl Group Limited, the designation of this investment has been changed from a loan and receivable to an equity investment. As a result of this, the profit and loss reserve at 1 January 2007 has been restated to recognise an additional loss of £11.3m, reflecting the reversal of £12.5m interest income accrued on this loan and a tax credit of £1.2m. This change in designation has had no impact on the loss for the year ended 31 December 2007.

Fixed asset investments

Fixed asset investments consist of investments in both shares in and loans to joint venture undertakings. Equity investments include investments in ordinary shares and certain loan notes and are included in the balance sheet at cost less any provision for impairment where circumstances indicate that the carrying value may not be recoverable. Loans to joint venture undertakings designated as loans and receivables are valued at amortised cost.

Investment income, realised and unrealised gains and losses on investments

Interest income is recognised as the interest accrues using the effective yield method.

ACCOUNTING POLICIES (continued)

Investment income, realised and unrealised gains and losses on investments (continued)

Dividends and interest income on loans designated as equity are included as investment income on receipt of payment.

Unrealised gains and losses on investments represent the difference between the valuation of investments at the balance sheet date and their original cost, or if they have been previously revalued, the valuation at the last balance sheet date. The movement in unrealised gains and losses recognised in the period also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Taxation

The Company recognises deferred tax assets and liabilities on a discounted basis to reflect the time value of money. A discount rate has been selected that reflects the yield on government bonds which have a maturity date similar to the likely average period for assets upon which deferred tax liabilities and assets arise. Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date with the exception of deferred tax assets which are recognised only to the extent that the directors consider that it is 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 on changes in the fair value of investments is recognised in the profit and loss account.

Borrowings

Borrowings are initially recognised at cost, being the fair value of the consideration received net of expenses, together with any unamortised discount and issue expenses at the balance sheet date. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Derivative financial instruments

The Company uses derivative financial instruments to hedge against interest rate risk. Derivative financial instruments are classified as held for trading and carried at fair value as assets or liabilities. Fair values are based on quoted market prices or valuation techniques as appropriate. Changes in fair values are recognised in the profit and loss account. Derivative financial instruments include swaps which derive their value mainly from underlying interest rates.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded securities and derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price. The fair value of investments that are not traded in an active market is determined using valuation techniques. Various valuation techniques are used including the use of comparable recent arm's length transactions, discounted cashflow analysis, option pricing models and other valuation techniques commonly used by market participants.

Cash flow statement

The Company has taken advantage of the exemption given by FRS 1 (revised 1996) to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding company are given in note 17 to the accounts.

NOTES TO THE ACCOUNTS

1. Auditors remuneration

	31 Dec 08	31 Dec 07
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	11,500	11,750

2. Investment income

	31 Dec 08	31 Dec 07
	£m	£m
Interest on loan to joint venture designated as:		
- equity	17.3	17.3
- loans and receivables	10.3	10.3
Dividend income from joint venture	24.9	16.7
Swap interest received	1.4	0.3
Interest receivable and similar income	53.9	44.6
Unrealised losses on investments	(14.9)	(2.0)

Dividend income from joint venture includes the Groups 50% share of the dividends paid by Pearl Group Limited of £76.1m (2007: £16.7m) of which the Company has waived its entitlement to £51.2m.

3. Interest payable and similar charges

	31 Dec 08	31 Dec 07
	£m	£m
Interest payable on bank loans	29.6	31.5
Interest payable on loans from joint venture	11.2	10.4
Amortisation of debt issue costs	0.8	0.8
	41.6	42.7

4. Employee information

The Company has no employees. Staff are provided by Pearl Group Services Limited.

5. Segmental analysis

The Company operates a single class of business which is undertaken solely in the United Kingdom.

NOTES TO THE ACCOUNTS (continued)

6. Directors' emoluments

The directors receive no fees for their services as directors of the Company.

7. Taxation

7.1 Tax (credit)/charge

	31 Dec 08 £m	31 Dec 07 £m
UK corporation taxation:		
Current tax credit for the year	(5.9)	-
Adjustments for previous years	(4.0)	5.9
	(9.9)	5.9

After taking into account the relief to which the Company is entitled, provision for UK corporation tax on profit has been made at the rate of 28.5% (2007: 30.0%)

7.2 Factors affecting tax (credit)/charge for the year

The standard rate of tax has been determined by using the UK rate enacted for the year for which the profits will be taxed.

The tax assessed in the year is lower than the standard rate of corporation tax in the UK and the differences are explained below:

	31 Dec 08 £m	31 Dec 07 £m
Loss on ordinary activities before taxation	(2.6)	(0.1)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30.0%)	(0.7)	-
Effects of:		
Current tax losses surrendered to group companies for nil value	0.2	0.7
Non taxable income	(7.1)	(5.0)
Prior year adjustments	(4.0)	5.9
Movement in current year unprovided deferred tax	1.7	4.0
Adjustment to unprovided deferred tax due to change in future tax rate	-	0.3
Current taxation (credit)/charge for the year	(9.9)	5.9

7.3 Factors that may affect future tax charges

£44.4m (2007: £34.3m) of losses are available indefinitely for offset against future taxable profits.

NOTES TO THE ACCOUNTS (continued)

8. Dividends

	31 Dec 08 £m	31 Dec 07 £m
Interim ordinary dividend:		
£1.67m (2007: nil) per £1 share	10.0	-

9. Investments in joint ventures

	Shares	Loans designated as	
		Equity	Loans and receivables
	£m	£m	£m
At 31 December 2007 and 31 December 2008	298.0	144.5	85.5

The Company holds 50% of the £1 ordinary shares of Pearl Group Limited, a company incorporated and with its principal place of operation in the UK. This investment is classified as a joint venture by the Company.

The Company also holds subordinated loans of £230.0m in Pearl Group Limited, its joint venture undertaking. Interest accrues at 12% per annum on these loans. £144.5m of the subordinated loans will continue without limit of time and have been designated as an equity investment and £85.5m of the subordinated loans will mature on 13 April 2015 and have been designated as loans and receivables.

10. Debtors

	31 Dec 08	Restated 31 Dec 07
	£m	£m
Amounts owed by joint venture	18.5	7.4
Prepayments and accrued income	0.4	0.1
	18.9	7.5

All debtors are expected to be recovered within 12 months.

11. Creditors: amounts falling due within one year

	31 Dec 08	31 Dec 07
	£m	£m
Loan due to external parties (see note 13)	25.0	24.9
Derivative liability	16.9	2.0
Accrued interest	2.8	4.2
Amounts owed to joint venture	8.3	10.0
	53.0	41.1

NOTES TO THE ACCOUNTS (continued)

12. Creditors: amounts falling due after more than one year

	31 Dec 08	31 Dec 07
	£m	£m
Loans due to external parties (see note 13)	385.3	409.6
Loan due to joint venture (see note 13)	113.6	87.1
	498.9	496.7

13. Loans

13.1 Loans

	31 Dec 08	31 Dec 07
	£m	£m
Loan due to joint venture (note a)	113.6	87.1
Bank loan (note b)	410.3	434.5
Total loans	523.9	521.6

Notes

(a) The loan from Pearl Group Limited accrues interest at a rate of 12% per annum and matures on 14 April 2014.

(b) On 24 November 2006 the Company became a party to 50% of a £905m loan facility from a syndicate of external banks. During the year £25.0m of this loan was repaid. The loan is repayable in accordance with an agreed repayment schedule ending 15 May 2013 and has an interest rate of LIBOR plus a margin of 1.25%. The Company's borrowings under the £905m loan facility are secured by:
(i) a first fixed equitable charge over the Company's real property, present and future;
(ii) a first fixed charge over the Company's book debts, bank accounts, investments, uncalled capital and goodwill, intellectual property rights and beneficial interest in any pension fund; and
(iii) a floating charge over the entire assets of the Company, present and future,
in favour of the lenders under the facility agreement.

During the post balance sheet period, the Company has been in negotiation with the syndicate of lenders who provided finance under the £905m facility agreement. As a result of these negotiations, the existing facility would be amended as follows:

- £75.0m of the existing facility would be converted into a £75m secured convertible C loan note repayable after 15 years and attracting interest at LIBOR plus a margin of 1.00%;
- £325.0m of the existing facility would be acquired by Liberty from the lending banks; and
- The remaining £425m outstanding under the existing facility would be replaced with an amended facility of £425.0m, repayable over the period from 30 June 2011 to 2016, attracting interest at LIBOR plus a margin of 1.25%.

The Company would continue to share jointly with Sun Capital Investments Limited in these new financing provisions. Finalisation of these Heads of Terms in respect of the negotiations referred to above is contingent on the success of the Liberty share exchange (see note 18).

NOTES TO THE ACCOUNTS (continued)

13. Loans (continued)

13.2 Time period for payment

Payable as follows:	31 Dec 08 £m	31 Dec 07 £m
In one year or less, or on demand	25.0	24.9
Between one and two years	24.9	24.9
Between two and five years	360.4	74.5
In five years or more	113.6	397.3
	523.9	521.6

13.3 Nature of borrowings

	31 Dec 08 £m	31 Dec 07 £m
Fixed rate borrowings	113.6	87.1
Floating rate borrowings	410.3	434.5
Total borrowings	523.9	521.6

14. Share capital

14.1 Share capital authorised

	31 Dec 08 £	31 Dec 07 £
100 ordinary shares of £1 each	100	100

14.2 Share capital allotted

	31 Dec 08 £	31 Dec 07 £
Allotted, called up and fully paid equity shares:		
6 ordinary shares of £1 each	6	6

NOTES TO THE ACCOUNTS (continued)

15. Reserves and reconciliation of movement in shareholders' funds

	Share capital £m	Restated Profit and loss account £m	Restated Shareholders' funds £m
At 1 January 2007 as previously reported	-	15.0	15.0
Prior year adjustment (see accounting policies)	-	(11.3)	(11.3)
At 1 January 2007 as restated	-	3.7	3.7
Loss for the year ended 31 December 2007	-	(6.0)	(6.0)
At 31 December 2007	-	(2.3)	(2.3)
Profit for the year ended 31 December 2008	-	7.3	7.3
Dividends (note 8)	-	(10.0)	(10.0)
At 31 December 2008	-	(5.0)	(5.0)

16. Related party transactions

The Company has taken advantage of the exemption given by FRS 8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the Company qualifying as related parties.

During the year, TDR Capital LLP of whom M Dale, S J Robertson and B J Thompson are designated members received £33,858,034 (2007: £5,601,112) from the joint undertakings as shareholder monitoring fees, investment management fees and deal related fees.

During the year, the Company's joint venture undertaking retained its 6.27% holding of a £905,000,000 syndicated loan facility made available jointly to the Company and Sun Capital Investments Limited. During the year interest payable of £3,700,000 (2007: £2,500,000) has been recognised and cash payments for interest and capital of £3,900,000 (2007: £2,000,000) and £3,100,000 (2007: £1,900,000) respectively have been made in relation to this element of the loan. The total balance of capital and interest outstanding at 31 December 2008 is £52,000,000 (2007: £55,300,000)

17. Parent undertakings

The Company's immediate parent undertaking is Jambright Midco Limited whose registered office is The Pearl Centre, Lynch Wood, Peterborough, PE2 6FY. Prior to 29 September 2008 the Company's immediate parent undertaking was Jambright Limited. The Company's ultimate parent undertaking is Jambright Limited and a copy of the accounts of Jambright Limited can be obtained from The Pearl Centre, Lynch Wood, Peterborough, PE2 6FY.

NOTES TO THE ACCOUNTS (continued)

18. Post balance sheet events

During the post balance sheet period, the Company has been in negotiation with the syndicate of lenders who provided finance under the £905m facility agreement entered into jointly by the Company and Sun Capital Investments Limited. As at 31 December 2008, £412.5m of capital remained outstanding by the Company under this facility. As an integral part of these negotiations, the shareholders of the Company have entered into an exclusivity agreement to exchange their interests in the Company together with their other interests in the Pearl Group Limited Group for the issue of shares in Liberty Acquisitions Holdings (International) Company ("Liberty"). Liberty is an entity listed on the Euronext exchange. It is anticipated that the Liberty shareholders will vote on the acquisition of the Group in the second half of July and if approved, that the acquisition will become effective thereafter, subject to regulatory and other approvals. Conditional upon these negotiations, the existing facility would be amended as follows:

- £75.0m of the existing facility would be converted into a £75m secured convertible C loan note repayable after 15 years and attracting interest at LIBOR plus a margin of 1.00%;
- £325.0m of the existing facility would be acquired by Liberty from the lending banks; and
- The remaining £425m outstanding under the existing facility would be replaced with an amended facility of £425.0m, repayable over the period from 30 June 2011 to 2016, attracting interest at LIBOR plus a margin of 1.25%.

The Company will continue to share jointly with Sun Capital investments Limited in these new financing provisions.

In the post balance sheet period, interest due from Pearl Group Limited on the subordinated loan notes was deferred and the interest and capital repayments of the Company due on 15 May 2009 under the £905m facility agreement were deferred.