Raven Property Group PLC

Company No 55973

Report and Financial Statements

Year ended 31 December 2009

Raven Property Group PLC

Company No 55973

Annual report and financial statements for the year ended 31 December 2009

Contents

Directors

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Directors

G V Hirsch
M Sinclair
C A Smith

Secretary and registered office

J M Townley
21 Knightsbridge
London SW1X 7LY

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Raven Property Group PLC

Company No 55973

Report of the Directors for the year ended 31 December 2009

The Directors present their report and the audited accounts for the year ended 31 December 2009

Principal activities and review of the business

The Company's business comprises the provision of management services to subsidiary undertakings, joint ventures and associates

The profit and loss account is set out on page 5 and shows turnover for the period of £262,604 (2008 £294,483) and a loss before tax for the period of £10,186,767 (2008 £26,147,374) The loss in 2009 includes the impairment of the investment in subsidiaries of £8,747,456 (2008 £7,053,516) The loss in 2008 also includes the loss on the sale of the pension scheme of £14,476,576 The Directors do not recommend the payment of a dividend (2008 £Nil)

It is likely that losses may continue in the short term as these businesses continue to develop and explore new business opportunities The Directors intend to utilise the Company to seek new business opportunities and anticipate profitability in the medium to long term As the company main purpose is that of a holding company there are no KPI'S

Principal risks and uncertainties

The principal risks in the business are the external economic factors affecting the housing market such as interest rates and the availability of mortgages

Directors

The Directors who served the Company during the year were as follows

A J G Bilton	(resigned 7 June 2010)
G V Hirsch	
R S Hough	(resigned 9 September 2010)
M A Kirkland	(resigned 4 January 2010)
B S Sandhu	(resigned 31 July 2009)
M Sinclair	(appointed 28 July 2009)
C A Smith	(appointed 27 July 2009)

Employees

Raven Property Group PLC, which employs the staff of the Raven Mount Group in the United Kingdom, operates a policy of equal opportunity No job applicant or employee is to be treated less favourably than another on the grounds of sex, marital status, race, nationality, ethnic origin, colour, age or religious belief

Within the limitations of its trading activities, it is the Company's policy to make every effort to engage disabled persons If an employee becomes disabled during the period of employment every effort is made, through re-training if necessary, to enable the employee to remain with the Company Opportunities for career development are available to all, including disabled persons

Pensions

The Company operates a Retirement Plan which is a defined contribution plan based on a stakeholder pension contract New staff are invited to join this plan

Creditor Payment Policy

It is the Company's code of practice to agree payment terms with its suppliers, along with other terms and conditions, when it enters into binding purchase contracts Its policy is to abide by the agreed payment terms provided that the supplier has delivered the goods or services in accordance with the terms and conditions of the contract Company creditor days at 31 December 2009 were 14 (2008 14) This figure is calculated by dividing trade creditors by average daily purchases, after making relevant VAT adjustments Creditor days reflect the credit periods actually given by suppliers

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations

United Kingdom Company Law requires the directors to prepare financial statements for each financial year Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required to give a true and fair view of the state of affairs of the Company as at the end of the financial year 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping 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 2006 They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Going concern

The Company has considerable financial resources and as a consequence the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Raven Property Group PLC

Company No 55973

Report of the Directors for the year ended 31 December 2009 (continued)

Auditors

BDO Stoy Hayward LLP resigned as auditors 14 December 2009 and Ernst & Young LLP were appointed in their place Ernst & Young LLP have expressed their willingness to continue in office

Pursuant to section 485 of the Companies Act 2006, the Company has elected to dispense with the obligation to appoint auditors annually

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The Directors are not aware of any relevant audit information of which the auditors are unaware

By Order of the Board

J M Townley
Company Secretary

1 6 DEC 2010

Raven Property Group PLC

Company No 55973

Report of the independent auditors to the shareholders of Raven Property Group PLC

We have audited the financial statements of Raven Property Group PLC for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Craig Hughes - Senior statutory auditor

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

16 DEC 2010

Raven Property Group PLC

Company No 55973

Profit and loss account for the year ended 31 December 2009

	Note	2009 £	Restated 2008 £
Turnover	2	262,604	294,483
Cost of sales		(200,000)	-
Gross profit		62,604	294,483
Administration expenses		(1,731,808)	(20,032,803)
Operating loss	4	(1,669,204)	(19,738,320)
Impairment of investments in subsidiary undertakings		(8,747,456)	(7,053,516)
Dividend received		9,476	216,549
Interest receivable	3	220,948	2,616,442
Interest payable	3	(531)	(2,188,529)
Loss on ordinary activities before taxation	4	(10,186,767)	(26,147,374)
Taxation on loss on ordinary activities	7	-	1,407,560
Loss for the year	14	(10,186,767)	(24,739,814)

All amounts relate to continuing operations

The notes on pages 7 to 16 form part of these financial statements

There are no recognised gains and losses other than the loss of £10,186,767 in the year (*Restated 2008* £24,739,814)

Raven Property Group PLC

Company No 55973

Balance sheet at 31 December 2009

	Note	2009 £	Restated 2008 £
Fixed assets			
Investment in subsidiary companies	8	-	8,747,456
Tangible assets	9	8,118	61,275
		8,118	8,808,731
Current assets			
Debtors Amounts falling due within one year	10	31,298,397	36,593,815
Cash at bank		673,446	12,047,865
		31,971,843	48,641,680
Creditors – Amounts falling due within one year	12	(10,895,147)	(26,178,830)
Net current assets		21,076,696	22,462,850
Net assets		21,084,814	31,271,581
Represented by:			
Capital and reserves			
Called up share capital	13	14,963,833	14,963,833
Share premium account	14	42,959,364	42,959,364
Capital redemption reserve	14	2,431,357	2,431,357
Profit and loss account	14	(39,269,740)	(29,082,973)
Equity shareholders' funds	15	21,084,814	31,271,581

The financial statements were approved by the Board and authorised for issue on

M Sinclair

Director

M SINCLAIR

16 DEC 2010

1 Accounting policies

Basis of Accounting

The accounts have been prepared in accordance with the requirements of the Companies Act 2006 using the historical cost basis of accounting and in accordance with applicable accounting standards in the United Kingdom

The principal accounting policies, which have been applied consistently are set out below

Going Concern

The accounts are prepared on a going concern basis as detailed in the Directors' report

Consolidation

The Company is a wholly owned subsidiary of Raven Mount Limited, whose ultimate parent company is Raven Russia Limited As Raven Russia Limited prepares consolidated financial statements, the Company has taken advantage of the exemption provided under Financial Reporting Standard 2 (as amended June 2009), not to prepare consolidated accounts

Turnover

Turnover is comprised of management services net of value added tax

Pensions

The Company operates a defined contribution plan for new employees and former members of its final salary pension scheme who are current employees Contributions to this plan, as well as to personal pension schemes, are charged to the income statement in the period in which they are payable

Fixed Assets

Depreciation is provided under the straight-line method at the following rates to write off the depreciable element of the cost of the fixtures and fittings over their expected useful lives

Equipment, fixtures and fittings	10-33⅓%

Investments

Fixed asset investments are stated at cost less any provision for impairment

Leased Assets

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis

Cash flow statement

The Company has taken advantage of the exemption under FRS 1 not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of Raven Russia Limited

1 Accounting policies (contd.)

Deferred Taxation

Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain Deferred tax assets and liabilities are not discounted

Share based employee remuneration

Equity settled transactions

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest Marketing vesting conditions are factored into the fair value of the options granted As long as all other vesting conditions are satisfied a charge is made irrespective of whether the market vesting conditions are satisfied The cumulative expense is not adjusted for failure to achieve a market vesting condition

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measure immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received

Restatement of prior year balances

During the preparation of these financial statements, the directors noted that the comparatives understated both "amounts owing from Group companies" and "amounts due to Group companies" by £18,474,964 The comparatives have been restated to increase debtors and creditors due within one year by this amount This adjustment has no effect on either the profit reported in 2008 or the net assets of the company at 31 December 2008

Prior year adjustment

The Company's immediate parent granted share options to employees of the Company in prior year During the preparation of these financial statements, the directors noted that charges of £536,537 for share based payments had not been charged to profit and loss in the prior year in respect of employees of the company The share based payment expenses were recorded in the accounts of the company's immediate parent and omitted from the Company's accounts in 2008 The comparatives have been restated to increase administration expenses and disclosures updated to reflect the share based payment charges movement through reserves in the notes to the accounts This adjustment has no effect on net assets of the company at 31 December 2008

2 Principal activities

The Company's turnover and loss before taxation arises solely in the United Kingdom from its activities as a provider of management services to entities within the Raven Mount Group and its associates

3 Net interest receivable

	2009 £	2008 £
Interest receivable		
Bank interest	220,948	513,917
Expected return on pension scheme assets	-	2,102,525
	220,948	2,616,442
Interest payable		
Bank interest	(531)	(628,529)
Interest on defined benefit pension plan obligations	-	(1,560,000)
	(531)	(2,188,529)
Net interest receivable	220,417	427,913

4 Operating loss

	2009 £	2008 £
The operating loss is stated after charging		
Depreciation	42,015	113,311
Loss on sale of pension scheme	-	14,475,576
Operating lease rentals – land and buildings	217,823	129,000

Auditors' remuneration is borne by the ultimate parent undertaking

5 Employee information

	2009 £	2008 £
(a) **All Directors**		
Aggregate emoluments	-	188,662
Highest paid Director		
Aggregate emoluments	-	188,662

5 Employee information (contd.)

	2009 £	2008 £
(b) Employment costs including executive Directors		
Gross salaries and wages	599,157	2,165,831
Employer's National Insurance Contributions or foreign equivalents	60,334	239,127
Employer's pension cost	21,365	27,731
Equity settled share based payment charge	-	536,537
Total	680,856	2,969,226

The average number of persons employed by the Company during the period was 9 (2008 26) The total number of employees of the Company at 31 December 2009 was 8 (2008 14)

6. Pensions

On 28 May 2008 the settlement date the Trustees of the Swan Hill Pension Fund ("Scheme"), in conjunction with the Group, sold the Scheme to the Pension Insurance Corporation Limited at a cost to the Group of £6,549,000 The effect of this transaction is a charge to the income statement in 2008 of £14,476,000 comprising the £6,549,000 additional contribution, £7,340,000 balance sheet surplus of pension assets over pension liabilities, and associated costs of £587,000

Of the total buy out cost of £6,549,000, £1,989,000 was paid in 2008 and £4,560,000 was paid on 5 January 2009 in full and final settlement

Defined benefit scheme

Benefit accruals under the Group's final salary pension scheme ceased with effect from 31 December 2005 The Group paid contributions until the pension fund was disposed on 28 May 2008 as detailed above in order to provide security for existing pensions and the accrued benefits of current and former employees

Group contributions to the scheme for 2008 totalled £1,770,000 Following the latest actuarial valuation as at 5 April 2005, the Group's contributions were fixed at £1,770,000 per annum (including £200,000 towards administrative expenses) for six years from 1 January 2006, after which they were expected to reduce to those required to meet the scheme's administration expenses The next actuarial valuation of the pension scheme was due on 5 April 2008 but did not take place as the Group sold the pension scheme on 28 May 2008 as detailed above

The net credit to finance income in 2008 income statement for the scheme was £543,000 As at 31 December 2009, the scheme had been sold and there is no FRS 17 surplus or deficit The total actuarial gain recognised in the statement of comprehensive income is £Nil (2008 £Nil) These amounts and those set out below have been determined on the advice of qualified actuaries, who are employees of Watson Wyatt Limited, based on the most recent full actuarial valuation at 5 April 2005 updated to 31 December 2007 and settlement as of 31 May 2008 The mortality assumptions adopted were in line with standard tables PMA92/PFA92 calendar year 2005 treating members as being one year older than their actual ages An allowance was made for possible future mortality improvements equivalent financially to a reduction in the discount rate of 0 25 per cent per annum This is broadly equivalent to an increase in life expectancy of one year every ten years

6. Pensions (contd.)

The financial assumptions used for FRS 17 purposes were

	2009 % per annum	2008 % per annum
Price inflation	-	3 7
General salary and wage inflation	-	n/a
Pension increases	-	3 7
Discount rate	-	6 6

	On settlement expected rate of return % per annum	On settlement market value £m
Equities		15 4
Bonds		49 9
Property		-
Cash		2 9
Total	7 6	68 2

The position of the scheme can be summarised as follows

	2009 £'000	On settlement £'000
Present value of the defined benefit obligation	-	(60,900)
Assets at fair value	-	68,240
Retirement benefit surplus/(liability)	-	7,340

Reconciliation of present value of defined benefit obligation for year to 31 December 2009

	2009 £'000	2008 £'000
Defined benefit obligation at start of year	-	62,166
Interest cost	-	1,560
Gain on change of assumptions	-	(1,354)
Experience loss	-	-
Actual benefit payments	-	(1,472)
Transferred to income statement on closure	-	(60,900)
Defined benefit obligation	-	-

6. Pensions (contd.)

	2009 £'000	2008 £'000
Analysis of the amount charged to other finance income		
Expected return on scheme assets	-	2,103
Interest on scheme liabilities	-	(1,560)
Net return	-	543
Net credit for the period	-	543

Reconciliation of fair value of assets for the year to 31 December 2008

	2009 £'000	2008 £'000
Fair value of Scheme assets at start of year	-	67,193
Expected return on Scheme assets	-	2,103
Actuarial (loss)/gain on Scheme assets	-	(1,354)
Company contributions	-	1,770
Actual benefit payments	-	(1,472)
Transferred to income statement on closure	-	(68,240)
Fair value of Scheme assets	-	-

Return on assets for year to 31 December 2008

	2009 £'000	On settlement £'000
Expected return on Scheme assets	-	2,103
Actuarial (loss)/gain on Scheme assets	-	(1,354)
Actual return on Scheme assets	-	749
Net balance sheet position	-	
Defined benefit obligation	-	(60,900)
Fair value of assets	-	68,240
Funded status	-	7,340

6. Pensions (contd.)

	2009 £'000	2008 £'000
Reconciliation of change in funded status for the year to 31 December 2009		
Defined benefit liability at start of year	-	5,027
Pension income	-	543
Company contributions	-	1,770
Gain recognised in SOCI	-	-
Charged to income statement on settlement	-	(7,340)
Defined benefit asset/(liability)	-	-

Defined contribution scheme

Additionally, the Group operates a defined contribution plan for new employees and former members of its final salary pension scheme who are current employees Contributions to this plan, as well as to personal pension schemes, are charged to the income statement in the period in which they are payable

7 Taxation

	2009 £	2008 £
(a) Taxation (credit)/charge on loss on ordinary activities comprises		
Current Tax		
UK corporation tax at the rate of 28% (2008 28 5%) based on the taxable result for the years	-	-
Deferred Tax (Note 10)		
Pension charge deferred tax movement	-	(1,407,560)
	-	(1,407,560)

7 Taxation (contd.)

(b) Factors affecting the current tax charge

The tax assessed for the year is different to the standard rate of corporation tax in the UK 28% (2008 28 5%) The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before taxation	(10,186,767)	(26,147,374)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 28 5%)	(2,852,295)	(7,452,002)
Impairment of investment no tax relief available	2,449,288	2,010,252
Capital allowance in excess of depreciation	(10,952)	-
Expenses not deductible for tax purposes	24,717	-
Tax overprovided in previous years	(1,342,145)	-
Dividend receivable	(2,653)	(61,716)
Unutilised tax loss carried forward	1,734,040	5,503,466
	-	-

(c) Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 The changes had not been substantively enacted at the balance sheet date and therefore are not included in these statements

The company has not recognised a deferred tax asset in respect of losses due to the uncertainty over recovery

8 Fixed asset investments

	2009
	£
Investment in subsidiary undertakings	
At 1 January	8,747,456
Provision raised in the year	(8,747,456)
At 31 December	-

The investment in subsidiaries has been impaired in relation to the net assets of the subsidiary companies

All fixed asset investments are held at historic cost less any provision for impairment

The following subsidiary companies are wholly-owned and registered in England and operate in the United Kingdom except where otherwise stated

Residential and other property

- Misereavere Limited
- Southend Estates Group PLC
- Swan Hill Homes Limited
- Swan Hill Property Holdings Limited

Other

- Swan Hill No 2 Pension Trust Limited
- Swan Hill Share Scheme Trustees Limited
- Swan Hill Staff Pension Trust Limited

9 Tangible fixed assets

	Fixtures and Fittings £
Cost	
Balance at 1 January 2009	352,848
Additions	-
Disposals	(22,216)
Balance at 31 December 2009	330,632
Depreciation	
Balance at 1 January 2009	291,573
Charge for the year	42,015
Disposals	(11,074)
Balance at 31 December 2009	322,514
Net book value	
As at 31 December 2009	8,118
As at 31 December 2008	61,275

10 Debtors: Amounts falling due within one year

	2009 £	Restated 2008 £
Trade debtors	80,269	205,834
Amounts owing from Group Companies	29,737,037	34,241,545
Other debtors	1,359,669	1,994,442
Prepayments and accrued income	121,422	151,994
	31,298,397	36,593,815

11 Deferred tax

	2009 £	2008 £
Pension scheme deferred tax (liability)/asset	-	-
Opening deferred tax (liability)/asset	-	(1,407,560)
Credit/(charge) to profit and loss account	-	1,407,560
Charge to statement of total recognised gains	-	-
Deferred tax (liability)/asset at 31 December 2009	-	-

12 Creditors - amounts falling due within one year

	2009 £	Restated 2008 £
Bank overdraft	105,168	124,384
Trade creditors	71,281	203,285
Amounts due to Group companies	10,291,440	20,266,473
Social Security and other taxation	122,959	85,149
Accruals and other creditors	304,299	5,499,539
	10,895,147	26,178,830

13 Called up share capital

	Equity Ordinary Shares of 25p each £	Number
Authorised at 31 December 2009 and 31 December 2008	25,000,000	100,000,000
Issued, allotted and fully paid		
At 31 December 2009 and at 31 December 2008	14,963,833	14,963,833

14 Reserves

	Share Premium Account	Capital Redemption Reserve	Profit and Loss Account	Total
At 1 January 2008	42,959,364	2,431,357	(4,879,696)	40,511,025
Share based payment credit	-	-	536,537	536,537
Loss for the year	-	-	(24,739,814)	(24,739,814)
At 1 January 2009	42,959,364	2,431,357	(29,082,973)	16,307,748
Loss for the year	-	-	(10,186,767)	(10,186,767)
Balance at 31 December 2009	42,959,364	2,431,357	(39,269,740)	6,120,981

15 Reconciliation of movements in shareholders' funds

	2009 £	Restated 2008 £
Loss for the financial year	(10,186,767)	(24,739,814)
Share based payment credit	-	536,537
Decrease in shareholders' funds	(10,186,767)	(24,203,277)
Opening shareholders' funds	31,271,581	55,474,858
Closing shareholders' funds	21,084,814	31,271,581

16 Commitments for operating leases

Annual commitments under non-cancellable operating leases are as follows

	Land and Buildings 2009 £	2008 £
Expiry		
- within one year	-	-
- between two and five years	217,823	129,000
	217,823	129,000

17 Guarantees

In common with fellow subsidiaries, the Company has guaranteed its bank loans and overdrafts amounting to £105,168 at 31 December 2009 (2008 £124,384)

18 Share schemes

Share Options

The Company has adopted an Unapproved share option plan and an Approved Company share option plan which provide for the issue of options over Ordinary shares in the Company

The total number of Ordinary shares over which Option Shares may be granted is limited to 10 per cent of the total number of issued Ordinary shares of the Company at any time There were no shares options outstanding at 31 December 2009 or 31 December 2008

Unapproved share option plan (Unapproved Plan)

Option Shares under the Unapproved Plan were exercisable in 3 equal parts For each part, exercise was on or after the third, fourth and fifth anniversaries of the Date of Grant at the earliest and the Performance Condition were first be tested for each one third part on these anniversaries Unexercised options could be reviewed against the Performance Condition in subsequent periods broadly every 6 months, but always from the Date of Grant Options lapse if not exercised within 7 years and 3 months from the Date of Grant The Performance Condition stated that the share price increase must exceed the RPI plus 3 per cent per annum and exceed the increase in the FTSE Small Cap Index for the relevant period Since the grant of these options until cancellation, the share price has decreased by 82 5 per cent, RPI increased by 10 4 per cent and the FTSE small cap decreased by 42 5 per cent

Option Shares were issued under the Unapproved Plan on 8 December 2005 over 1,075,000 Ordinary shares in the Company at an exercise price of 80 0 pence, being the average share price for the month of November 2005 There were no share options outstanding at the year end As at 31 December 2008 360,000 options have lapsed and 715,000 options were cancelled

Further option shares were issued under the Unapproved Plan on the 21 March 2007 over 350,000 Ordinary shares at an exercise price of 155 1 pence, being the average share price for the 5 trading days prior to issue All of these share options were cancelled on 14 October 2008

All options lapse if they have not been exercised within seven years and three months from the date of grant of the options

Approved Company share option plan (CSOP)

Employees and full-time Directors of the Group were offered Option shares subject to a maximum value at any one time per employee of £30,000 (being the Inland Revenue limit for CSOPs) Option Shares could not be exercised until 3 years after grant and are subject to a performance condition that the share price increase must exceed the RPI plus 3 per cent per annum This is first measured on the third anniversary of the date of grant, thereafter half yearly based on the prior December or June The options lapse if they are not exercised within seven years and three months from the date of grant of the option

18 Share schemes (contd.)

1,052,383 option shares were issued under the CSOP on 28 April 2006 and a further 221,111 Option shares were issued on 21 March 2007 As at 31 December 2008 507,400 options have lapsed and the remaining 766,094 Option shares in the Company were cancelled on 14 October 2008

Aggregate Movement of Unapproved and Approved Share Options

	2009 Weighted Average exercise (pence)	2009 Number	2008 Weighted average exercise (pence)	2008 Number
Outstanding at the beginning of the year	-	-	1 07	2,061,371
Cancelled during the year	-	-	1 09	(1,831,094)
Granted during the year	-	-	-	-
Lapsed during the year	-	-	0 96	(230,277)
Outstanding at the end of year	-	-		Nil

As at 31 December 2008 none of the share options were exercisable as the performance conditions had not been satisfied

Of the total number of options outstanding at the end of 2009 nil (2008 nil) had vested and were exercisable at the end of the year

There were no options outstanding as at 31 December 2009

The Group uses a calculated Beta to factor in market vesting conditions

The volatility was calculated in accordance with the Group's calculated Beta based on a statistical analysis of the Company's share price

The expected life of the options is based on historical data

	2009 £	2008 £
The share-based remuneration expense comprises		
Equity-settled schemes	-	536,537

19 Ultimate parent undertaking

The Company's immediate parent undertaking is Raven Mount Limited, a company registered in England and Wales Its registered office is 21 Knightsbridge, London SW1X 7LY

The smallest and largest group of undertakings of which the Company is a member and for which group financial statements are prepared is Raven Russia Limited, a company incorporated in Guernsey A copy of Raven Russia Limited's group financial statements can be obtained from the Raven Russia Limited website www ravenrussia com

20 Related party transactions

The Company is a wholly owned subsidiary of Raven Russia Limited, and as such has taken advantage of the exemption under FRS8 for disclosing transactions with entities which are wholly owned within the Group