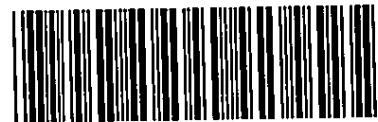


COMPANY REGISTRATION NUMBER 4204327

Arlaform Limited
Financial Statements
31 December 2009

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COMPANIES HOUSE

MACINTYRE HUDSON LLP

Chartered Accountants & Statutory Auditor
Lyndale House
Ervington Court
Meridian Business Park
Leicester
LE19 1WL

Arlaform Limited

Financial Statements

Year ended 31 December 2009

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Arlaform Limited

Officers and Professional Advisers

The Board of Directors

Mr R Tang
Mr S Hussain

Company Secretary

Mr R Tang

Registered Office

E3 The Premier Centre
Abbey Park
Romsey
Hants
SO51 9DG

Auditor

MacIntyre Hudson LLP
Chartered Accountants
& Statutory Auditor
Lyndale House
Ervington Court
Meridian Business Park
Leicester
LE19 1WL

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Arlaform Limited

The Directors' Report

Year ended 31 December 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009

Principal activities and business review

The principal activity of the company during the year was the provision of management services to its subsidiary company, Stapleford Park Limited, a hotel operator

Results and dividends

The profit for the year amounted to £39,031 The directors have not recommended a dividend

Directors

The directors who served the company during the year were as follows

Mr R Tang
Mr S Hussain

Directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Arlaform Limited

The Directors' Report *(continued)*

Year ended 31 December 2009

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.

In so far as the directors are aware

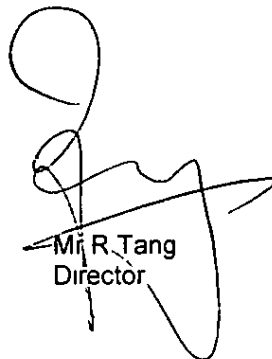
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

MacIntyre Hudson LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

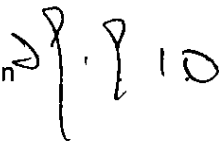
Registered office
E3 The Premier Centre
Abbey Park
Romsey
Hants
SO51 9DG

Signed by order of the directors



Mr R. Tang
Director

Approved by the directors on



Arlaform Limited

Independent Auditor's Report to the Shareholders of Arlaform Limited

Year ended 31 December 2009

We have audited the financial statements of Arlaform Limited for the year ended 31 December 2009. 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 shareholders, as a body, in accordance with Chapter 3 of Section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 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 (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 directors, and the overall presentation of the financial statements.

Adverse opinion on financial statements

Included in investments is £6,056,578 representing the company's investment in Stapleford Park Limited. At 31 December 2009 the balance sheet of Stapleford Park Limited was showing a deficit of £6,211,130 and there were losses for the year of £1,357,078. No provision has been made for impairment of this investment. This is not in accordance with the provisions of Financial Reporting Standard 11 'Impairment of fixed assets and goodwill'. Accordingly, we believe that a full provision for impairment should be made against this investment given the financial position of Stapleford Park Limited. The result of which would be to recognise additional costs of £6,056,578 in the profit and loss account for the year and give a deficit on the balance sheet amounting to £5,275,334.

In view of the effect of the failure to provide against the investment referred to above, in our opinion the financial statements

- do not give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have not been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matters 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.

Arlaform Limited

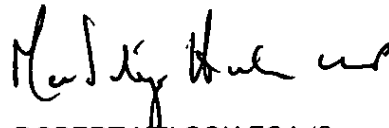
Independent Auditor's Report to the Shareholders of Arlaform Limited

Year ended 31 December 2009

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



ROBERT NELSON FCA (Senior
Statutory Auditor)
For and on behalf of
MACINTYRE HUDSON LLP
Chartered Accountants
& Statutory Auditor

Lyndale House
Ervington Court
Mendian Business Park
Leicester
LE19 1WL

29 September 2010

Arlaform Limited

Profit and Loss Account

Year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	1	40,000	40,000
Administrative expenses		<u>940</u>	<u>500</u>
Operating profit	2	39,060	39,500
Interest payable and similar charges	4	<u>29</u>	<u>31</u>
Profit on ordinary activities before taxation		39,031	39,469
Tax on profit on ordinary activities		<u>—</u>	<u>—</u>
Profit on ordinary activities after taxation, being profit for the financial year		<u>39,031</u>	<u>39,469</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The accounting policies and notes on pages 8 to 13 form part of these financial statements

Arlaform Limited

Balance Sheet

31 December 2009

	Note	2009 £	2008 £
Fixed assets			
Investments	5	<u>6,056,578</u>	<u>6,056,578</u>
Current assets			
Debtors	6	20,418,452	19,068,209
Cash at bank		<u>1,088</u>	<u>1,117</u>
		20,419,540	19,069,326
Creditors amounts falling due within one year	7	<u>1,197,901</u>	<u>1,197,902</u>
Net current assets		<u>19,221,639</u>	<u>17,871,424</u>
Total assets less current liabilities		<u>25,278,217</u>	<u>23,928,002</u>
Creditors: amounts falling due after more than one year, including convertible debts	8	<u>24,496,973</u>	<u>23,185,789</u>
		<u>781,244</u>	<u>742,213</u>
Capital and reserves			
Called-up equity share capital	11	1,125	1,125
Share premium account	12	578,875	578,875
Profit and loss account	13	<u>201,244</u>	<u>162,213</u>
Shareholders' funds	14	<u>781,244</u>	<u>742,213</u>

These financial statements were approved by the directors and authorised for issue on 29.12.10, and are signed on their behalf by

Mr R Tang
Director

Company Registration Number 4204327

The accounting policies and notes on pages 8 to 13 form part of these financial statements.

Arlaform Limited

Accounting Policies *(continued)*

Year ended 31 December 2009

Basis of accounting

The financial statements have been prepared under the historical cost convention

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets

Basis of accounting

The directors have adopted a going concern basis in the preparation of these financial statements. Stapleford Park Limited, the company's principal trading subsidiary, has incurred losses for the year of £1,357,078 (2008 - £1,951,079). As a result of losses sustained in this and prior years, its ability to continue to trade and meet its liabilities is dependent upon the continued support of the group's investors. This in turn impacts on its ability to repay group indebtedness generally and on the resultant viability of Arlaform Limited and the group.

The company's ability to continue as a going concern is dependent on the ongoing support of the company's shareholders and investors. The directors have received written confirmation from the shareholders that it is not their present intention to seek recovery of any amounts due to them by members of the group until at least 31st December 2010.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts due during the year, exclusive of Value Added Tax.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Arlaform Limited

Notes to the Financial Statements

Year ended 31 December 2009

1. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2009 £	2008 £
United Kingdom	<u>40,000</u>	<u>40,000</u>

The total turnover of the company for the year has been derived from the principal activity wholly undertaken in the UK

2. Operating profit

Operating profit is stated after charging

	2009 £	2008 £
Directors' remuneration	—	—
Auditor's remuneration - as auditor	<u>940</u>	<u>500</u>

3. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year

4. Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank borrowing	<u>29</u>	<u>31</u>

5. Investments

	Shares in group undertaking £
Cost	
At 1 January 2009 and 31 December 2009	<u>6,056,578</u>
Net book value	
At 31 December 2009 and 31 December 2008	<u>6,056,578</u>

Arlaform Limited

Notes to the Financial Statements

Year ended 31 December 2009

5. Investments (continued)

The company owns 100% of the issued share capital of the company listed below, which is incorporated in the United Kingdom

	2009 £	2008 (restated) £
Aggregate capital and reserves		
Stapleford Park Limited	(6,211,130)	(4,854,052)
Nature of business Country House Hotel and Sporting Estate		
Profit and (loss) for the year		
Stapleford Park Limited	(1,357,078)	(1,951,079)

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

6. Debtors

	2009 £	2008 £
Amounts owed by group undertakings	20,418,407	19,068,164
Other debtors	45	45
	<u>20,418,452</u>	<u>19,068,209</u>

The debtors above include the following amounts falling due after more than one year

	2009 £	2008 £
Amounts owed by group undertakings	<u>20,418,407</u>	<u>19,068,164</u>

Arlaform Limited

Notes to the Financial Statements

Year ended 31 December 2009

7. Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	838,860	838,860
Other creditors	300,000	300,000
	<u>1,138,860</u>	<u>1,138,860</u>
Accruals and deferred income	59,041	59,042
	<u>1,197,901</u>	<u>1,197,902</u>

Other creditors includes a shareholder loan of £300,000 (2008 £300,000) which is unsecured and interest free

8. Creditors: amounts falling due after more than one year, including convertible debts

	2009 £	2008 £
Debenture loans (convertible)	579,000	579,000
Amounts owed to group undertakings	4,494,493	4,497,805
Other creditors	19,423,480	18,108,984
	<u>24,496,973</u>	<u>23,185,789</u>

9. Creditors - capital instruments

Convertible instruments amounting to £(579,000) (2008 - £(579,000)) are included in creditors

The 'B' loan stock is convertible into 'A' and 'B' ordinary shares of the company. Conversion is at a rate of 1 ordinary share for £4,632 of loan stock. The loan stock carries a nominal interest rate of 6% per annum, although currently no interest is being charged.

10. Related party transactions

There were no transactions during the year with the company's immediate parent company, Arlacross Limited. At the balance sheet date the balance due to Arlacross Limited was £5,336,695 (2008 £5,336,695).

During the year, the company raised management charges of £40,000 (2008 - £40,000) to its subsidiary company, Stapleford Park Limited. At the balance sheet date the balance due from Stapleford Park Limited was £20,418,407 (2008 £19,068,164).

Arlaform Limited

Notes to the Financial Statements

Year ended 31 December 2009

11. Share capital

Authorised share capital:

	2009 £	2008 £
1,000 Ordinary shares of £1 each	1,000	1,000
1,250 'A' Ordinary shares of £0.10 each	125	125
125 'B' Ordinary shares of £1 each	125	125
	<u>1,250</u>	<u>1,250</u>

Allotted, called up and fully paid:

	2009 No	£	2008 No	£
1,000 Ordinary shares of £1 each	1,000	1,000	1,000	1,000
1,250 'A' Ordinary shares of £0.10 each	1,250	125	1,250	125
	<u>2,250</u>	<u>1,125</u>	<u>2,250</u>	<u>1,125</u>

12. Share premium account

There was no movement on the share premium account during the financial year

13. Profit and loss account

	2009 £	2008 £
Balance brought forward	162,213	122,744
Profit for the financial year	39,031	39,469
Balance carried forward	<u>201,244</u>	<u>162,213</u>

14. Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	39,031	39,469
Opening shareholders' funds	742,213	702,744
Closing shareholders' funds	<u>781,244</u>	<u>742,213</u>

Arlaform Limited

Notes to the Financial Statements

Year ended 31 December 2009

15. Ultimate parent company

The ultimate parent undertaking of this company is its parent company, Arlacross Limited

Arlacross Limited is the company's controlling party under the definitions set out in Financial Reporting Standard No 8 by virtue of its shareholding in the company. Innoview Properties Limited is the company's ultimate controlling related party under the definitions set out in Financial Reporting Standard No 8 by virtue of its shareholding in that company.

16. Guarantees

A cross guarantee and debenture exists between Stapleford Park Limited and Arlaform Limited over the net bank borrowings held at Barclays Bank plc. At 31 December 2009 the net bank borrowings of Stapleford Park Limited amounted to £1,377,308 (2008: £1,430,388).