

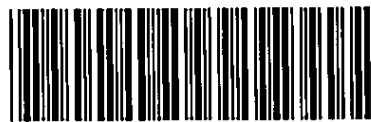
Company Registration Number 4268842

Hemisphere Properties (Southern) Limited

Financial Statements

31st December 2008

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HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Financial Statements

Year ended 31st December 2008

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HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

The Directors' Report

Year ended 31st December 2008

The directors present their report and the financial statements of the company for the year ended 31st December 2008.

Principal activities and review of the business

The principal activity of the company during the year was investment in commercial property although the company did not trade during the year.

Results and dividends

The company did not trade during the year.

The directors have not recommended a dividend.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

Mr M A Shields

Mr D A Thomas

The interests of the directors in the share capital of Hemisphere Properties plc, the ultimate parent company, are disclosed in that company's director's report.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10 and then apply them consistently; make judgements and estimates that are prudent and reasonable; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on an ongoing concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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 confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Our independent auditors, Littlejohn, have transferred their business to Littlejohn LLP, a limited liability partnership. In accordance with section 26(5) of the Companies Act 1989, the Directors have consented to the extension of the audit appointment of Littlejohn to its successor firm, Littlejohn LLP. Littlejohn LLP has signified its willingness to continue in office as auditors.

HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

The Directors' Report

Year ended 31st December 2008

A resolution to re-appoint Littlejohn LLP as auditors for the ensuing year will be proposed at the next annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
1 Beacon Buildings
Yard 23
Stramongate
Kendal
LA9 4BH

Signed by order of the directors



H Jeffs
Company Secretary

Approved by the directors on 29th June 2009

HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Independent Auditors' Report to the Shareholders of Hemisphere Properties (Southern) Limited

Year ended 31st December 2008

We have audited the Financial Statements of Hemisphere Properties (Southern) Limited for the year ended 31st December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 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 Auditors

The Directors' responsibilities for preparing the Financial Statements in accordance with applicable law and United Kingdom 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 judgments 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.

HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Independent Auditors' Report to the Shareholders of Hemisphere Properties (Southern) Limited

Year ended 31st December 2008

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 31st December 2008 and of its result 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.


Littlejohn LLP

Chartered Accountants
and Registered Auditors

1 Westferry Circus
Canary Wharf
London E14 4HD


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HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Profit and Loss Account

Year ended 31st December 2008

	Note	Dec 2008 £	Dec 2007 £
Turnover	2	-	-
Administrative expenses		-	-
Operating loss	3	-	-
Interest receivable		-	-
Interest payable	4	-	-
Loss on ordinary activities before taxation		-	-
Tax over provision in prior years	5	-	-
Profit/Loss for the financial year		-	-

All of the activities of the company are classed as discontinued.

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

The notes on pages 9 to 12 form part of these financial statements.

HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Balance Sheet

31st December 2008

	Note	Dec 2008 £	Dec 2007 £
Fixed assets			
Investments	6	<u>505,400</u>	<u>505,400</u>
Current assets			
Debtors	7	<u>-</u>	<u>-</u>
		-	-
Creditors: Amounts falling due within one year	8	<u>445,963</u>	<u>445,963</u>
Net current liabilities		<u>(445,963)</u>	<u>(445,963)</u>
Total assets less current liabilities		<u>59,437</u>	<u>59,437</u>
		<u>59,437</u>	<u>59,437</u>
Capital and reserves			
Called-up equity share capital	10	90,733	90,733
Share premium account		41,667	41,667
Profit and loss account	11	<u>(72,963)</u>	<u>(72,963)</u>
Shareholders' funds	12	<u>(59,437)</u>	<u>(59,437)</u>

These financial statements were approved by the directors on the 29th June 2009 and are signed on their behalf by:



D A Thomas

The notes on pages 9 to 12 form part of these financial statements.

HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Notes to the Financial Statements

Year ended 31st December 2008

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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 basis that the company is a wholly owned subsidiary and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts to £nil.

Going concern

The financial statements have been drawn up on a going concern basis. The company is dependent upon the support of its directors and investors for the provision of working capital. The directors are of the opinion that this support will continue for the foreseeable future. If the going concern basis were not appropriate adjustments would have to be made to reduce assets to their recoverable amounts and to provide for any further liabilities that might arise and to reclassify fixed assets as current assets and long term liabilities as current liabilities.

HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Notes to the Detailed Profit and Loss Account

Year ended 31st December 2008

Group financial statements

As provided by section 228 of the companies act 1985 the company has not prepared group financial statements as it is itself a subsidiary of a UK company.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	Dec 2008 £	Dec 2007 £
United Kingdom	-	-

3. Operating loss

Operating loss is stated after charging:

	Dec 2008 £	Dec 2007 £
Auditors' remuneration - as auditors	-	-

4. Interest payable and similar charges

	Dec 2008 £	Dec 2007 £
Interest payable on bank borrowing	-	-

5. Taxation on ordinary activities

Taxation is £nil (2007 – £nil).

6. Investments

	Subsidiary undertakings £
Cost	
At 1st January 2007 and 31st December 2008	<u>505,400</u>
Net book value	
At 31st December 2008	<u>505,400</u>
At 31st December 2007	<u>505,400</u>

HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Notes to the Detailed Profit and Loss Account

Year ended 31st December 2008

Name of Company	Holding	% held	Nature of Business
Punch Properties Limited	Ordinary	100%	Investment properties
Bemacraft Limited	Ordinary	100%	Investment properties

Information required under Section 3 Schedule 5 of the Companies Act 1985 is not shown as the company is itself a wholly owned subsidiary of China Western Investments plc and group financial statements are prepared by that company.

7. Debtors

	Dec 2008 £	Dec 2007 £
Corporation tax	-	-

8. Creditors: Amounts falling due within one year

	Dec 2008 £	Dec 2007 £
Amounts owed to group undertakings	445,963	445,963
	<u>445,963</u>	<u>445,963</u>

9. Related party transactions

The company has taken advantage of the exemptions provided by Financial Reporting Standard No 8 from disclosing transactions with its wholly owned subsidiaries.

10. Share capital

Authorised share capital:

	Dec 2008 £	Dec 2007 £
500,000,000 Ordinary shares of £0.01 each	<u>5,000,000</u>	<u>5,000,000</u>

Allotted, called up and fully paid:

	Dec 2008 No	£	Dec 2007 No	£
Ordinary shares of £0.01 each	<u>9,073,333</u>	<u>90,733</u>	<u>9,073,333</u>	<u>90,733</u>

HEMISPHERE PROPERTIES (SOUTHERN) LIMITED

Notes to the Detailed Profit and Loss Account

Year ended 31st December 2008

11. Profit and loss account

	Dec 2008 £	Dec 2007 £
Balance brought forward	(72,963)	(72,963)
Accumulated loss for the financial year	-	-
Balance carried forward	<u>(72,963)</u>	<u>(72,963)</u>

12. Reconciliation of movements in shareholders' funds

	Dec 2008 £	Dec 2007 £
Profit/loss for the financial year	-	-
Opening shareholders' equity funds	59,437	59,437
Closing shareholders' equity funds	<u>59,437</u>	<u>59,437</u>

13. Ultimate parent company

The company is a subsidiary undertaking of China Western Investments plc, a company registered in England and Wales.

Group financial statements of China Western Investments plc are available from 1 Beacon Buildings, Yard 23, Stramongate, Kendal, LA9 4BH. or www.chwi.co.uk.