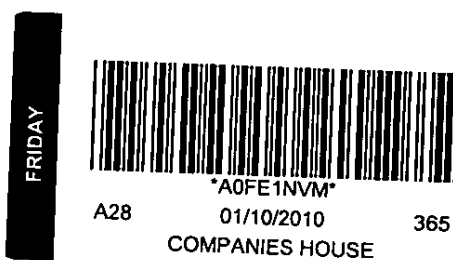


**London & Stamford Investments
Limited**

Report and Financial Statements

Year ended 31 March 2010



LONDON & STAMFORD INVESTMENTS LIMITED

Report and financial statements for the year ended 31 March 2010

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Directors

H R Mould
P L Vaughan
M F McGann

Secretary and registered office

J Jessop, 21 St James's Square, London, SW1Y 4JZ

Company number

5491360

Auditors

BDO LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

LONDON & STAMFORD INVESTMENTS LIMITED

Report of the directors for the year ended 31 March 2010

The directors present their report together with the audited financial statements for the year ended 31 March 2010

Principal activities, business review and future developments

The principal activity of the company, which it intends to continue, is to act as a holding company

The directors do not recommend the payment of a dividend (2009 £nil)

Directors

The directors of the company during the year were as follows

H R Mould
P L Vaughan
M F McGann

At 31 March 2010 Mr H Mould, Mr P L Vaughan and Mr M F McGann were also directors of the ultimate parent company London & Stamford Property Limited. Their interests in the share capital of that company are shown in its financial statements

Directors' responsibilities

The directors are responsible for preparing the annual 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 these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LONDON & STAMFORD INVESTMENTS LIMITED

Report of the directors for the year ended 31 March 2010 (*Continued*)

Disclosure of information to auditors

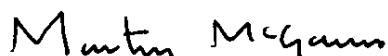
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant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

Auditors

BDO LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the next annual general meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to small companies exemption.

On behalf of the Board



M F McGann
Director

LONDON & STAMFORD INVESTMENTS LIMITED

Report of the independent auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON & STAMFORD INVESTMENTS LIMITED

We have audited the financial statements of London & Stamford Investments Limited for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes. 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 statement of directors' responsibilities, 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 March 2010 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 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.

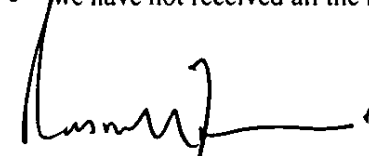
LONDON & STAMFORD INVESTMENTS LIMITED

Report of the independent auditor (*continued*)

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



*Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom
United Kingdom*

Date 29 September 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

LONDON & STAMFORD INVESTMENTS LIMITED

Profit and loss account for the year ended 31 March 2010

	Note	31 March 2010 £	31 March 2009 £
Other income		38,797	-
Administrative income/(expenses)		(25,712)	(175,974)
Profit/(loss) on ordinary activities	2	13,085	(175,974)
Income from shares in group undertakings	3	14,147,410	-
Net financing income	4	2,236	34,350
Impairment of intercompany investments		(22,016,686)	(20,000,000)
Loss on ordinary activities before taxation		(7,853,955)	(20,141,624)
Taxation on loss on ordinary activities	5	-	-
Loss for the year	11,12	(7,853,955)	(20,141,624)

All amounts relate to continuing activities

There was no difference between historical cost loss and the reported loss on ordinary activities for the year or the prior period

There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 7 to 12 form part of these financial statements

LONDON & STAMFORD INVESTMENTS LIMITED

Balance sheet at 31 March 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Fixed asset investments	6		2,005		2,005
			<u>2,005</u>		<u>2,005</u>
Current assets					
Debtors	7	7,621,645		9,249,947	
Cash at bank		336,638		879,506	
		<u>7,958,283</u>		<u>10,219,453</u>	
Creditors: amounts falling due within one year	8	(6,510,035)		(730,898)	
		<u></u>		<u></u>	
Net current assets			1,448,248		9,398,555
			<u>1,448,248</u>		<u>9,398,555</u>
Total assets less current liabilities			1,450,253		9,400,560
			<u>1,450,253</u>		<u>9,400,560</u>
Creditors: amounts falling due after one year	9		(6,653,648)		(6,750,000)
			<u>(6,653,648)</u>		<u>(6,750,000)</u>
Net assets/(liabilities)			(5,203,395)		2,650,560
			<u>(5,203,395)</u>		<u>2,650,560</u>
Capital and reserves					
Share capital	10		32,799,750		32,799,750
Profit and loss account	11		(38,003,145)		(30,149,190)
			<u>(38,003,145)</u>		<u>(30,149,190)</u>
Shareholders' (deficit)/funds	12		(5,203,395)		2,650,560
			<u>(5,203,395)</u>		<u>2,650,560</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2010 and were signed on its behalf by

Martin McGann

M F McGann
Director

The notes on pages 7 to 12 form part of these financial statements

LONDON & STAMFORD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2010

1 Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 400 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings are consolidated in the group accounts of the ultimate parent undertaking, London and Stamford Property Limited

These financial statements therefore present information about the company as an individual undertaking and not about its group

Going Concern

The financial statements have been prepared on the going concern basis as the company's parent company, London & Stamford Property Limited, has confirmed its intention to support the company financially to enable it to continue to trade. The financial statements do not include any adjustments that would result from a discontinuance of this support

Investment in subsidiary undertakings

Investments held as fixed assets in the company's balance sheet are stated at cost less any provision for impairment

Loan issue costs

Costs relating to the raising of bank loan facilities are amortised over the life of the relevant loan as appropriate and charged to the profit and loss account as part of the company's financing costs. The bank loans are disclosed net of unamortised loan issue costs

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form

Operating leases

Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease

LONDON & STAMFORD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures, fittings and office equipment	- 10 % per annum
Computer equipment	- 25 % per annum

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of foreign subsidiary undertakings and their balance sheets are translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves. All other differences are taken to the profit and loss account.

2 Profit on ordinary activities before interest and other income

	31 March 2010 £	31 March 2009 £
This has been arrived at after charging		
Auditors' remuneration	-	30,110
Other fees payable to company's auditors	-	60,750
Exchange differences	9,927	154
	<u> </u>	<u> </u>

The auditors' remuneration for the year was borne by the parent company London & Stamford Property Limited. Statutory information on remuneration for other services provided by the company's auditors is given on a consolidated basis in the group accounts of the parent company London and Stamford Property Limited.

Directors' emoluments are £nil (2009: £nil). The company has no employees (2009: none). The auditors' remuneration for the year was borne by the ultimate parent company.

3. Income from shares in group undertakings

	31 March 2010 £	31 March 2009 £
Net dividends received from subsidiary undertakings	14,147,410	-
	<u> </u>	<u> </u>
	14,147,410	-
	<u> </u>	<u> </u>

LONDON & STAMFORD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

4 Net financing income

	31 March 2010 £	31 March 2009 £
Bank and other interest receivable	2,236	34,350
	2,236	34,350

5 Taxation on loss on ordinary activities

	31 March 2010 £	31 March 2009 £
<i>UK corporation tax</i>		
Current tax on loss for the year	-	-

The tax assessed for the year is different to the standard rate of corporation tax in the UK The differences are explained below

	31 March 2010 £	31 March 2009 £
Loss on ordinary activities before tax	(7,853,955)	(20,141,624)
Loss on ordinary activities at the standard rate of Corporation tax in the UK of 28% (2009 28%)	(2,199,107)	(5,639,655)
Effect of		
Expenses not deductible for tax purposes	6,166,643	5,600,000
Tax free income	(3,961,275)	-
Accelerated capital allowances	(1,378)	(1,723)
Tax losses utilised/created	(4,883)	43,582
Other timing differences	-	(2,204)
	-	-

LONDON & STAMFORD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

6 Fixed asset investments

	Subsidiary undertakings £
At 1 April 2009	2,005
Capital contribution to subsidiaries	22,016,686
Impairment & investment in subsidiaries	(22,016,686)
	<hr/>
As at March 2010	2,005
	<hr/>

Subsidiary undertakings, joint ventures and other investments

The undertakings in which the company's interest at the year end is 20% or more, are as follows

	Country of incorporation or registration	Proportion of voting rights held (by way of share capital held)	Nature of business
<i>Subsidiary undertakings</i>			
LSI (Investments) Limited	England	100%	Property Investment
LSI Developments Limited	England	100%	Property Investment and Development
LSI Europe Limited	England	100%	Property Investment
LSI Belgium Limited	England	100%	Property Investment
Clearstage Limited	England	100%	Dormant
LSI Bruton Limited	England	100%	Dormant

All of the undertakings listed above operate in their country of incorporation All shares held are ordinary shares

7 Debtors

	31 March 2010 £	31 March 2009 £
Prepayments	2,083	-
Other debtors	-	21,830
Amounts owed by subsidiary undertakings	7,619,562	9,228,117
	<hr/>	<hr/>
	7,621,645	9,249,947
	<hr/>	<hr/>

All amounts under debtors fall due for payment in less than one year

LONDON & STAMFORD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

8 Creditors: Amounts falling due within one year

	31 March 2010 £	31 March 2009 £
Trade creditors	40,438	636,848
VAT payable	-	300
Accruals and deferred income	-	93,750
Amounts owed to subsidiary undertakings	6,469,597	-
	6,510,035	730,898

9 Creditors: Amounts falling due after one year

	31 March 2010 £	31 March 2009 £
Amounts owed to parent company	6,653,648	6,750,000
	6,653,648	6,750,000

Amounts owed to parent company are unsecured, interest free and repayable on demand. As the loan is for the purpose of long term financing, the Directors of the parent company do not intend to request repayment of the loan within one year and accordingly this loan has been classified as a non-current loan.

10 Share capital

(a) Share capital

	31 March 2010 Number	31 March 2010 £	31 March 2009 Number	31 March 2009 £
Authorised				
<i>Classified within share capital</i>				
Ordinary shares of £1 each	40,000,000	40,000,000	40,000,000	40,000,000
	31 March 2010 Number	31 March 2010 £	31 March 2009 Number	31 March 2009 £
Allotted, called up and fully paid				
<i>Classified within share capital</i>				
Ordinary shares of £1 each	32,799,750	32,799,750	32,799,750	32,799,750

LONDON & STAMFORD INVESTMENTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2010 *(Continued)*

11 Reserves

Company	Profit and loss account £
At 1 April 2009	(30,149,190)
Retained loss for the year	(7,853,955)
	<hr/>
At 31 March 2010	(38,003,145)
	<hr/>

12 Reconciliation of movements in shareholders' funds

	31 March 2010 £	31 March 2009 £
Loss for the year	(7,853,955)	(20,141,624)
	<hr/>	<hr/>
Net movement in shareholders' deficit	(7,853,955)	(20,141,624)
Opening shareholders' funds	2,650,560	22,792,184
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(5,203,395)	2,650,560
	<hr/>	<hr/>

13 Related party transactions and balances

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of any transactions with entities that are included in the consolidated financial statements of London & Stamford Property Limited

14 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled by the ultimate parent company, London and Stamford Property Limited, and the company is included in its consolidated financial statements

15 Parent company and controlling party information

At 31 March 2010 the company's immediate and ultimate parent company was London & Stamford Property Limited. The consolidated financial statements of this company are available from 2nd Floor, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3NQ