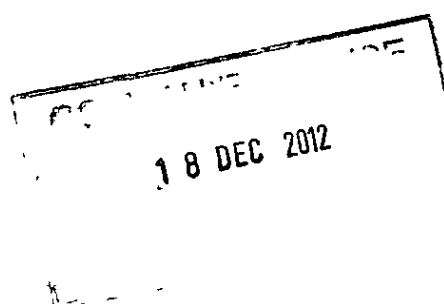


Lunar Sea Holdings (UK) Limited
Annual report for the year ended
30 June 2011



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Lunar Sea Holdings (UK) Limited

Annual report for the year ended 30 June 2011

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Directors and advisers

Directors

Michael Whelan (appointed 12 September 2012)

Alexander Brett (appointed 11 September 2012)

John Barrett (resigned 23 February 2012)

Registered office

Victoria House
Bloomsbury Square
London
WC1B 40A

Bankers

National Westminster Bank Plc
Bishopsgate
PO Box 34
15 Bishopsgate
London
EC2N 3NW

Ulster Bank Limited
Business and Corporate Banking
Ulster Bank Group Centre
George's Quay
Dublin 2

Solicitors

Eversheds LLP
Senator House
85 Queen Victoria Street
London
EC4V 4JL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report for the year ended 30 June 2011

The directors present their report and the audited financial statements of the group and parent company for the year ended 30 June 2011

Principal activity

The main activity of the group is the investment in and letting of property

Review of business

A loss of £4m was recorded for the year (2010 loss of £113m) This is stated after financing costs, taxation, exceptional items, share of loss of joint venture undertaking and after writing down all of the group's assets to their net realisable values

The impact of all of the above is that the net liabilities of the group are now £68m (2010 net liabilities of £64m)

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

Financial risk management

The directors acknowledge that the group is exposed to a variety of financial risks that include the effects of changes in debt, credit risk and interest rate risk The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the directors themselves

The group has implemented policies that require appropriate credit checks on potential tenants before leases are signed If judged appropriate rent deposits are requested or parent company guarantees are sought

Whilst the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of business, principally on assets and liabilities denominated in foreign currencies While the company has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review

The group has both interest bearing assets, including cash balances and balances due from related entities, and interest bearing liabilities, including bank loans and balances due to related entities

The directors anticipate that the performance of the group will be similar in future periods, excluding the effect of exceptional items

Results and dividends

The consolidated profit and loss account for the year is set out on page 7 No dividends were paid during the year (2010 £Nil)

Directors

The directors who served during the year, and up to the date of approval of the financial statements, are shown on page 1

Directors' report for the year ended 30 June 2011 (continued)

Political and charitable donations

The group made no political or charitable donations during the year (2010 £Nil)

Going concern

The group incurred a loss of £3,640,926 (2010 loss of £112,975,238) for the year ended 30 June 2011 and at that date has net current liabilities amounting to £37,006,922 (2010 £33,404,574)

It is the intention of the directors to wind down the group on an orderly basis in the foreseeable future, therefore the financial statements have not been prepared on a going concern basis. The accounts have thus been prepared on a break up basis. Accordingly provision has been made for all anticipated costs associated with the wind down and assets have been written down to their realisable value where this is less than cost.

Statement of 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 prepared the group and parent company 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 group and the company and of the profit or loss of the group 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,
- 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- 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.

Post balance sheet events

On 30 March 2012 the group disposed of its 100% interest in the Synergy Gracechurch Group for a consideration of £3,500,000, which is less than the carrying value of this sub group in these financial statements. Based on the net assets of this sub group as at 30 June 2011 a loss of approximately £28,905,000 was incurred. The majority of this loss relates to an interest rate swap liability, which has been provided in these financial statements as these financial statements are prepared on a break-up basis.

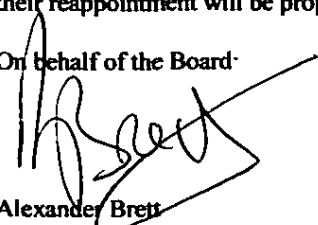
On 30 March 2012 the group entered into a settlement agreement with a loan provider which resulted in the loan of £5,518,803 being waived in exchange for an assignment of amounts owed by related parties. The amount owed by related parties was fully provided as at 30 June 2011 and accordingly this loan waiver will result in a credit to the profit and loss account in a future period.

Directors' report for the year ended 30 June 2011 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board:



Alexander Brett
Director

Date: 7 December 2012

Independent auditors' report to the members of Lunar Sea Holdings (UK) Limited

We have audited the group and parent company financial statements (the "financial statements") of Lunar Sea Holdings (UK) Limited for the year ended 30 June 2011 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated note of historical profits and losses, the consolidated and company balance sheets, the consolidated cash flow statement, 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 and express an opinion on 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 group's and parent 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2011 and of the group's loss and cash flows 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

Emphasis of matter - going concern status of the group

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the going concern basis of accounting. Following the year end the directors have decided that it is their intention to wind down the group on an orderly basis. Accordingly, the going concern basis of accounting is no longer appropriate. Thus, the financial statements are prepared on the break up basis in which fixed assets have been reclassified as current assets and recorded at their recoverable value, debtors are recorded at their recoverable value, creditors are recorded at their fair value, cash at bank is recorded at its actual value and provision has been made for liabilities arising from the decision.

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.

Independent auditors' report to the members of Lunar Sea Holdings (UK) Limited (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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Martin Pitt (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Belfast

Date 13 December 2012

Consolidated profit and loss account for the year ended 30 June 2011

	Notes	2011 £	2010 £
Turnover	2	10,362,462	18,237,648
Cost of sales		-	(50,998)
Gross profit		10,362,462	18,186,650
Net operating expenses	3	(209,066)	(66,488,180)
Operating profit/(loss) before exceptional item		9,759,396	(14,052,876)
Exceptional item - provision against loan to joint venture	12	394,000	(16,627,105)
Exceptional item - provision against amounts due from related parties		-	(31,537,745)
Exceptional item - provision against trading stocks		-	(10,221,557)
Exceptional item - amortisation of goodwill		-	(4,024,742)
Operating profit/(loss)	4	10,153,396	(48,301,530)
Share of operating loss of joint venture		(789,000)	(7,592,685)
Operating profit/(loss) including joint venture		9,364,396	(55,894,215)
Exceptional item – profit on disposal of tangible fixed assets	6	-	595,196
Exceptional item - provision against tangible fixed assets	11	-	(2,526,887)
Interest receivable and similar income	7	-	20,231
Interest payable and similar charges	8	(12,515,644)	(25,965,141)
Exceptional item - provision for future losses	8	-	(28,905,000)
Loss on ordinary activities before taxation		(3,151,248)	(112,675,816)
Tax on loss on ordinary activities	9	(489,678)	(299,422)
Loss for the financial year	19	(3,640,926)	(112,975,238)

All amounts above relate to discontinuing operations of the group

Consolidated statement of total recognised gains and losses for the year ended 30 June 2011

	2011 £	2010 £
Loss for the financial year	(3,640,926)	(112,975,238)
Unrealised surplus on revaluation of properties	-	18,600,000
Total losses recognised since last annual report	(3,640,926)	(94,375,238)

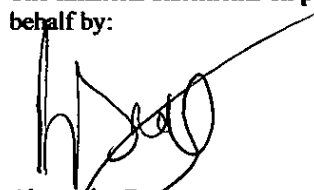
Consolidated note of historical profits and losses for the year ended 30 June 2011

	2011 £	2010 £
Reported loss on ordinary activities before taxation	(3,151,248)	(112,675,816)
Realisation of property revaluation gains of previous years	-	25,794,852
Historical cost loss on ordinary activities before taxation	(3,151,248)	(86,880,964)
Historical cost loss for the financial year retained after taxation	(3,640,926)	(87,180,386)

Consolidated balance sheet as at 30 June 2011

	Notes	2011 £	2010 £
Current assets			
Tangible assets	11	185,200,000	185,200,000
Investment in joint venture:	12		
- Share of gross assets		2,130,500	1,933,849
- Share of gross liabilities		(10,664,500)	(9,678,849)
Other investments	12	4,261,000	3,867,000
Stock	14	1,250,000	1,250,000
Debtors: amounts falling due within one year	15	2,882,516	1,073,967
Cash at bank and in hand		5,504,961	8,686,613
		190,564,477	192,332,580
Creditors: amounts falling due within one year	16	(227,571,399)	(225,737,154)
Net current liabilities		(37,006,922)	(33,404,574)
Provisions for liabilities	17	(31,033,544)	(30,994,966)
Net liabilities		(68,040,466)	(64,399,540)
Capital and reserves			
Called up share capital	18	1	1
Revaluation reserve	19	24,600,000	24,600,000
Profit and loss account	19	(92,640,467)	(88,999,541)
Shareholders' deficit	20	(68,040,466)	(64,399,540)

The financial statements on pages 7 to 24 were approved by the board of directors on 7 December 2012 and were signed on its behalf by:



Alexander Brett
Director

Registered number: 04956921

Company balance sheet as at 30 June 2011

	Notes	2011 £	2010 £
Current assets			
Investments	12	-	-
Debtors	15	3,307,000	3,307,000
Cash at bank and in hand		133,537	105,335
		3,440,537	3,412,335
Creditors: amounts falling due within one year	16	(116,225,826)	(112,514,419)
Net current liabilities		(112,785,289)	(109,102,084)
Net liabilities		(112,785,289)	(109,102,084)
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account	19	(112,785,290)	(109,102,085)
Shareholders' deficit		(112,785,289)	(109,102,084)

The financial statements on pages 7 to 24 were approved by the board of directors on 7 December 2012 and were signed on its behalf by:



Alexander Brett
Director

Consolidated cash flow statement for the year ended 30 June 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	8,264,905	14,917,556
Returns on investments and servicing of finance			
Interest received		-	20,231
Interest paid		(12,515,644)	(25,965,141)
		(12,515,644)	(25,944,910)
Taxation			
Corporation tax paid		-	-
		-	-
Capital expenditure and financial investment			
Proceeds on disposal of tangible fixed assets		-	170,595,196
		-	170,595,196
Net cash (outflow)/inflow before financing		(4,250,739)	159,567,842
Financing			
Net movement in related party and other loan balances		2,380,253	(16,465,549)
Repayment of bank loans		(1,311,166)	(138,182,555)
		1,069,087	(154,648,104)
(Decrease)/increase in cash in the year	2 – 3	(3,181,652)	4,919,738

Notes to the cash flow statement for the year ended 30 June 2011

1 Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2011 £	2010 £
Operating profit/(loss)	10,153,396	(48,301,530)
Foreign exchange	-	2,587,775
Amortisation of goodwill	-	148,257
Provision against loan to joint venture undertaking	(394,000)	16,627,105
Exceptional item - provision against amounts due from related parties	-	31,537,745
Exceptional item - provision against trading stocks	-	10,221,557
Exceptional item - amortisation of goodwill	-	4,024,742
Movement in stock	-	(100,302)
Movement in debtors	(1,808,549)	4,886,074
Movement in creditors	314,058	(6,713,867)
Net cash inflow from operating activities	8,264,905	14,917,556

2 Analysis of net debt

	1 July 2010 £	Cash flow £	Non-cash changes £	30 June 2011 £
Cash at bank and in hand	8,686,613	(3,181,652)	-	5,504,961
Net cash	8,686,613	(3,181,652)	-	5,504,961
Bank loans due within one year	(159,923,499)	1,311,166	-	(158,612,333)
Net related party and other loan balances due within one year	(51,076,375)	(2,380,253)	-	(53,456,628)
Net debt	(210,999,874)	(1,069,087)	-	(212,068,961)
Net debt	(202,313,261)	(4,250,739)	-	(206,564,000)

3 Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
(Decrease/ increase) in cash in the financial year	(3,181,652)	4,919,738
Cash outflows from decrease in debt	(1,069,087)	154,648,104
Change in net debt resulting from cash flows	(4,250,739)	159,567,842
Non-cash changes		
Foreign exchange (loss)/gain	-	(2,587,775)
Provision against loan to joint venture undertaking	-	(16,627,105)
Provision against amounts due from related parties	-	(31,537,745)
	-	(50,752,625)
Movement in net debt in the year	(4,250,739)	108,815,217
Net debt at beginning of the year	(202,313,261)	(311,128,478)
Net debt at end of the year	(206,564,000)	(202,313,261)

Notes to the financial statements for the year ended 30 June 2011

1 Accounting policies

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. However compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 2006 relating to depreciation and an explanation of the departure is given in the note relating to investment properties below. The principal accounting policies which have been applied consistently throughout the year are set out below.

Going concern

The group incurred a loss of £3,640,926 (2010: loss of £112,975,238) for the year ended 30 June 2011 and at that date has net current liabilities amounting to £37,006,922 (2010: £33,404,574).

It is the intention of the directors to wind down the group on an orderly basis in the foreseeable future, therefore the financial statements have not been prepared on a going concern basis. The accounts have thus been prepared on a break up basis. Accordingly provision has been made for all anticipated costs associated with the wind down and assets have been written down to their realisable value where this is less than cost.

Basis of consolidation

The consolidated financial statements include the financial statements of Lunar Sea Holdings (UK) Limited and all its subsidiary undertakings drawn up to 30 June 2011. Where subsidiary undertakings are acquired or disposed of during the year, the consolidated profit and loss account includes the results from or to the effective date of acquisition or disposal. All intra-group balances and transactions are eliminated on consolidation.

The group's share of results of joint ventures is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet using the gross equity accounting method.

Goodwill

Purchased goodwill arising on acquisitions is eliminated by amortisation through the profit and loss account over its useful economic life, not exceeding a period of twenty years. The useful economic lives of components of the asset shown in Note 13 have been estimated by the directors at between 15 and 20 years.

Investment properties

Investment properties are stated at open market value. In accordance with SSAP 19 investment properties are not depreciated. This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets, however, these properties are not held for consumption, but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

Investments

Fixed asset investments are stated at their purchase cost less any provision for impairment. Investment income is included in the profit and loss account on an accruals basis.

Notes to the financial statements for the year ended 30 June 2011

1 Accounting policies (continued)

Turnover

Turnover represents the invoiced value of rental income during the year excluding value added tax. Turnover is recognised when, and to the extent that, the group obtains the right to consideration in exchange for its performance. Turnover is recognized on a straight line basis over the period of the rental agreement.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Development projects

Development projects are stated at the lower of cost and net realisable value.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the date of the transaction. The resulting gain or loss is dealt with in the profit and loss account.

Borrowings

Borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs, together with finance costs, are charged to the profit and loss account over the term of the borrowings and represent a constant proportion of the balance of capital repayments outstanding.

2 Turnover

Turnover relates to the group's main activity which is carried out in the United Kingdom.

Notes to the financial statements for the year ended 30 June 2011

3 Net operating expenses

	2011	2010
	£	£
Administrative expenses	(603,066)	(1,340,999)
Foreign exchange (loss)/gain	-	(2,587,775)
Amortisation of goodwill	-	(148,257)
Exceptional item - provision against loan to joint venture undertaking	394,000	(16,627,105)
Exceptional item - provision against amounts due from related parties	-	(31,537,745)
Exceptional item - provision against trading stocks	-	(10,221,557)
Exceptional item - amortisation of goodwill	-	(4,024,742)
	(209,066)	(66,488,180)

4 Operating profit/(loss)

	2011	2010
	£	£
Operating profit/(loss) is stated after charging/(crediting):		
Foreign exchange loss	-	2,587,775
Amortisation of goodwill	-	148,257
Auditors' remuneration		
- Fees payable to the company's auditor for the statutory audit of the company's annual financial statements	2,000	2,000
- Fees payable to the company's auditor and its associates for the statutory audits of the company's associates	41,000	41,000

5 Employee information

The parent company and group have no employees aside from directors (2010 Nil) None of the directors received any remuneration in respect of their services to the parent company and group (2010 £Nil)

6 Exceptional items

	2011	2010
	£	£
Profit on disposal of tangible fixed assets	-	595,196
Provision against tangible fixed assets	-	(2,526,887)
Provision for future losses	-	(28,905,000)
	-	(30,836,691)

The tax charge arising on the profit on disposal of tangible fixed assets is £nil (2010 £166,655) The tax charge arising on other exceptional items is £nil (2010 £nil)

Notes to the financial statements for the year ended 30 June 2011

7 Interest receivable and similar income

	2011	2010
	£	£
Interest receivable on bank deposits	-	20,231

8 Interest payable and similar charges

	2011	2010
	£	£
Interest payable on bank loans, overdrafts and related party undertakings	12,515,644	25,963,449
Other interest payable	-	1,692
Exceptional item – Provision against future losses	-	28,905,000
	12,515,644	54,870,141

The provision for future losses relates to an interest rate swap liability that crystallised on the sale of Synergy Gracechurch Group in 2012

9 Tax on loss on ordinary activities

	2011	2010
	£	£
Current tax:		
UK corporation tax on profits for the year	451,000	1,500,000
Deferred tax:		
Origination and reversal of timing differences including losses	38,678	(1,200,578)
Tax on loss on ordinary activities	489,678	299,422

The current tax assessed for the year differs from the standard rate of Corporation Tax in the UK of 26% (2010 28%) The differences are explained overleaf

Notes to the financial statements for the year ended 30 June 2011

9 Tax on loss on ordinary activities (continued)

	2011 £	2010 £
Loss on ordinary activities before tax	(3,151,248)	(112,675,816)
Loss on ordinary activities multiplied by standard rate in the UK of 26% (2010 28%)	(821,144)	(31,549,228)
Effects of		
Expenses not deductible for tax purposes	1,310,822	31,848,650
Origination and reversal of timing differences including losses	(38,678)	1,200,578
Current tax charge for the year	451,000	1,500,000

The group has tax losses of approximately £1,828,578 (2010 £1,828,578) available for carry forward and offset against future taxable profits arising from the same trade. It also has available £56,718 (2010 £56,718) of capital allowances. In total the group has a potential deferred tax asset of £527,883 (2010 £527,883), which has not been recognised in these financial statements as their future recovery is uncertain. This potential deferred tax asset will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such provision is only permitted by FRS 19 where the group has entered into a binding commitment to sell the property at the year end with any taxable gain not likely to be eligible for rollover relief. The total amount un-provided for is £10,125,346 (2010 £10,125,346).

10 Loss for the financial year

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The amount of the consolidated profit attributable to shareholders dealt with in the financial statements of the holding company was a loss of £3,683,205 (2010 £106,143,646).

Notes to the financial statements for the year ended 30 June 2011

11 Tangible assets

Group	Investment properties £
Valuation	
At 1 July 2010 and 30 June 2011	187,726,887
Provision for impairment	
At 1 July 2010 and 30 June 2011	2,526,887
Net book amount	
At 30 June 2011	185,200,000
At 30 June 2010	185,200,000
Cost or valuation at 30 June 2011 is represented by:	
At cost	-
At valuation	185,200,000
	185,200,000

The investment properties were valued by the directors on an open market value basis as of 30 June 2011. On an historical cost basis these would have been included at an original cost of £152,437,098 (2010: £152,437,098).

The group's tangible assets have been reclassified as current assets as the financial statements have been prepared on a break-up basis.

12 Investments

Company	Subsidiary undertakings £
Cost	
At 1 July 2010 and 30 June 2011	36,659,685
Provision for impairment	
At 1 July 2010 and 30 June 2011	36,659,865
Net book amount	
At 30 June 2011	-
At 30 June 2010	-

The company's investments have been reclassified as current assets as at 30 June 2011 as the financial statements have been prepared on a break-up basis.

Notes to the financial statements for the year ended 30 June 2011

12 Investments (continued)

The company's subsidiary undertakings are as follows

Name of undertaking	Country of incorporation	Description of shares held	Principal activity	Proportion of nominal value of issued shares held by	
				Group (%)	Company (%)
Lunar Sea Developments (UK) Limited	England & Wales	Ordinary Shares	Property investment	-	100
Lunar Sea Limited	England & Wales	Ordinary Shares	Property investment	-	100
Highbridge No 1 Limited	England & Wales	Ordinary Shares	Property investment	100	-
Lunar Sea Properties Limited	England & Wales	Ordinary Shares	Property investment	-	100
Victoria House	England & Wales	Ordinary Shares	Property investment	100	-
Denham Park Limited	England & Wales	Ordinary Shares	Finance vehicle	-	100
Denham Park Developments Limited	England & Wales	Ordinary Shares	Non-trading	100	-
Denham Park (Uxbridge) Limited	England & Wales	Ordinary Shares	Property investment	100	-
Parkview No 1 Limited	England & Wales	Ordinary Shares	Property investment	100	-
Parkview No 2 Limited	England & Wales	Ordinary Shares	Dormant	100	-
Highbridge No 2 Limited	England & Wales	Ordinary Shares	Property investment	100	-
Denbridge No 3 Limited	England & Wales	Ordinary Shares	Property investment	100	-
Denbridge No 4 Limited	England & Wales	Ordinary Shares	Property investment	100	-
Denbridge No 2 Limited	England & Wales	Ordinary Shares	Holding company	-	100
Synergy Gracechurch Holdings Limited	Jersey	Ordinary Shares	Holding company	100	-
Synergy Gracechurch Limited	England & Wales	Ordinary Shares	Property investment	100	-
Gracechurch Properties Limited	Jersey	Ordinary Shares	Dormant	100	-
7T Developments Limited	England & Wales	Ordinary Shares	Dormant	100	-

Subsequent to 30 June 2011 the following entities have been dissolved

- I Lunar Sea Developments (UK) Limited
- II Highbridge No 1 Limited
- III Lunar Sea Properties Limited
- IV Denham Park (Uxbridge) Limited
- V Parkview No 1 Limited
- VI Parkview No 2 Limited
- VII Denbridge No 3 Limited
- VIII Denbridge No 4 Limited

Notes to the financial statements for the year ended 30 June 2011

12 Investments (continued)

Group	Investment in joint venture £	Loans to joint venture £	Total £
Cost			
At 1 July 2010	(7,745,000)	3,867,000	(3,878,000)
Share of results for the year	(789,000)	-	(789,000)
Provision against loan	-	394,000	394,000
At 30 June 2011	(8,534,000)	4,261,000	(4,273,000)

The group holds 50% of the ordinary share capital of Rivendell Contractors Limited, a property investment company incorporated in Northern Ireland

Analysis of share of joint venture assets and liabilities (in aggregate):

	2011 £	2010 £
Turnover	-	-
Loss before taxation	(789,000)	(7,592,685)
Taxation	-	-
Loss after taxation	(789,000)	(7,592,685)
Current assets	2,130,000	1,933,849
Liabilities due within one year	(10,664,000)	(9,678,849)

13 Intangible assets

Group	Goodwill £
Cost	
At 1 July 2010 and 30 June 2011	4,896,111
Accumulated amortisation and impairment	
At 1 July 2010 and 30 June 2011	4,896,111
Net book amount	
At 30 June 2011	-
At 30 June 2010	-

14 Stocks

	2011 £	2010 £
Development projects	1,250,000	1,250,000

Notes to the financial statements for the year ended 30 June 2011

15 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	2,789,356	980,807	-	-
Amounts owed by group undertakings	-	-	3,307,000	3,307,000
Amounts owed by related party undertakings and parent undertakings	92,785	92,785	-	-
Other debtors	-	-	-	-
Prepayments and accrued income	375	375	-	-
	2,882,516	1,073,967	3,307,000	3,307,000

Other debtors include £nil (2010 £Nil) falling due after one year. Amounts owed by related parties and parent undertakings include £nil (2010 £nil) falling due after more than one year.

16 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans and overdraft (Note 17)	158,612,333	159,923,499	2,944,500	2,944,500
Other loans	5,518,803	5,518,803	-	-
Trade creditors	402,502	147,057	-	-
Corporation tax	5,451,000	5,000,000	-	-
Amount owed to group undertakings	-	-	-	74,025,348
Amounts owed to related parties and parent undertakings	51,897,610	49,517,357	112,484,248	34,747,493
Other taxation and social security	120,847	52,856	-	-
Other creditors	1,207,231	1,207,232	770,000	770,000
Accruals and deferred income	4,361,073	4,370,350	27,078	27,078
	227,571,399	225,737,154	116,225,826	112,514,419

Other creditors include £1,000,000 (2010 £1,000,000) of deferred consideration payable in relation to the acquisition of the 30% minority interest holding in a subsidiary undertaking, Denham Park Limited in 2009.

The maturity analysis is presented before the deduction of unamortised issue costs of £368,096 (2010 £368,096).

Security

A bank has a first legal charge over the entire stock and a fixed and floating charge over one of the companies in respect of a loan for £10.4m included within amounts payable within one year, which is supported by a guarantee and indemnity for interest and all capital by Moritz Holdings Limited.

Each of the investment properties are provided as security to a bank who also have security in the form of a debenture over the fixed and floating assets of the borrower and the company. Each lender has also secured a charge over the shares of the company which own the investment property on which they are also secured.

Notes to the financial statements for the year ended 30 June 2011

17 Provisions for liabilities

Group	Deferred taxation £	Provision for future losses £	Total £
At 1 July 2010	2,089,966	28,905,000	30,994,966
Charged to the profit and loss account	38,678	(100)	38,578
At 30 June 2011	2,128,644	28,904,900	31,033,544

An analysis of the deferred taxation provision is as follows

Group	2011 £	2010 £
Tax allowances in advance of depreciation	2,128,644	2,089,966

The quantum of deferred tax not recognised in these financial statements is disclosed in Note 9. The provision for future losses principally relates to an interest rate swap liability that crystallised on the sale of the Synergy Gracechurch group in 2012.

Notes to the financial statements for the year ended 30 June 2011

18 Called up share capital

	2011	2010
	£	£
Allotted and fully paid		
Ordinary shares of £1 each	1	1

19 Reserves

	Revaluation reserve Group £	Profit and loss account Group £	Company £
At 1 July 2010	24,600,000	(88,999,541)	(109,102,085)
Loss for the financial year		(3,640,926)	(3,683,205)
At 30 June 2011	24,600,000	(92,640,467)	(112,785,290)

20 Reconciliation of movements in shareholders' deficit

	2011	2010
	£	£
Loss for the financial year	(3,640,926)	(112,975,238)
Unrealised surplus on the revaluation of investment properties	-	18,600,000
Net reduction in shareholders funds	(3,640,926)	(94,375,238)
Opening shareholders' (deficit)/funds	(64,399,540)	29,975,698
Closing shareholders' (deficit)	(68,040,466)	(64,399,540)

21 Related party disclosures

The group has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions" not to disclose transactions with related party undertakings which have 100% of their voting rights controlled within the group

Transactions with other related party undertakings are as follows

(i) Management fees of £ (2010 £Nil) were paid by Denham Park Limited to Osvey Limited, a company owned by one of the directors

(ii) Michael Whelan, the controlling party of Moritz Property Investment Company was advanced £(2010 £Nil) by Denham Park Limited during the year Interest does not accrue on this loan

(iii) Consulting fees of £ (2010 £Nil) were paid by Denham Park Limited to Allard Ryan Consulting Limited, a company owned by Mr Tyrone Allard and Mr Damien Ryan, who were employed as directors of Denham Park Limited for part of the previous financial year

(iv) During the year Victoria House paid £(2010 £100,000) for the provision of consultancy services to Mr Damien Ryan, the company secretary of Victoria House

(v) During the year Lunar Sea Holdings (UK) Limited paid £ (2010 £Nil) for the provision of consultancy services to Mr Tyrone Allard, a director for part of the previous year

Notes to the financial statements for the year ended 30 June 2011

21 Related party disclosures (continued)

(vi) Highbridge No 2 Limited paid £nil (2010 £30,000) to Saintbury House for the provision of consulting services Saintbury House is owned by Mr Damien Ryan, a director of the company

(vii) Transactions with related undertakings by virtue of common influence

Name of related company	Nature of transaction	Amount of transaction		Amount owed (to)/from related party undertaking(*)	
		2011 £	2010 £	2011 £	2010 £
Lazybush Developments AG	Loan, interest & retranslation	-	24,779	157,482	157,482
Tymel Limited	Loan, interest & retranslation	-	(1,057)	20,246	20,246
Lazybush CDG SRL	Loan, interest & retranslation	-	(298)	5,716	5,716
Lazybush Construction SRL	Loan, interest & retranslation	-	(298)	5,716	5,716
Egeea Expert SRL	Loan, interest & retranslation	-	150,251	(146,215)	(146,215)
Danubius Expert SRL	Loan, interest & retranslation	-	(383,644)	7,348,214	7,348,214
Lazybush Tancabesti SRL	Loan, interest & retranslation	-	(1,257,557)	24,086,918	24,086,918
Rivendell Contractors Limited	Loan, interest & retranslation	-	(56,744)	45,437,361	45,437,361
Lazybush Developments Limited	Loan, interest & retranslation	-	-	71,080	71,080
Barrett Sweden	Loan, interest & retranslation	-	(1,079)	20,667	20,667
Melrone AB	Loan, interest & retranslation	-	(1,035)	19,820	19,820
Silkmore AB	Loan, interest & retranslation	-	(771)	14,762	14,762
Saintbury AB	Loan, interest & retranslation	-	(440)	8,436	8,436

(*) Provisions against the amounts owed by related parties total £76,957,418 as at 30 June 2011 (2010 Provision of £76,957,598)

(viii) The following transactions with group undertakings which reside above Lunar Sea Holdings (UK) Limited in the group organisational structure are disclosed below Disclosure is required on the basis that Lunar Sea Holdings (UK) Limited is the highest company in the group that prepares consolidated financial statements which are publicly available

Name of related company	Nature of transaction	Amount of transaction		Amount owed (to)/from related party undertaking	
		2011 £	2010 £	2011 £	2010 £
Parent undertaking	Loan and interest	(2,380,253)	(1,177,476)	(51,897,610)	(49,517,357)

22 Ultimate controlling party

The ultimate controlling party is Moritz Property Investment Company, an unlimited company incorporated and registered in the Republic of Ireland Moritz Property Investment Company was under the control of Mr Michael Whelan throughout the year

Notes to the financial statements for the year ended 30 June 2011

23 Post balance sheet events

On 30 March 2012 the group disposed of its 100% interest in the Synergy Gracechurch Group for a consideration of £3,500,000, which is less than the carrying value of the net assets of this sub group in these financial statements. Based on the net assets of this sub group as at 30 June 2010 a loss of approximately £28,905,000 was incurred. The majority of this loss relates to an interest rate swap fair value liability that existed in that sub group. As these financial statements have been prepared on a break-up basis this loss of £28,905,000 has been recognised as a provision.

On 30 March 2012 the group entered into a settlement agreement with a loan provider which resulted in the loan of £5,518,803, currently reflected as creditors falling due within one year, being waived in exchange for an assignment of amounts owed by related parties. The amount owed by related parties was fully provided as at 30 June 2010 and accordingly this loan waiver will result in a credit to the profit and loss account in a future period.