

CORNLODGE PROPERTIES LIMITED

ANNUAL REPORT

Year ended 31 December 2007

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COMPANY INFORMATION

Directors	Marc Gilbard Graham Stanley Graham Sidwell
Company Secretary	Timothy Sanderson
Registered office	Nightingale House 65 Curzon Street London W1J 8PE
Registered number	2109028
Auditors	Grant Thornton UK LLP Chartered Accountants Grant Thornton House Melton Street London, NW1 2EP

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2007

Principal activities

The principal activities of the Company are property development and trading

Results

The results for the year ended 31 December 2007 are set out in the Profit & Loss Account on page 5

Directors

The present directors of the Company are set out on page 1. The directors served throughout the year

Directors' interests

None of the directors had an interest in the shares of the Company. The directors' interests in the shares of the ultimate parent company are shown in the financial statements of that company.

Ultimate parent undertaking

The ultimate parent undertaking is Stessa Holdings Limited which is incorporated in England and Wales.

Statement of directors' responsibilities for the Annual Report

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

REPORT OF THE DIRECTORS (continued)

Disclosure of Information to Auditors

In so far as the directors are aware

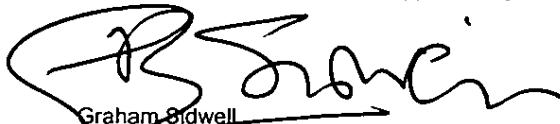
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 31 July 2007, creating a casual vacancy which the directors have filled by appointing Grant Thornton. Grant Thornton is willing to continue in office.

Approval

The report of the directors was approved by the Board on 22 July 2008 and signed on its behalf by



Graham Bidwell
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CORNLODGE PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 9. 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 Directors' Report and financial statements in accordance with United Kingdom law and 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 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 judgements 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.

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 affairs of the company as at 31 December 2007 and of its loss 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.



Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
London
22 July 2008

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover		-	-
Cost of sales		-	(1)
		<hr/>	<hr/>
Gross profit		-	(1)
Administrative expenses		(112)	-
		<hr/>	<hr/>
Operating profit		(112)	(1)
Interest receivable	2	52	44
		<hr/>	<hr/>
(Loss)/Profit on ordinary activities before taxation		(60)	43
Taxation	3	-	-
		<hr/>	<hr/>
Retained (loss)/profit for the year	7	(60)	43
		<hr/>	<hr/>

All activities are continuing activities

There were no recognised gains or losses other than those shown above

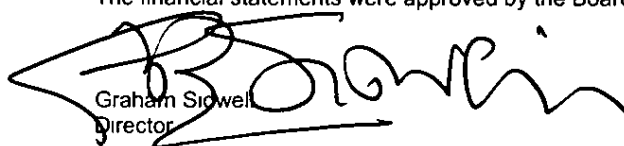
The notes on pages 7 to 9 form part of these financial statements

BALANCE SHEET

at 31 December 2007

	Note	2007 £'000	2006 £'000
Current assets			
Debtors	4	345	330
		<hr/>	<hr/>
		345	330
Creditors Amounts falling due within on year	5	(75)	-
		<hr/>	<hr/>
Net assets		270	330
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	1,500	1,500
Profit and loss account	7	(1,230)	(1,170)
		<hr/>	<hr/>
Equity shareholders' funds	8	270	330
		<hr/>	<hr/>

The financial statements were approved by the Board on 22 July 2008 and signed on its behalf by


 Graham Sigwell
 Director

The notes of pages 7 to 9 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1. ACCOUNTING POLICIES**Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Cash flow statement

The Company is exempt from publishing a cash flow statement because it is ultimately a wholly owned subsidiary of Stessa Holdings Limited which publishes a consolidated cash flow statement

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences in the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

2. INTEREST RECEIVABLE

	2007 £'000	2006 £'000
Amounts receivable from group companies	52	44

3. TAXATION

	2007 £'000	2006 £'000
United Kingdom Corporation Tax		
Current tax on income for the year	-	-
Deferred taxation	-	-
Total taxation	-	-
Current tax reconciliation		
	2007 £'000	2006 £'000
(Loss) / profit on ordinary activities before taxation	(60)	44
Theoretical tax at UK corporation tax rate 30% (2005 30%)	(18)	13
- effects of group relief	18	(13)
Actual current taxation charge	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

4. DEBTORS

	2007 £'000	2006 £'000
Amounts owed by group undertakings	345	330

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Accruals and deferred income	75	-

6. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised, issued and fully paid Ordinary shares of £1 each	1,500,100	1,500,100

7. PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 2007	(1,170)
Loss for the year	(60)
At 31 December 2007	(1,230)

8. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Total recognised (losses)/gains for the year	(60)	43
Opening shareholders' funds	330	287
Closing shareholders' funds	270	330

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

9. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Stessa Holdings Limited, which is registered in England and Wales. Group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Mandy, Cardiff, CF14, 3UZ.

10. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose inter-company related party transactions on the grounds that it is a wholly owned subsidiary of a parent undertaking which prepares and publishes consolidated financial statements. There are no other related party transactions.