C.A. SPERATI (THE SPECIAL AGENCY) P L.C.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2011

Company No. 00092343 (England and Wales)

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

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C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

COMPANY INFORMATION

Directors	Desmond Bloom Oliver Fattal Kevin Jackson Richard Woodbridge Valerie Beeny	Executive Chairman
Secretary	Valerie Beeny	
Company Number	00092343 (England and Wales)	
Registered Office	54 Westcombe Hill Greenwich London SE10 0LR	
Auditors	Baker Tilly UK Audit LLP Statutory Auditor Chartered Accountants 25 Farringdon Street London EC4A 4AB	

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2011

The Dırectors' submıt theır report and the financıal statements of C A Sperati (The Specıal Agency) P L C for the year ended 31 October 2011

PRINCIPAL ACTIVITIES

The prıncıpal actıvıty of the company durıng the year was to trade as Button and Trımmıng Merchants

REVIEW OF THE BUSINESS AND ANALYSIS USING KEY PERFORMANCE INDICATORS

The Company has had a further dısappoıntıng year wıth turnover fallıng from £360,032 ın the prevıous year to £260,101 thıs year

The full years' pre tax loss was £367,137 and after tax was £366,743 At the half year ın Aprıl 2011 we reported a loss of £84,968 after tax and £84,968 before tax Tradıng condıtıons remaın extremely challengıng but new management ıs now takıng firm actıon to ımprove the performance of the company

Wıthın these results the dırectors took a decısıon to wrıte down the stock valuatıon by £144,721 at the end of the year after a thorough appraısal of the resale value of the stock followıng a change ın the customer base durıng the year and a revıew of the dırectıon of the busıness as set out below ın future developments

The cash posıtıon at the end of the year fell to £204,237 however the cash flow reductıon ıs beıng addressed by the dırectors and ıncreased sales focus on new clıent wıns ın 2011 and 2012 ıs already startıng to slow down the reductıon ın cash The orderbook ıs strengthenıng and the short term outlook ıs very encouragıng

POLICY ON PAYMENT OF SUPPLIERS

The Company does not have a fixed polıcy on payıng credıtors and wıll be dealt wıth as approprıate on a case by case basıs

The Company's polıcy ıs to agree terms of payment wıth supplıers and abıde by those terms subject to tımely submıssıon of acceptable ınvoıces Where prompt payment settlement dıscount ıs avaılable ıt ıs the Company's polıcy to settle accounts whenever possıble wıthın the dıscount perıod

At the year end, the amounts owıng to trade credıtors represented an average of 64 days supplıes (2010 43 days) Although thıs has ıncreased, the company has not exceeded any credıt terms offered by supplıers

RISK MANAGEMENT

Apart from purchasıng Standard Lıfe shares at flotatıon, at a beneficıal rate, ıt ıs, and has been throughout the perıod under revıew, the Company's polıcy not to trade ın financıal ınstruments

The Company's polıcy ıs to maxımıse the after tax return on cash deposıts, to take all dıscounts avaılable from the settlement of financıal lıabılıtıes and to offer settlement dıscounts that result ın the early payment of financıal assets, thus mınımısıng credıt rısk. The Company has lıttle exposure to cash flow, lıquıdıty and prıce rısk.

The Company's prıncıpal rısk ıs ıts' exposure to credıt rısk through ıts trade debtors and bank deposıts It ıs also exposed to foreıgn currency rısk as the majorıty of trade credıtors are denomınated ın US Dollars or Euros See note 20 for detaıls of how thıs rısk ıs managed

RESULTS AND DIVIDENDS

The tradıng loss for the year after taxatıon was £366,743 (2010 £97,892)

No dıvıdend ıs proposed for the year ended 31 October 2011

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

DIRECTORS

The followıng dırectors have held office sınce 1 November 2010

D L Bloom	Executıve Chaırman	(Appoınted 23 03 2011)
J B A Alexander	Non-Executıve Chaırman	(Resıgned 23 03 2011)
B Bloom	Executıve	(Appoınted 23 03 2011/Resıgned 25 01 2012)
O Fattal	Executıve	(Appoınted 23 03 2011)
A J Lılley	Managıng Dırector	(Dısmıssed 23 11 2011)
V Beeny	Executıve	
K Jackson	Executıve	(Appoınted 16 11 2011)
R Woodbrıdge	Fınance Dırector	(Appoınted 25 01 2012)

In accordance wıth the company's Artıcles of Assocıatıon, O Fattal retıres by rotatıon and, beıng elıgıble, offers hımself for re-electıon

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

Dırectors' ınterests ın the shares of the company, ıncludıng famıly ınterests, were as follows

	At 31 October 2011 Ordınary Shares of 50p each	At 1 November 2010 Ordınary Shares of 50p each
D L Bloom	2,000	-
B Bloom	7,200	-
Mrs B Bloom	6,700	-
O Fattal	14,000	-
A Lılley	180	160
V Beeny	180	160

No Dırector has any non benefıcıal ınterest ın the shares of the company

No sıgnıficant contracts exısted durıng or at the end of the financıal year ın whıch any of the Dırectors were, or are, materıally ınterested Also, there have been no changes ın dırectors' ınterests sınce the year end

SUBSTANIAL SHAREHOLDINGS

Accordıng to notıficatıons receıved, the followıng persons held 3% or more of the company's Issued Share Capıtal on 1 February 2012

	Number of Ordınary Shares of 50p each	Percentage of Issued Share Capıtal
J B Alexander	16,484	16 48%
Mrs A Nash	16,484	16 48%
Barnard Nomınees Lımıted	14,384	14 38%
O Fattal	14,000	14 00%
B Bloom	7,200	7 20%
Mrs B Bloom	6,700	6 70%
Gıft Fund Securıtıes	6,922	6 92%

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2011

ENVIRONMENTAL MATTERS

Whilst the Company has little impact on the environment, it realises that caring for the environment is now almost a prerequisite for business and endeavours to continue being aware of its station, particularly on any local issues

The Company aims to conserve resources by reducing waste and recycling materials wherever possible, appropriate and financially practical and to comply with environmental legislation and continue with the effective use of electricity, oil and water, currently undertaken on a daily basis

The Environmental Committee consists of two people They continue to monitor and review the company's current circumstances, keeping the company up to date with any new regulations, legislation, and other codes of practice within our trade

EMPLOYEES SOCIAL AND COMMUNITY ISSUES

These two reviews are not shown in this report

CORPORATE GOVERNANCE

The Company has not fully complied with corporate governance guidelines It continues to ensure that it conducts it activities to the highest standards of honesty, integrity and openness Copies of the UK Corporate Governance Code, to which the company is subject, are available from www frc org uk

THE BOARD OF DIRECTORS

The Board comprises 5 Executive Directors who meet on a regular basis It has reserved for its consideration and approval the Company's strategy, major items of capital expenditure and material contracts In view of the Company's size and the close involvement of the Executive Directors, informal discussions and consultation provides effective control over the day to day running of the Company

In the furtherance of their duties and responsibilities, the Directors take as deemed necessary independent legal, accounting and other professional advice at the Company's expense

DIRECTORS BIOGRAPHIES

D L Bloom
Mr Bloom is aged 65 He was appointed as chairman and managing director of Dwyer Plc, a commercial property investment company listed on the London and Dublin stock exchanges in 1985 At that time the company had assets of approximately £120,000 During the period of his chairmanship until 1992 the assets of the Company rose to approximately £100m and the share price rose from 6p to 405p

In 1992 Desmond Bloom was appointed as chairman and managing director of Premier Land Plc, a commercial property investment company listed on the London Stock Exchange The Company then had assets of approximately £500,000 During his tenure as chairman until 1997 the assets of the company increased to approximately £117m and the share price rose from 5p to 95p (adjusted for consolidation)

In 1996 Desmond Bloom was involved in the establishment of a Zurich-based property investment fund, Belinvest Realty Fund Limited ("Belinvest"), which raised approximately US$200 million and was listed on the Dublin Stock Exchange Belinvest invested in the shares of quoted property companies on a worldwide basis Desmond Bloom served as both a director and a property adviser to Belinvest In 1999 Belinvest was wound up and funds (including a surplus on their initial investment) were returned to investors

In 1998 Desmond Bloom joined Manx & Overseas Plc, a commercial property investment Company quoted on AIM, as chairman and managing director Desmond Bloom was a non-executive director of Eurocity Properties between 2000 and 2002 and managing director of Hemisphere Properties, which he incorporated in 2001 and which became an AIM quoted Company in 2003 He resigned in June 2005

In 2006 he incorporated Equable Properties Plc which was subsequently dissolved He has more recently been engaged on a range of activities conducted through private companies

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2011

V Beeny
Miss Beeny is aged 58 She has worked for C A Sperati (T S A) P L C since joining the Company in 1969 She became Company Secretary in 2002 and joined the Board of Directors in September 2005

R Woodbridge
Mr Woodbridge BA Hons (Accountancy and Finance), CIMA is aged 39 Following periods with Lloyds TSB and BT, Mr Woodbridge has over recent years provided finance directorate services to a range of small companies

O Fattal
Mr Fattal is aged 29 After leaving school around 2001 Mr Oliver Fattal worked in the personal training business based at the famous Chelsea Harbour club in London

Oliver Fattal's family has been successfully involved in the property industry for many years, and with family support he decided to become involved in the property industry After a learning period working for commercial property agency Tuckerman in Victoria, followed by a period with Rickman Property agents in Kensington, he started to acquire commercial and residential properties and has built up a private portfolio

Mr K D G Jackson
Mr Jackson B Sc (Hons) Civil Engineering Mr Jackson is aged 55 He is an experienced property professional with significant commercial knowledge in acquisition, development, management and funding and has extensive knowledge of hotel, residential and commercial development having completed over 250 projects

Kevin Jackson is a partner and owner of Chesterford Properties Limited (Chesterford LLP and Cuthbert LLP) which is a development/investment company Chesterford have completed some £100m of hotel projects for Travelodge, Whitbread and Accor He previously worked as Property Director for Travelodge (Main Board Director) where he was part of the successful Permira acquisition team that acquired Travelodge and Little Chef in a £750m buy out from Compass Plc

Mr Jackson has also served prior as Property Director for Compass Plc managing a portfolio of some 800 properties, and previously Property Development Manager for Granada Plc

REPORTING AND CONTROLS

The Board is fully aware of its duty to present a balanced and understandable assessment of the Company's position

Detailed reviews of Cash Balances, Debtor Balances and Liabilities are regularly carried out which provides for an effective system of internal control and ensures that a going concern state of affairs will prevail

The Board has discussions with the Auditors during the year which has been seen in the past as obviating the need for an Audit Committee to be specifically appointed, however in the light of the UK Corporate Governance Code this matter is kept under review This leads to non-compliance with the Disclosure and Transparency Rules section 7 1 and the UK Corporate Governance Code sections C3 1-3 6, as there is no audit committee

The Board's specific responsibilities for reporting to Shareholders and the Assets of the Company are set out on Page 11

The financial reporting process is outsourced

There is currently no internal audit function as this is not deemed necessary due to the size and nature of organisation

The directors have reviewed the companies system of internal controls and consider them to be adequate for the size and complexity of the business

COMPANY RULES FOR APPOINTMENT AND REPLACEMENT OF DIRECTORS

The appointment and removal of directors is governed by the company's Memorandum and Articles of Association
It is intended to update the Memorandum and Articles during 2012

DIRECTORS POWERS AT YEAR END TO ISSUE OR BUY BACK SHARES

There are currently no powers given to the directors to issue or buy back shares, other than general powers conferred through the Companies Act

BOARD MEETINGS AND ATTENDANCE

The directors' met regularly during the financial year 2010/2011

Director	Board Meetings
D L Bloom	6
B Bloom	3
O Fattal	4
J Alexander	2
A J Lilley	14
V Beeny	14

A J Lilley and V Beeny had 10 further meetings, of which records have been kept

SHARE CAPITAL

The Company only has one class of share, as disclosed in note 15 to the accounts There are no securities carrying special rights or any voting right restrictions on any shares in the company

STATEMENT OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Company has not been fully compliant during the year The directors acknowledge this and keep the matter under consideration Although there are a number of areas where the company does not comply with the guidelines set out in corporate governance code, the directors are satisfied that the levels of control and mandate management are to high standards and commensurate with the size of the company

The main areas of non compliance are as follows -

- Code Provision A 1 3 – The company does not have appropriate insurance cover in respect of legal action against its directors
- Code Provision A 3 1 – the chairman was not independent on appointment
- Code Provisions A 4 1, 4 2 and 4 3 – the company does not have any independent non-executive directors where the code requires a minimum of 2
- Code Provisions B 1 2, 2 1, 2 2, 2 3, 2 4, 3 1, 3 2, and 7 2 – the company does not have any independent non-executive directors where the code requires a minimum of 2 As a result the company does not have a nomination committee for board appointments or recommendations to the board
- Code Provision B 6 1and 6 3 – the board does not state in the annual report how performance evaluation of the board, its committees and its individual directors has been conducted, and there are no non-executive directors to evaluate the performance of the chairman
- Code Provision B 7 1 – all directors are not subject to election by shareholders at the first AGM after their appointment
- Code Provisions C 3 1, 3 2, 3 3, 3 4, 3 5, and 3 6 – the company does not have any independent non-executive directors where the code requires a minimum of 2 and as a result has not formed an audit committee
- Code Provisions D 1 3, 1 4, 2 1, 2 2, and 2 3 – the company does not have independent non-executive directors where the code requires a minimum of 2 and as a result has not formed a remuneration committee or a remuneration policy for non-executive directors
- Code Provision E 1 1 and 1 2 – the company does not comply with the requirements as it does not have any non-executive directors
- Code Provision E2 3 – in the absence of a remuneration or audit committee the chairman cannot arrange for members of these committees to be available at the AGM to answer questions for shareholders

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

GOING CONCERN

Management changes have recently been made which it is hoped will reduce losses, increase turnover and return the company to profits A revised forecast for the year to 31st March 2013 has been made and the directors are confident the company will continue trading as a going concern for at least another year

The company still had a strong cash position at the end of the year and the directors are looking to significantly slow down the rate that the cash is reducing and return the company close to a breakeven position in the coming year There has been an upturn in sales volumes since the end of the year as well as the orderbook strengthening which is the direct result of sales focus on winning new clients

If in the unlikely event the losses continue for a further sustained period, the directors will consider all options to stem the losses The chairman is also willing to fund the company with an interest free loan of £100,000 should the need arise in the coming year

The directors, after due consideration and including the above, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason, the directors continued to adopt the going concern basis in the preparation of the accounts

FUTURE DEVELOPMENTS

The Company has an ongoing project of seeking new clients and markets in an attempt to establish a broader client base The new management is addressing this with vigour

Trading currently continues to be challenging, but there are indications of improvement

The directors are of the opinion that the existing buttons business has limited potential and are therefore considering diversifying into other business activities

INVESTOR RELATIONS

The Company is committed to the development of open and effective communications with all of its shareholders Shareholders are welcome to meet or speak with directors at anytime Contact the company for further information

FIXED ASSETS

The changes in fixed assets during the year are explained in note 9 to the financial statements

An updated valuation of the freehold property has not been undertaken The directors believe the property is worth in excess of the book value of £40,506 (2010 £41,576)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware Each of the directors have confirmed that 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 it has been communicated to the auditor

AUDITORS

A resolution to re-appoint Baker Tilly UK Audit LLP as auditors of the Company will be put to the members at the Annual General Meeting

By order of the Board

D L BOOM
DIRECTOR
29 February 2012

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 OCTOBER 2011

REMUNERATION COMMITTEE

The Directors appointed during 2011 have not drawn salaries but have been paid for consultancy services There is not currently a remuneration committee since the members of the remuneration committee left the business Mr J Alexander resigned as chairman on 23 03 2011 and Mr A J Lilley was dismissed on 23 11 2011 Therefore a remuneration committee has not been in place since 23 03 2011 It is envisaged that a remuneration committee will be formed during 2012

REMUNERATION POLICY

The Company's policy is to retain and motivate its staff with rewards linked to performance, results and the interest of shareholders The basic salary element of remuneration is set in relation to responsibilities, length of service and contribution to the Company's activities Bonus awards are assessed annually taking into account the Company results

SHARE OPTIONS (Auditable)

No share option scheme is provided nor is any long term incentive scheme in place

DIRECTORS' PENSIONS (Auditable)

The Company provides a defined contribution and fully insured pension scheme which provides for a pension entitlement at the age of 65

Pension benefits (representing contributions payable for the year) earned by the directors currently within the Company's scheme are detailed on page 10

No dependent pensions or benefits are provided Pension increases after retirement are not specifically guaranteed

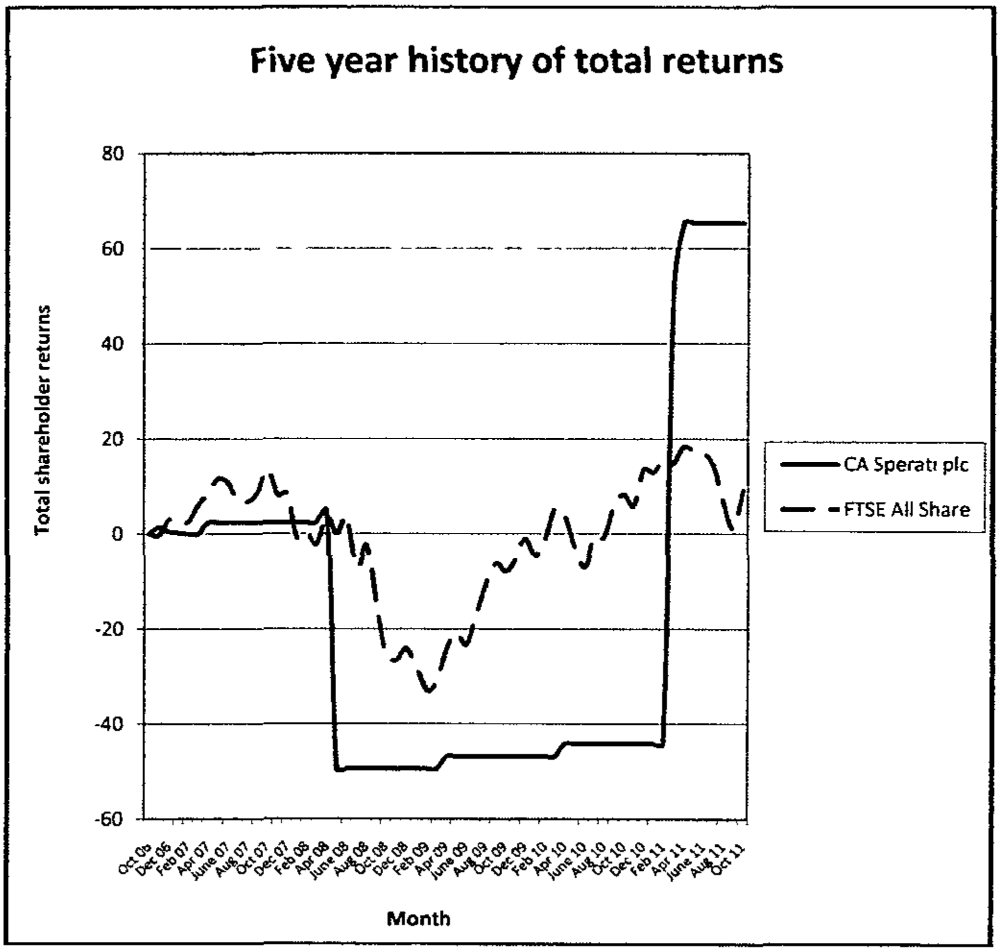
Members of the scheme have the opportunity to pay additional voluntary contributions Neither the Members Contributions nor the resulting benefits are included in the above mentioned table

SERVICE CONTRACTS

It is the Company's policy that all employees, directors included, have contracts with an indefinite term with one month's notice The Company will review this position at such time as it becomes necessary and appropriate

PERFORMANCE GRAPH

The following graph shows the Company's performance measured by total shareholder return, compared with the performance of the FTSE All Share Index also measured by shareholder return which has been selected by the Board as being the most appropriate measure as no readily identifiable benchmark group of companies exist


Five year history of total returns
80
60
40
20
0
-20
-40
-60
Total shareholder returns
Oct 06
Dec 06
Feb 07
Apr 07
June 07
Aug 07
Oct 07
Dec 07
Feb 08
Apr 08
June 08
Aug 08
Oct 08
Dec 08
Feb 09
Apr 09
June 09
Aug 09
Oct 09
Dec 09
Feb 10
Apr 10
June 10
Aug 10
Oct 10
Dec 10
Feb 11
Apr 11
June 11
Aug 11
Oct 11
Month
CA Sperati plc
FTSE All Share

DIRECTORS' REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2011

DIRECTORS REMUNERATION (Auditable)

	Salary £	Benefits £	Bonus £	Fees £	Pension £	2011 Total £	2010 Total £
V Beeny	34,068	950	-	50	3,148	38,216	36,309
A J Lilley	49,209	680	-	50	4,035	53,974	51,423
	83,277	1,630	-	100	7,183	92,190	87,732

The benefits amounts of £950 and £680 relate only to medical insurance

In addition to the above £29,000 (2010 nil) was paid to Mr B Bloom and £12,224 (2010 nil) to Mr D L Bloom for consultancy services in relation to performing services as directors

RELATED PARTY TRANSACTIONS

The following dividends were received by directors during the financial year in relation to their shareholdings in the Company

	2011 £	2010 £
J B A Alexander	NIL	7,859
V Beeny	NIL	40
A J Lilley	NIL	40

In addition during the year a car was sold to Mr A J Lilley for the sum of £200 (2012 nil) The company incurred a loss on disposal of £345 (2010 nil)

During the year loans were made available to Mr A J Lilley on an interest free basis The amount outstanding at October 31st 2011was nil (2010 nil) The maximum outstanding in the year was £5,756 (2010 £5,030)

This report was approved by the board of directors and authorised for issue on 29 February, 2012 and signed on its behalf by

DL BOOLM

DIRECTOR

29 February 2012

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

The dırectors are responsıble for preparıng the Dırectors' Report, the Dırectors' Remuneratıon Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law)

Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss the company for that perıod

In preparıng those financıal statements, the dırectors are requıred to

a select suıtable accountıng polıcıes and then apply them consıstently,

b make ȷudgements and accountıng estımates that are reasonable and prudent,

c state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements,

d prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements and the Dırectors' Remuneratıon Report comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the dırectors, whose names and functıons are lısted ın the Dırectors' Report confirm that, to the best of each person's knowledge

a the financıal statements, prepared ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce, gıve a true and faır vıew of the assets, lıabılıtıes, financıal posıtıon and loss of the company, and

b the Dırectors' Report contaıned ın the Annual Report ıncludes a faır revıew of the development and performance of the busıness and the posıtıon of the company together wıth a descrıptıon of the prıncıpal rısks and uncertaıntıes that ıt faces

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

We have audited the financial statements on pages 14 to 27 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 directs and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 11 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 October 2011 and of its loss for the year then ended, and
- 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 part of the Directors' Remuneration Report to be audited has been properly prepared in Accordance with the Companies Act 2006,
- 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 AUDITOR'S REPORT TO THE MEMBERS OF C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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

Under the Listing Rules we are required to review

- the directors' statement, set out on page 7, in relation to going concern,
- the part of the Corporate Governance Statement within the Directors Report relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on directors' remuneration

Baker Tilly UK Audit LLP

EUAN BANKS (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

29 February 2012

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2011

	Notes	2011	2010
		£	£
TURNOVER	1	260,101	360,032
Cost of Sales		(139,352)	(165,028)
Cost of Sales – exceptional	22	(144,721)	-
Total Cost of Sales		(284,073)	(165,028)
Gross (Loss)/Profit		(23,972)	195,004
Other Operating Expenses	2	(346,723)	(307,828)
OPERATING LOSS		(370,695)	(112,824)
Other Income	3	3,558	5,278
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(367,137)	(107,546)
Taxation	6	394	9,654
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(366,743)	(97,892)
Loss per share – basic and fully diluted	8	(366 7p)	(97 9p)

The operating loss for the year arises from the company's continuing operations

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt within the Profit and Loss Account

Company Registration Number: 00092343

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

BALANCE SHEET
AS AT 31 OCTOBER 2011

	Notes	2011	2010
FIXED ASSETS		£	£
Tangible Assets	9	54,001	60,475
CURRENT ASSETS			
Stocks	10	72,951	231,111
Debtors	11	55,466	117,451
Investment	12	4,099	4,099
Cash at Bank and in Hand		204,237	340,920
		336,753	693,581
CREDITORS Amounts falling due within one year	13	(64,672)	(60,837)
NET CURRENT ASSETS		272,081	632,744
TOTAL ASSETS LESS CURRENT LIABILITIES		326,082	693,219
PROVISION FOR LIABILITIES	14	(237)	(631)
NET ASSETS		325,845	692,588
CAPITAL AND RESERVES			
Called up Share Capital	15	50,000	50,000
Revaluation Reserve	16	22,128	22,128
Profit and Loss Account	17	253,717	620,460
SHAREHOLDERS' FUNDS	18	325,845	692,588

The financial statements on pages 14 to 27 were approved and authorised for Issue by the Board on 29 February 2012 and signed on its behalf by

D L Bloom Executive Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2011

	Notes	2011	2010
		£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19a	(149,524)	(55,833)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Received		3,286	5,037
Dividends Received		256	241
Interest Received – Corporation Tax		16	-
Net cash inflow from returns on investments and servicing of finance		3,558	5,278
TAXATION			
Corporation tax repayment/(paid)		9,594	(4,669)
CAPITAL EXPENDITURE			
Purchase of fixed assets		(787)	(1,396)
Sale of fixed assets		476	726
Net cash outflow from capital expenditure		(311)	(670)
EQUITY DIVIDENDS PAID		-	(25,000)
DECREASE IN CASH	19b	(136,683)	(80,894)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT OF NET FUNDS

		2011	2010
		£	£
Decrease in cash in year		(136,683)	(80,894)
Movement in net funds		(136,683)	(80,894)
Net funds at 1 November 2010	19b	340,920	421,814
Net funds at 31 October 2011	19b	204,237	340,920

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 OCTOBER 2011

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except for freehold land and buildings which are stated at their historic revalued amounts as detailed below, and in accordance with Companies Act 2006

The financial statements have been prepared on a consistent basis with prior years

Listed companies are required to present consolidated financial statements prepared in accordance with International Financial Reporting Standards However, it is optional as to whether individual company accounts are presented in accordance with International Financial Reporting Standards or UK Generally Accepted Accounting Practice and the company elects to present its financial statements in accordance with UK Generally Accepted Accounting Practice

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value, over their expected useful life, as follows

Freehold Properties	2% on valuation
Fixtures, Fittings and Equipment	33% on reducing balance
Motor Vehicles	25% on reducing balance

The accounting estimate for the depreciation of Fixtures, Fittings and Equipment has changed from 20% reducing balance to 33% reducing balance during the year, as this is felt to more accurately reflect the consumption of economic benefit arising from the use of the asset The effect of this on the results for the current period is to increase the depreciation charge for the year by £1,162

REVALUATION OF PROPERTIES

The freehold property was professionally valued on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors On adoption of FRS 15 the company followed the transitional provisions to retain the book value of land and buildings which were revalued in 1979 by Messrs Hindwood Clarke & Esplin Limited, Chartered Surveyors These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11

STOCKS

Stocks are valued at the lower of cost and net realisable value Cost is based on the average cost of purchase of stock held Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal Provision is made for slow moving items

FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date Transactions in foreign currencies have been recorded at the rate of exchange ruling at the date of the transaction All differences are taken to the profit and loss account

ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2011

TAXATION

The tax expense represents the sum of the tax currently payable or recoverable together with deferred tax

The tax currently recoverable is based on taxable loss for the year Taxable loss differs from net loss as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Corporation Tax recoverable is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date

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 Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred taxation is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

PENSIONS CONTRIBUTIONS

The Company provides a fully insured defined contribution pension scheme Premiums payable for the year are charged in the profit and loss account

TURNOVER

Turnover represents the fair value of the consideration received or receivable for goods in the ordinary course of business, and is stated net value added tax Turnover is recognised on despatch of the goods to the customer

GOING CONCERN

Management changes have recently been made which it is hoped will reduce losses, increase turnover and return the company to profits A revised forecast for the year to 31st March 2013 has been made and the directors are confident the company will continue trading as a going concern for at least another year

The company still had a strong cash position at the end of the year and the directors are looking to significantly slow down the rate that the cash is reducing and return the company close to a breakeven position in the coming year There has been an upturn in sales volumes since the end of the year as well as the orderbook strengthening which is the direct result of sales focus on winning new clients

If in the unlikely event the losses continue for a further sustained period, the directors will consider all options to stem the losses The chairman is also willing to fund the company with an interest free loan of £100,000 should the need arise in the coming year

The directors, after due consideration and including the above, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason, the directors continued to adopt the going concern basis in the preparation of the accounts

ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2011

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's balance sheet when the Company has become a party to the contractual provisions of the instrument

Trade debtors	Trade debtors are classified as loans and receivables and are initially recognised at fair value then amortised cost They do not carry any interest An allowance is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of trade The amount of the allowance is the difference between the carrying amount of the trade debtor and the estimated future cash flows and is recognised in the profit and loss account
Investments	Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at cost, including transaction costs Current asset investments are stated at the lower of cost and net realisable value
Trade creditors and accruals	Trade creditors are not interest bearing are stated at their nominal value in the currency they are denominated in Accruals relating to contractual obligations to pay for services already received are recognised on the balance sheet in line with the matching and accruals concepts
Cash at bank and in hand	Cash deposits are recognised and stated at their nominal value
Equity instruments	Equity instruments issued by the company are recorded at the fair value of the proceeds received, net of direct issue costs
Liquid resources	Liquid resources are money market term resources which are immediately available without financial penalty

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

1. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company's turnover and loss were all derived from its principal activity undertaken in the United Kingdom, to which all net assets also relate

2 OTHER OPERATING EXPENSES (NET)

	2011 £	2010 £
Distribution costs and administration expenses	346,723	307,828

3. OTHER INCOME

	2011 £	2010 £
Interest Received – Corporation Tax	16	-
Bank Interest Receivable	3,286	5,037
Dividends Receivable	256	241
	3,558	5,278

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging

	2011 £	2010 £
Depreciation and amounts written off tangible fixed assets		
Charge for the year:		
Owned assets	6,488	6,726
Loss on foreign exchange transactions	1,102	1,163
Auditor's remuneration		
Statutory audit services – current auditor	26,065	19,950
Loss on disposals of fixed assets	297	-

5. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was

	2011 No	2010 No
Office Management	3	4
Selling and Distribution	3	3
	6	7

	2011 £	2010 £
Staff Costs for the above persons		
Wages and salaries	165,353	168,896
Social security costs	16,123	16,255
Other pension costs – defined contribution scheme	9,646	8,880
	191,122	194,031

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

5. EMPLOYEES (CONTINUED)

DIRECTORS' REMUNERATION	2011 £	2010 £
Sums paid to third parties for directors services	41,224	-
Fees	100	100
Emoluments for qualifying services	84,907	80,985
Company pension contributions to money purchase schemes	7,183	6,647
	133,414	87,732

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 2 (2010 2)

6. TAXATION

UK Corporation Tax	2011 £	2010 £
Current tax on loss for the year	-	9,594
Deferred tax charge	394	60
	394	9,654
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(367,137)	(107,546)
Loss on ordinary activities before taxation multiplied by the rate of UK Corporation Tax applicable to small companies of 20% (2010 21%)	(74,946)	(22,585)
Effects of		
Non deductible expenses	195	182
Depreciation/Loss on disposal	1,385	1,412
Capital Allowances	(790)	(1,128)
Other Income	(52)	(51)
Difference in tax rate on losses carried back	-	358
Tax losses carried forward	74,208	12,218
Current tax charge	Nil	(9,594)

Tax losses totalling £421,704 (2010 £58,183) have been carried forward for use against future taxable profits

The Government's intention to reduce both the main and small companies rates of taxation will impact future tax charges

7. DIVIDENDS

	2011 £	2010 £
Ordinary		
Final paid in respect of 2010 – nil (2009 25p per share)	-	25,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

8. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on loss on ordinary activities after taxation of £366,743 (2010 loss £97,892) and on 100,000 ordinary shares in issue throughout the whole of the year

There are no share options or other potentially dilutive items, so diluted earnings per share is the same as the basic earnings per share

9. TANGIBLE FIXED ASSETS

	Freehold Land & Building £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 11 2010	74,746	43,124	40,286	158,156
Additions	-	787	-	787
Disposals	-	(305)	(726)	(1,031)
At 31 10 2011	74,746	43,606	39,560	157,912
DEPRECIATION				
At 1 11 2010	33,170	35,411	29,100	97,681
Disposals	-	(77)	(181)	(258)
Charge for the Year	1,070	2,758	2,660	6,488
At 31 10 2011	34,240	38,092	31,579	103,911
NET BOOK VALUE				
At 31 10 2011	40,506	5,514	7,981	54,001
At 31 10 2010	41,576	7,713	11,186	60,475

Freehold land and buildings includes property at a professional valuation prepared in 1979 of £73,500

On an historical cost basis freehold properties would have been included at

	2011 £	2010 £
Cost	51,372	51,372
Aggregate Depreciation	32,867	31,840

The transitional rules set out in FRS15 'Tangible Fixed Assets' have been applied on implementing FRS15 accordingly, the book values at implementation have been retained Land with a value of £21,000 is not depreciated

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

		2011	2010
10.	**STOCK**	£	£
	Goods for Resale	69,196	227,103
	Expense Materials	3,755	4,008
		72,951	231,111

		2011	2010
11.	**DEBTORS**	£	£
	Due within one year		
	Trade Debtors	47,266	92,763
	Corporation Tax Recoverable	-	9,594
	Prepayments and Accrued Income	8,200	15,094
		55,466	117,451

		2011	2010
12.	**CURRENT ASSET INVESTMENTS**	£	£
	Cost – Listed Investments	4,099	4,099

The market value of investments at the balance sheet date was £4,155 (2010 £4,470)

		2011	2010
13.	**CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**	£	£
	Trade Creditors	21,817	18,150
	Other Taxation and Social Security Costs	6,680	11,813
	Accruals and Deferred Income	36,175	30,874
		64,672	60,837

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

14. PROVISIONS FOR LIABILITIES

	Deferred Taxation £
Balance at 1 November 2010	631
Movement in year	(394)
Balance at 31 October 2011	237

The deferred tax balance arises from accelerated capital allowances

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on sale of properties where potentially taxable gains have been rolled over into replacement assets Such estimated tax would become payable only if the property were sold without it being possible to claim rollover relief The total amount unprovided for is £4,909 (2010 £4,909) At present, it is not envisaged that any tax will become payable in the foreseeable future

A deferred tax asset in respect of losses carried forward of £86,180 (2010 £12,218) has not been recognised on the basis of uncertainty over the timing of future taxable profits

15. SHARE CAPITAL

	2011 £	2010 £
Authorised		
150,000 Ordinary Shares of 50p each	75,000	75,000
Allotted, issued and fully paid		
100,000 Ordinary Shares of 50p each	50,000	50,000

16. REVALUATION RESERVE

	2011 £	2010 £
As at 1 November 2010	22,128	22,128
As at 31 October 2011	22,128	22,128

17. PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
Balance as 1 November 2010	620,460	743,352
Loss for the year	(366,743)	(97,892)
Dividends	-	(25,000)
Balance at 31 October 2011	253,717	620,460

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Loss for the year	(366,743)	(97,892)
Dividends	-	(25,000)
	(366,743)	(122,892)
Opening shareholders' funds	692,588	815,480
Closing shareholders' funds	325,845	692,588

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

19 CASH FLOWS

a Reconciliation of operating loss to net cash outflow from operating activities

	2011 £	2010 £
Operating Loss	(370 695)	(112 824)
Depreciation	6 488	6 726
Loss on disposal of fixed assets	297	-
Decrease in Stocks	158.160	6 894
Decrease in Debtors	52.391	66 163
Increase/(Decrease) in Creditors	3.835	(22.792)
	(149.524)	(55 833)

b Analysis of Net Funds

	2011 £	2010 £	Change in year £
Cash at Bank and in Hand	204.237	340 920	(136 683)

20 FINANCIAL INSTRUMENTS

The Company s financial assets comprise investments, trade debtors and cash at bank whilst the Company's financial liabilities comprise of trade creditors and accruals both of which arise directly from its operations

An equity instrument is any contract that gives a residual interest in the assets of the Company after deducting all of its liabilities Instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Management objectives and policies

It is, and has been throughout the period under review, the Company s policy that no trading in financial instruments shall be undertaken

The Company s policy is to maximise the after tax return on cash deposits, to take all discounts available from the settlement of financial liabilities and to offer settlement discounts that result in the early payment of financial assets thus minimising credit risk

Information relating to financial assets and liabilities

Trade debtors are receivable within 30 days from the date of invoice and do not hear interest Trade creditors are repayable between 30 and 60 days from the date of invoice, provided that they are paid by their due date, they are interest free Trade creditors are denominated primarily in US Dollars HK Dollars or Euros

The Company s investment comprises shares in a company listed on the London Stock Exchange The investments are stated at cost which is not materially different from their fair value

Details of the carrying value of the financial assets and liabilities are given in the balance sheet and the related notes The carrying value of these approximate to their fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

20. FINANCIAL INSTRUMENTS (CONTINUED)

The main risks arising from the Company's instruments are interest rate, credit risk, and foreign currency risk The policy for managing these risks are summarised below and have been applied throughout the year

INTEREST RATES

Cash deposits are denominated in sterling and held in interest bearing bank accounts which currently require no notice and are with recognised clearing banks The accounts have been selected to achieve the maximum possible interest rate whilst meeting the Company's daily working capital requirements and are regularly reviewed The interest rates vary with the bank's base rate

FOREIGN CURRENCY RATE

The Company trades in several countries within the Far East and throughout Europe As a result, the Company's balance sheet could be affected by movement in the Euro, HK dollar and US dollar to the UK Pound Sterling exchange rate The loss on foreign exchange recognised in these accounts amounted to £1,102 (2010 £1,163) These sums reflect the difference in the rates of exchange between the figure issued by HM Revenue & Customs at the time of importation and the rates charged at point of payment The Company does not hedge against foreign currency fluctuations However, an awareness of exchange rates is maintained so that the movements can be built into our pricing decisions

CREDIT RISK

Credit risk is the potential financial loss due to a customer failing to meet its contractual obligations against an invoice issued The majority of the Company's customers have been trading with the Company for several years and losses have happened infrequently The Company has an established credit policy under which new customers are analysed for creditworthiness before accounts are offered or granted The Company method is through issuing trading terms and conditions, the completion of credit application forms, the requesting of references and dependent on the results, a further external companies inspection could be undertaken

Certain customers are experiencing financial difficulties Credit risk has increased during the year and the position is liable to continue to worsen

The analysis of trade debtor allowance is as follows

	2011 £	2010 £
Opening balance at 1 November	-	2,185
Allowance made in the year	-	-
Unused allowance reversed	-	(2,185)
	-	-

Of the trade debtors at the year end, £16,634 was overdue There are no significant credit risks arising from financial assets that are neither past due nor impaired

THE COMPANY'S EXPOSURE TO FOREIGN CURRENCY RISK IS SUMMARISED BELOW

Net monetary liabilities that are not denominated in the Company s functional currency are as follows

	2011	2010	2011	2010
Currency liabilities	Euro		US Dollar	
Trade Creditors	8.681	821	2.124	20.051
	8,681	821	2,124	20.051

The Company has little exposure to cash flow liquidity, price risk

21. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme whose assets are hold separately from those of the Company in an independently administered fund The pension cost charge amounted to £9,646 (2010 £8,880)

22. EXCEPTIONAL ITEM (COST OF SALES)

The exceptional loss is as a result of the Directors thorough assessment of the resale value of the stock given the customer base has been changing The Directors believe this thorough assessment gives a more realistic assessment of the stock value given the existing customer base The resultant write down in the value of the stock is not expected to recur