

**RED LEOPARD HOLDINGS PLC**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2006**

**RED LEOPARD HOLDINGS PLC**

**COMPANY INFORMATION**

**DIRECTORS**

C S Russell  
J May

**SECRETARY**

R M Coe

**COMPANY NUMBER**

5289187

**REGISTERED OFFICE**

233-237 Old Marylebone Road  
London  
NW1 5QT

**AUDITORS**

Mazars LLP  
Chartered Accountants & Registered Auditors  
8 New Fields  
2 Stinsford Road  
Nuffield  
Poole  
Dorset  
BH17 0NF

**BANKERS**

Barclays Bank Plc  
7th Floor  
United Kingdom House  
180 Oxford Street  
London  
W1D 1EA

**SOLICITORS**

Howard Kennedy  
19 Cavendish Square  
London  
W1A 2AW

**NOMINATED ADVISORS AND  
BROKERS**

Blue Oar Securities Plc  
30 Old Broad Street  
London  
EC2N 1HT

# RED LEOPARD HOLDINGS PLC

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## RED LEOPARD HOLDINGS PLC

### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

I am pleased to present the financial statements of the Group for the year ended 31 December 2006. These have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice but will be restated in the financial statements for the year ended 31 December 2007 when the Group reports under International Financial Reporting Standards.

As previously reported, the results comprise those of Red Leopard Holdings Plc (Red Leopard) and its wholly owned subsidiary Harrell Hotels (Europe) Limited (Harrell Hotels). There was no revenue generated in the year from operations. The loss after tax amounted to £2,822,060 (2005: £320,055).

Over the last 2 years we have endeavoured to locate and pursue projects including those referred to in my last Chairman's Statement, suitable for Marriott Courtyard's mainly in the UK.

The cost of acquisitions in the current UK hotel market has to date proved too high for us to proceed with any of the propositions we have looked at seriously. With regret the directors of Harrell Hotels have come to the conclusion that the market in the United Kingdom is such that an economically feasible project is unlikely to be located in the near future, albeit we are continuing to monitor the position.

In view of the inability to forecast profit from the operation in the near term the Board has decided it would be prudent to write down the asset of the hotel operation to nil. Although now effectively mothballed, should the economic outlook change in our favour, the hotel business may well come in to its own again from the Group point of view.

I would like to take this opportunity to thank all those who worked so hard in Harrell Hotels over the last two year period.

There has been a change in Board membership recently as can be seen from the accounts. Robert Coe and Stephen Thomson have retired from the Board and John May has joined me to implement a new plan for the Group which I will outline below. John is an FCA of many years standing and is a director of a number of AIM listed, NASDAQ listed and Channel Islands listed companies and has wide experience and contacts which I believe will greatly help the company going forward.

We intend to further enhance the Board in the near term with a strong and experienced non executive director with knowledge of the building industry.

Your Board have decided to revise the strategy of the Group and de-risk its operations by focusing on forming property development joint ventures (JV's) to develop residential apartments which are aimed at the mid market price range.

We are aiming at units with a sales value between £125,000 and £250,000 to be built geographically in the South and South West of the UK initially. These joint ventures, one of which is currently being considered, are to be with specialised property development companies, and not entail Red Leopard acting as principals. We believe that greater opportunities exist for "niche" property developments, particularly on the residential side and that through "partnering" with these companies we will be able to grow shareholder value more quickly than otherwise.

The write down of our investment in Harrell Hotels has meant we have negative assets at the balance sheet date but we believe the plan outlined above will restore the Group to profitability. We have further plans once we have established a track record in this "niche" market which will continue to improve the outlook of the Group in the near term. We expect all JV's we enter into we will be capable of exiting within 12-18 months. We will announce these JV's as they are contracted in the normal way.

**RED LEOPARD HOLDINGS PLC**

**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

The directors do not propose to pay any dividends. (2005: £Nil)

The directors consider that sufficient cash will be generated from the sale of Investments to fund the normal working capital costs of the company and will seek additional finance from a combination of equity and debt to fund the current plan.

I look forward to being able to present to you a healthier looking company in my next annual report.

**C S Russell**  
Chairman

Date: 27 June 2007

## RED LEOPARD HOLDINGS PLC

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and the audited financial statements for the year ended 31 December 2006.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group 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 judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

So far as each of the directors is aware at the time the report is approved:

- 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 auditors are aware of that information.

#### PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of acquiring other businesses.

#### BUSINESS REVIEW

A review of the year and future prospects is given in the Chairman's statement.

Key performance indicators have not been commented on due to a change in the company's direction.

The directors note the performance of the company during the year and anticipate the company becoming profitable in future periods.

The investment in the subsidiary was impaired at the year end because the directors considered its activities to date to be no longer viable.

#### *Financial instrument risk*

As noted in the Chairman's statement, the directors consider that sufficient cash will be generated to fund the normal working capital cost. The principal indebtedness of the company is a debenture loan which requires repayment in 2015. Therefore the directors consider no short term risk arises.

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,822,060 (2005 - Loss £320,055).

## RED LEOPARD HOLDINGS PLC

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors do not recommend the payment of a dividend (2005 - Nil).

#### DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of 0.2p each	
	2006	2005
R M Coe (resigned 29/11/2006)	10,000,000	10,000,000
C S Russell	-	-
S G Thomson (resigned 29/11/2006)	5,000,000	5,000,000
J May (appointed 29/11/2006)	-	-

The directors' other interests in or contracts with the company during the year are disclosed in Note 21 to the financial statements.

#### COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is the company's policy to agree the terms of transactions, including payment terms, with suppliers and that payment is made accordingly. At 31 December 2006 the average creditor payment period was 44 days (2005: 50 days).

#### SUBSTANTIAL SHAREHOLDINGS OTHER THAN DIRECTORS

At the date of approval of these financial statements the following interests of 3% or more in the issued share capital of the company appeared in the register maintained under the provisions of section 211 of the Companies Act 1985.

Name	Shareholding	Ordinary Shares
Baskerville Holdings Limited	5.6%	13,800,000
J M Finn Nominees Limited	16.2%	40,000,000
Merchant Capital Holdings Limited	5.3%	13,103,015
Nortrust Nominees Limited	8.9%	22,000,000
Roman Catholic Cathedral of East Anglia	4.1%	10,000,000
Roy Nominees Limited	4.8%	11,944,165
Strand Nominees Limited	12.3%	30,333,333

#### AUDITORS

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 27 June 2007 and signed on its behalf.

**R M Coe**  
Secretary

## RED LEOPARD HOLDINGS PLC

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RED LEOPARD HOLDINGS PLC

We have audited the group and parent company financial statements (the "financial statements") of Red Leopard Holdings Plc for the year ended 31 December 2006 set out on pages 7 to 23. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the group's members, 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 group's members those matters we are required to state to them in an auditors' 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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.



**RED LEOPARD HOLDINGS PLC**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RED LEOPARD HOLDINGS PLC**

**OPINION**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's 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.

**MAZARS LLP**

Chartered Accountants & Registered Auditors  
8 New Fields  
2 Stinsford Road  
Nuffield  
Poole  
Dorset  
BH17 0NF

Date: 27 June 2007

RED LEOPARD HOLDINGS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Year ended 31 December 2006 £	15 months ended 31 December 2005 £
Administrative expenses		<u>(2,830,654)</u>	<u>(347,734)</u>
<b>OPERATING LOSS BEFORE INTEREST</b>	2		
Continuing operations		<b>(2,830,654)</b>	<b>(192,827)</b>
Acquisitions		<b>-</b>	<b>(154,907)</b>
		<u>(2,830,654)</u>	<u>(347,734)</u>
Interest receivable		11,992	27,705
Interest payable	5	<u>(3,398)</u>	<u>(26)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,822,060)</b>	<b>(320,055)</b>
<b>TAXATION ON LOSS ON ORDINARY ACTIVITIES</b>	6	<u>-</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(2,822,060)</b>	<b>(320,055)</b>
<b>RETAINED LOSS BROUGHT FORWARD</b>		<u>(320,055)</u>	<u>-</u>
<b>RETAINED LOSS CARRIED FORWARD</b>		<u><b>(3,142,115)</b></u>	<u><b>(320,055)</b></u>
<b>Loss per share - basic and diluted</b>	7	<u><b>(1.15)p</b></u>	<u><b>(0.15)p</b></u>

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account.

The notes on pages 11 to 23 form part of these financial statements.

RED LEOPARD HOLDINGS PLC

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2006

	Note	2006		2005	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible fixed assets	8		-		2,415,702
Tangible fixed assets	9		839		957
Investments	10		-		150,000
			<u>839</u>		<u>2,566,659</u>
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year	11	50,000		50,000	
Debtors: amounts falling due within one year	11	27,615		15,206	
Investments	12	150,000		-	
Cash at bank and in hand		169,054		549,802	
		<u>396,669</u>		<u>615,008</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<b>(73,098)</b>		<b>(35,197)</b>	
			<u>323,571</u>		<u>579,811</u>
<b>NET CURRENT ASSETS</b>			<b>323,571</b>		<b>579,811</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>324,410</u>		<u>3,146,470</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14		<b>(421,874)</b>		<b>(1,250,000)</b>
<b>NET (LIABILITIES)/ASSETS</b>			<u><b>(97,464)</b></u>		<u><b>1,896,470</b></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		492,160		441,198
Share premium account	16		2,552,491		1,775,327
Profit and loss account			<b>(3,142,115)</b>		<b>(320,055)</b>
<b>EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS</b>	17		<u><b>(97,464)</b></u>		<u><b>1,896,470</b></u>

The financial statements were approved by the board on 27 June 2007 and were signed on its behalf.

**J May**  
Director

The notes on pages 11 to 23 form part of these financial statements.

RED LEOPARD HOLDINGS PLC

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2006

	Note	2006		2005	
		£	£	£	£
<b>FIXED ASSETS</b>					
Fixed asset investments	10		-		2,802,116
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year	11	50,000		50,000	
Debtors: amounts falling due within one year	11	12,975		39,959	
Investments	12	150,000		-	
Cash at bank and in hand		154,471		528,285	
		<u>367,446</u>		<u>618,244</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(58,582)		(25,277)	
<b>NET CURRENT ASSETS</b>			<u>308,864</u>		<u>592,967</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>308,864</u>		<u>3,395,083</u>
<b>CREDITORS:</b> amounts falling due after more than one year	14		(421,874)		(1,250,000)
<b>NET (LIABILITIES)/ASSETS</b>			<u>(113,010)</u>		<u>2,145,083</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		492,160		441,198
Share premium account	16		2,552,491		1,775,327
Profit and loss account			(3,157,661)		(71,442)
<b>EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS</b>	17		<u>(113,010)</u>		<u>2,145,083</u>

The financial statements were approved by the board on 27 June 2007 and were signed on its behalf.

**J May**  
Director

The notes on pages 11 to 23 form part of these financial statements.

RED LEOPARD HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Year ended 31 December 2006 £	15 months ended 31 December 2005 £
Net cash flow from operating activities	18	(1,644,835)	(79,628)
Returns on investments and servicing of finance	19	8,594	27,679
Capital expenditure and financial investment	19	149,605	(151,210)
Acquisitions and disposals	19	-	(463,564)
<b>CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<b>(1,486,636)</b>	<b>(666,723)</b>
Management of liquid resources	19	(150,000)	-
Financing	19	1,250,000	1,216,525
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(386,636)</b>	<b>549,802</b>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT/FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2006

	Year ended 31 December 2006 £	15 months ended 31 December 2005 £
(Decrease)/Increase in cash in the year	(386,636)	549,802
Cash outflow from decrease in liquid resources	150,000	-
Cash inflow from increase in debt and lease financing	(421,874)	-
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(658,510)</b>	<b>549,802</b>
Net funds at 1 January 2006	549,802	-
<b>NET (DEBT)/FUNDS AT 31 DECEMBER 2006</b>	<b>(108,708)</b>	<b>549,802</b>

The notes on pages 11 to 23 form part of these financial statements.

## RED LEOPARD HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

The financial statements have been prepared on the going concern basis as having reduced overheads to reflect the current level of activity the directors believe there are sufficient resources to continue trading for at least twelve months from the date of approval of these financial statements.

The directors consider that sufficient cash will be generated from the sale of Investments to fund the normal working capital costs of the company and will seek additional finance from a combination of equity and debt to fund the current plan.

The validity of the going concern assumption depends on the sale of the current asset investment at or above the current market value and the reduction in company overheads to reflect the current level of activity.

##### 1.2 Basis of consolidation

The financial statements consolidate the accounts of Red Leopard Holdings Plc and all of its subsidiary undertakings ('subsidiaries').

##### 1.3 Investments

- (i) **Subsidiary Undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**  
Investments held as fixed assets are shown at cost less provisions for their impairment.

##### 1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill has been fully impaired and has no useful economic life.

##### 1.5 Intangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture, fittings and equipment - 33% straight line

##### 1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss as incurred.

**RED LEOPARD HOLDINGS PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**1. ACCOUNTING POLICIES (continued)**

**1.7 Deferred taxation**

Provision is made in full for all deferred tax liabilities in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that is more likely than not that they will be recovered.

**1.8 Segmental reporting**

In view of the group's current levels of activity, segmental reporting is not deemed to be appropriate.

**1.9 Impairment losses**

Impairment reviews have been carried out on fixed asset investments and goodwill. The carrying values at the year ended 31 December 2006 have been compared to their net realisable values, in accordance with Financial Reporting Standard 10 Goodwill and intangible assets and Financial Reporting Standard 11 Impairment of fixed assets and goodwill.

**1.10 Derivatives and other financial instruments**

With regard to short term debtors and creditors, the company has taken the exemption available under paragraph 6 of Financial Reporting Standard 13 Derivatives and other financial instrument disclosures.

**2. OPERATING LOSS**

The operating loss is stated after charging:

	<b>Year ended 31 December 2006 £</b>	<i>15 months ended 31 December 2005 £</i>
Amortisation - intangible fixed assets	<b>125,491</b>	94,118
Depreciation of tangible fixed assets:		
- owned by the company	<b>513</b>	253
Auditors' remuneration	<b>8,500</b>	5,000
Auditors' remuneration - other services	<b>5,500</b>	5,623
Operating lease rentals:		
- other operating leases	<b>20,370</b>	11,031
Exceptional item - impairment loss	<b>2,290,211</b>	-
	<b>2,290,211</b>	-

Auditors fees for the company were £8,500 (2005: £5,000).

The exceptional item relates to the investment in the subsidiary which was impaired at the year end because the directors considered its activities to date to be no longer viable.

**RED LEOPARD HOLDINGS PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**3. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	<b>Year ended 31 December 2006 £</b>	<i>15 months ended 31 December 2005 £</i>
Wages and salaries	<b>145,708</b>	66,218
Social security costs	<b>2,898</b>	1,778
	<b>148,606</b>	67,996
	<b>148,606</b>	67,996

The average monthly number of employees, including the directors, during the year was as follows:

Directors	3	3
Administrative	1	1
	4	4
	4	4



RED LEOPARD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

4. DIRECTORS' REMUNERATION

	Year ended 31 December 2006 £	15 months ended 31 December 2005 £
Emoluments	<u>116,125</u>	<u>48,643</u>

Directors' emoluments were split as follows:

R M Coe (salary - £22,292, termination fee - £25,000), C S Russell (salary - £25,000) and S G Thomson (salary - £23,833, termination fee - £ 20,000).

The company has granted options ("Options") to the following directors to subscribe for ordinary shares equal in aggregate to 6% of the issued share capital of the company (which in this case include these options that are to be issued) as at the earlier of the date of exercise or the date eighteen months after admission to AIM. During the year the date of eighteen months after admission to AIM was extended by a further eighteen months:

- R M Coe: Options of 2%
- S G Thomson: Options of 2%
- C S Russell: Options of 2%

The Options may be exercisable at any time within a ten year period from the date of grant. The exercise price of the Options is 0.2 pence per option share in relation to R M Coe and S G Thomson.

During the year options were granted to C S Russell at an exercise price of 1 pence per option share. On the basis that this exercise price is greater than the market value of the shares at the year end, no share based payment calculation has been made in accordance with FRS 20 Share-based payments.

Until the Options have been exercised in full, the consent of the optionholders is required if the company proposes to issue a class of share with preferential rights to the ordinary shares.

No retirement benefits were accruing to directors at 31 December 2006 (2005: £Nil).

5. INTEREST PAYABLE

	Year ended 31 December 2006 £	15 months ended 31 December 2005 £
On bank loans and overdrafts	-	26
On other loans	3,398	-
	<u>3,398</u>	<u>26</u>

**RED LEOPARD HOLDINGS PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**6. TAXATION**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<b>Year ended 31 December 2006 £</b>	<i>15 months ended 31 December 2005 £</i>
Loss on ordinary activities before tax	<b>(2,822,060)</b>	<i>(320,055)</i>
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2005 - 30%)	<b>(846,618)</b>	<i>(96,017)</i>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>37,797</b>	<i>28,641</i>
Depreciation for the year in excess of capital allowances	<b>43</b>	<i>31</i>
Creation of tax losses in the year	<b>808,778</b>	<i>67,345</i>
<b>Current tax charge for the year</b>	<b>-</b>	<i>-</i>

**Factors that may affect future tax charges**

The group has tax losses carried forward of £1,190,827 (2005: £784,883) that are available for offset against future taxable profits. The company also has capital losses carried forward of £2,652,116 available to offset against future capital gains.

If the group pays tax at a rate of 30% on profits in future periods, the current tax losses represent a potential deferred tax asset of £357,248 (2005: £235,465). This asset has not been anticipated at 31 December 2006 due to the history of trading losses in the group.

**7. LOSS PER SHARE**

The calculation of basic loss per ordinary share for the year is based on the loss of £2,822,060 and 246,080,000 ordinary shares.

The share options were anti-dilutive.

RED LEOPARD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

8. INTANGIBLE FIXED ASSETS

<b>Group</b>	<b>Goodwill</b>
<b>Cost</b>	<b>£</b>
At 1 January 2006 and 31 December 2006	<u>2,509,820</u>
<b>Amortisation</b>	
At 1 January 2006	94,118
Charge for the year	125,491
Impairment charge	2,290,211
At 31 December 2006	<u>2,509,820</u>
<b>Net book value</b>	
At 31 December 2006	-
<i>At 31 December 2005</i>	<u><u>2,415,702</u></u>

9. TANGIBLE FIXED ASSETS

<b>Group</b>	<b>Furniture, fittings and equipment</b>
<b>Cost</b>	<b>£</b>
At 1 January 2006	1,210
Additions	395
At 31 December 2006	<u>1,605</u>
<b>Depreciation</b>	
At 1 January 2006	253
Charge for the year	513
At 31 December 2006	<u>766</u>
<b>Net book value</b>	
At 31 December 2006	<u>839</u>
<i>At 31 December 2005</i>	<u><u>957</u></u>

RED LEOPARD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

10. FIXED ASSET INVESTMENTS

<b>Group</b>				<b>Listed invest- ments £</b>
<b>Cost or valuation</b>				
At 1 January 2006				<b>150,000</b>
Reclassified as current asset (see note 12)				<b>(150,000)</b>
				<hr/>
At 31 December 2006				<b>-</b>
				<hr/> <hr/>

  

<b>Company</b>	<b>Shares in group under- takings £</b>	<b>Loans to group under- takings £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2006	<b>2,652,116</b>	<b>150,000</b>	<b>2,802,116</b>
Reclassified as current asset (see note 12)	<b>-</b>	<b>(150,000)</b>	<b>(150,000)</b>
Amounts written off	<b>(2,652,116)</b>	<b>-</b>	<b>(2,652,116)</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2006	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Details of the principal subsidiaries can be found in Note 23 to the financial statements.

11. DEBTORS

	<b>Group</b>		<b>Company</b>	
	<b>2006 £</b>	<b>2005 £</b>	<b>2006 £</b>	<b>2005 £</b>
<b>Due after more than one year</b>				
Other debtors	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>Group</b>		<b>Company</b>	
	<b>2006 £</b>	<b>2005 £</b>	<b>2006 £</b>	<b>2005 £</b>
<b>Due within one year</b>				
Trade debtors	<b>3,297</b>	<b>4,664</b>	<b>-</b>	<b>-</b>
Amounts owed by group undertakings	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000</b>
Other debtors	<b>18,175</b>	<b>9,121</b>	<b>11,890</b>	<b>3,647</b>
Prepayments and accrued income	<b>6,143</b>	<b>1,421</b>	<b>1,085</b>	<b>1,312</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>27,615</b>	<b>15,206</b>	<b>12,975</b>	<b>39,959</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

RED LEOPARD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

12. CURRENT ASSET INVESTMENTS

	<u>Group</u>		<u>Company</u>	
	2006 £	2005 £	2006 £	2005 £
Listed investments (see note 10)	<b>150,000</b>	-	<b>150,000</b>	-

LISTED INVESTMENTS

Listed investments have been reclassified as a current asset investment in view of the directors' intention to dispose of the investment within the next 12 months.

The market value of the listed investments at 31 December 2006 was £151,810 (2005 - £217,728).

The company holds 799,000 Ordinary shares in Venue Solutions Holdings plc, a company trading on AIM. This represents 0.8% of the issued share capital of the company.

The company was granted further options, by a previous owner of shares in Venue Solutions Limited, entitling it to a further 665,850 ordinary shares at prices between 30p and 50p per share exercisable up to October 2007. These options were granted in October 2005 and have no value attached to them as at 31 December 2006.

13. CREDITORS:  
Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2006 £	2005 £	2006 £	2005 £
Bank loans and overdrafts	<b>5,888</b>	-	<b>5,888</b>	-
Trade creditors	<b>33,078</b>	12,716	<b>31,796</b>	9,339
Amounts owed to group undertakings	-	-	-	5,771
Social security and other taxes	<b>1,044</b>	832	-	-
Other creditors	<b>8</b>	-	-	-
Accruals and deferred income	<b>33,080</b>	21,649	<b>20,898</b>	10,167
	<b>73,098</b>	35,197	<b>58,582</b>	25,277

**RED LEOPARD HOLDINGS PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**14. CREDITORS:  
Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	£	£	£	£
Loan Notes	421,874	-	421,874	-
Other creditors	-	1,250,000	-	1,250,000
	<b>421,874</b>	<b>1,250,000</b>	<b>421,874</b>	<b>1,250,000</b>
	<b>421,874</b>	<b>1,250,000</b>	<b>421,874</b>	<b>1,250,000</b>

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	£	£	£	£
Repayable other than by instalments	421,874	-	421,874	-
	<b>421,874</b>	<b>-</b>	<b>421,874</b>	<b>-</b>
	<b>421,874</b>	<b>-</b>	<b>421,874</b>	<b>-</b>

3% unsecured Loan Notes, issued on 25 September 2006 are redeemable at par on or before 31 March 2015.

Loan Notes are convertible into Ordinary shares at the mid market share price of Red Leopard Holdings Plc on the day that notice of conversion is sent to Noteholders at the option of Red Leopard Holdings Plc.

**15. SHARE CAPITAL**

	<b>2006</b>	<b>2005</b>
	£	£
<b>Authorised</b>		
1,404,074,075 Ordinary shares of 0.2p each	<b>2,808,148</b>	<b>2,808,148</b>
	<b>2,808,148</b>	<b>2,808,148</b>
<b>Allotted, called up and fully paid</b>		
246,080,000 Ordinary shares of 0.2p each	<b>492,160</b>	<b>441,198</b>
	<b>492,160</b>	<b>441,198</b>

On 25 September 2006 25,480,770 Ordinary shares of 0.2p each were issued at a price of 3.25p to Harrell Hospitality Group Inc. together with 3% loan notes as disclosed in note 13 above. This was as a result of Harrell Hospitality Group, Inc. bringing to the company within three years of admission to AIM three hospitality business opportunities and one non-hospitality business opportunity which the directors deemed feasible.

RED LEOPARD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

16. RESERVES

	Share premium account £
<b>Group</b>	
At 1 January 2006	1,775,327
Premium on shares issued during the year	777,164
	<hr/>
At 31 December 2006	<b>2,552,491</b>
	<hr/> <hr/>
	Share premium account £
<b>Company</b>	
At 1 January 2006	1,775,327
Premium on shares issued during the year	777,164
	<hr/>
At 31 December 2006	<b>2,552,491</b>
	<hr/> <hr/>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
<b>Group</b>		
Opening shareholders' funds	1,896,470	-
Loss for the year	(2,822,060)	(320,055)
Shares issued during the year	50,962	441,198
Share premium on shares issued (net of expenses)	777,164	1,775,327
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	<b>(97,464)</b>	1,896,470
	<hr/> <hr/>	<hr/> <hr/>
	2006 £	2005 £
<b>Company</b>		
Opening shareholders' funds	2,145,083	-
Loss for the year	(3,086,219)	(71,442)
Shares issued during the year	50,962	441,198
Share premium on shares issued (net of expenses)	777,164	1,775,327
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	<b>(113,010)</b>	2,145,083
	<hr/> <hr/>	<hr/> <hr/>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £3,086,219 (2005 - £71,442).

RED LEOPARD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 December 2006 £	15 months ended 31 December 2005 £
Operating loss	(2,830,654)	(347,734)
Amortisation of intangible fixed assets	125,491	94,118
Depreciation of tangible fixed assets	513	253
Impairments of fixed assets	2,290,211	-
(Increase)/decrease in debtors	(12,409)	206,636
Decrease in creditors	(1,217,987)	(32,901)
<b>Net cash outflow from operations</b>	<b>(1,644,835)</b>	<b>(79,628)</b>

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 31 December 2006 £	15 months ended 31 December 2005 £
<b>Returns on investments and servicing of finance</b>		
Interest received	11,992	27,705
Interest paid	(3,398)	(26)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>8,594</b>	<b>27,679</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(395)	(1,210)
Purchase of listed investments	-	(150,000)
Reclassification of listed investments	150,000	-
<b>Net cash inflow/(outflow) from capital expenditure</b>	<b>149,605</b>	<b>(151,210)</b>
<b>Acquisitions and disposals</b>		
Purchase of share in subsidiary undertaking	-	(461,840)
Net overdrafts acquired with subsidiary	-	(1,724)
<b>Net cash from acquisitions and disposals</b>	<b>-</b>	<b>(463,564)</b>
	<b>Year ended 31 December 2006 £</b>	<b>15 months ended 31 December 2005 £</b>
<b>Management of liquid resources</b>		
Reclassification of listed investments	(150,000)	-



RED LEOPARD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT  
(continued)

**Financing**

Issue of ordinary shares	828,126	1,578,300
Expenses paid in connection with share issue	-	(361,775)
Purchase of debenture loans	421,874	-
	<hr/>	<hr/>
<b>Net cash inflow from financing</b>	<b>1,250,000</b>	<b>1,216,525</b>
	<hr/> <hr/>	<hr/> <hr/>

20. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2006 £	Cash flow £	Other non-cash changes £	31 December 2006 £
Cash at bank and in hand:	549,802	(380,748)	-	169,054
Bank overdraft	-	(5,888)	-	(5,888)
	<hr/>	<hr/>	<hr/>	<hr/>
	549,802	(386,636)	-	163,166
<b>Liquid resources:</b>				
Current asset investments	-	150,000	-	150,000
<b>Debt:</b>				
Debts due within one year	-	(421,874)	421,874	-
Debts falling due after more than one year	-	-	(421,874)	(421,874)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net funds/(debt)</b>	<b>549,802</b>	<b>(658,510)</b>	<b>-</b>	<b>(108,708)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21. TRANSACTIONS WITH DIRECTORS

During the year, the company incurred £7,250 (2005: £5,000) in accountancy fees payable to Wilder Coe Chartered Accountants, a firm in which R M Coe, a director during the year, is a partner. Included in accruals is an amount of £3,500 (2005: £3,500) owed to Wilder Coe in respect of these services.

On resignation as directors of the company during the year, termination fees of £25,000 and £20,000 were paid to R M Coe and S G Thomson respectively.

RED LEOPARD HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006

22. RELATED PARTY TRANSACTIONS

Included in other debtors due after more than one year is an amount of £50,000 due from Convex Conveyancing Limited ("Convex"). This balance relates to a £50,000 convertible unsecured loan note.

Included in current asset investments is an amount of £150,000 relating to the purchase of shares in Venue Solutions Holdings plc. ("Venue").

C S Russell, Chairman of the company, has disclosed to the board of Red Leopard Holdings plc that Ladybridge Investments Limited ("Ladybridge") (a company in which he and his wife are beneficially interested) has the following interests in Convex and Venue:

1. Ladybridge currently holds 1,733 ordinary 1p shares in Convex representing approximately 1.28% of Convex's issued share capital. In addition it has a variable minority interest in options and an incentive scheme on another approximately 18.50% of Convex's issued share capital.

2. Ladybridge currently holds 721,800 shares in Venue representing approximately 2.60% of Venue's issued share capital.

C S Russell is a director of Harrell Hospitality Group, Inc., a shareholder in Red Leopard Holdings plc, and currently holds 1,097,700 Class A Common Stock in Harrell Hospitality Group, Inc. representing approximately 8.70% of the stockholding.

S G Thomson, a director of the company during the year, is a member of the board of Venue and currently holds 89,000 shares in Venue representing approximately 0.32% of Venue's issued share capital.

23. PRINCIPAL SUBSIDIARY

Company name	Country	Percentage Shareholding	Description
Harrell Hotel (Europe) Limited	England & Wales	100	Hotel management

24. ULTIMATE CONTROLLING PARTY

As at 31 December 2006 and 31 December 2005 there is no single ultimate controlling party.