

Company Registration No. 164062

ENIC Group Limited
(formerly ENIC plc)

Report and Financial Statements

For the Year to 30 June 2004



ENIC GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

CONTENTS

Page

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6

ENIC GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year to 30 June 2004.

PRINCIPAL ACTIVITIES

The company changed its name from ENIC plc to ENIC Group Limited on 30 June 2003 after de-listing as a private company in April 2003.

The largest portion of the company's assets remain connected with the football sector. ENIC Group Limited remains one of the largest investors in European football through its subsidiary ENIC Sports Limited which furthered its investment in Tottenham Hotspur plc during the year.

The Entertainment Division's operations have been largely wound down and arrangements with Warner Bros. Consumer Products have been terminated.

Within the Media division the company now holds passive investments in a number of listed and private entities through its subsidiary companies.

The directors consider the company is well placed to perform satisfactorily in the future.

RESULTS AND DIVIDENDS

The audited financial statements for the year to 30 June 2004 are set out on pages 4 to 13. The loss for the year, after taxation was £11,778,000 (2003: £1,826,000)

No dividend was paid or declared in the period to 30 June 2004 (2003: £nil).

DIRECTORS

The directors who served throughout the year, except as noted, were as follows:

D P Levy
M J Collecott

DIRECTORS' INTERESTS

D P Levy had interests in 29,624,633 shares in the company at 30 June 2004. The shares are held in discretionary trusts under which certain members of his family are potential beneficiaries.

AUDITORS

In accordance with section 388 of the Companies Act 1985, the directors appointed Deloitte & Touche LLP as the companies' auditors. A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M J Collecott
Secretary

28/1/2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ENIC GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENIC GROUP LIMITED

We have audited the financial statements of ENIC Group Limited for the year to 30 June 2004 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company'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 company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

28. 01. 2005

ENIC GROUP LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 30 June 2004

	Notes	30 June 2004		30 June 2003	
		£'000	£'000	£'000	£'000
Turnover – continuing operations	1		350		150
Operating expenses		(872)		(1,899)	
Depreciation of tangible fixed assets		(35)		(10)	
Amounts written off loans		-		(750)	
Exceptional income	2	613		2,000	
Operating expenses			(294)		(659)
Operating loss – continuing operations					
	3		56		(509)
Profit on sale of investments			4		20
Amounts written off investments			(10,245)		-
Loss on ordinary activities before interest			(10,185)		(489)
Net interest	4		(1,593)		(1,337)
Loss on ordinary activities before taxation			(11,778)		(1,826)
Tax on loss on ordinary activities	6		-		-
Loss on ordinary activities after taxation			(11,778)		(1,826)
Retained profit at 1 July			5,745		7,571
Retained (loss)/profit at 30 June			(6,033)		5,745

The accompanying accounting policies and notes form an integral part of these financial statements.

No other gains or losses were recognised in the year and all income and expenses result from operations within the UK connected to overseeing the company's strategic investments.

ENIC GROUP LIMITED

BALANCE SHEET 30 June 2004

		30 June 2004	30 June 2003
	Notes	£'000	£'000
Fixed assets			
Tangible assets	7	78	133
Investments	8	25,712	35,957
		25,790	36,090
Current assets			
Debtors	9	43,171	40,182
Cash at bank and in hand		5,011	6,977
		48,182	47,159
Creditors: amounts falling due within one year	11	(5,248)	(4,997)
Net current assets		42,934	42,162
Total assets less current liabilities		68,724	78,252
Creditors: amounts falling due after more than one year	12	(34,500)	(32,250)
Net assets		34,224	46,002
Capital and reserves			
Called-up share capital	13	2,518	2,518
Share premium account	14	36,322	36,322
Capital redemption reserve	14	1,417	1,417
Profit and loss account		(6,033)	5,745
Shareholders' funds (equity)	16	34,224	46,002

The accompanying accounting policies and notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28/1/2005

Signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS

for the year ended 30 June 2004

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable accounting standards. The company has taken advantage of the Companies Act s228 and has not prepared consolidated accounts on the basis that group accounts are prepared by its immediate parent, ENIC Limited, of which ENIC Group Limited is a wholly owned subsidiary.

Investments

Except as stated above, fixed asset investments are shown at cost less any provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Turnover

Turnover represents services provided to companies within the football sector and are stated net of VAT.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Leasehold improvements	Term of the lease
Land and buildings	15 years
Motor vehicles	5 years
Fixtures, fittings and equipment	4 to 10 years

Deferred taxation

Deferred taxation is provided in full on material timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognised where it is more likely than not that it will be recoverable in the future. Deferred tax assets and liabilities recognised have not been discounted.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the corporate tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Contribution to pension funds

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and those actually paid are accounted for in the balance sheet

NOTES TO THE ACCOUNTS
for the year ended 30 June 2004

2. Exceptional income

The exceptional income of £613,000 represents a settlement made in respect of a bad debt written off in 2002 regarding the liquidation of Exchange Direct. (2003: £2,000,000 regarding the recovery of loans from Ipoventure S.A)

3. Operating loss

The loss on ordinary activities is stated after charging:

	30 June 2004 £'000	30 June 2003 £'000
Auditors' remuneration		
Deloitte & Touche LLP – audit	15	25
Deloitte & Touche LLP – non audit	70	50
Depreciation and amortisation		
Tangible fixed assets	35	10
Loss on disposal of fixed assets	12	-
Foreign exchange loss	105	64

Amount written off investments of £10.2m represents the write down of the investment in The Rangers Football Club Plc.

4. Net interest

	30 June 2004 £'000	30 June 2003 £'000
Interest payable on group loans	(2,250)	(2,250)
Interest receivable on group loans	387	358
Bank interest receivable	270	555
	(1,593)	(1,337)

NOTES TO THE ACCOUNTS
for the year ended 30 June 2004

5. Directors and employees

Total emoluments of directors paid by the company during the year were as follows:

	30 June 2004 £'000	30 June 2003 £'000
Fees/salaries/benefits in kind and bonuses	297	440
	297	440

The above amount includes emoluments of £247,000 paid in respect of the highest paid director.

Total cost of employees during the year was as follows:

	30 June 2004 £'000	30 June 2003 £'000
Wages and salaries	342	602
Social security costs	49	67
Pension and other costs	9	75
	400	744

Average number of employees

The average number of employees during the year was four - (2003: four).

6. Tax on loss on ordinary activities

The charge for tax on the loss for the year comprises:

	30 June 2004 £'000	30 June 2003 £'000
Loss on ordinary activities before taxation	(11,778)	(1,826)
Loss on ordinary activities at standard rate of corporation tax in the UK (30%)	(3,533)	(548)
Effects of:		
Non-taxable income	(184)	-
Write-off of investments	3,073	-
Depreciation in excess of capital allowances	4	-
Losses surrendered to other group companies	568	548
Unutilised losses carried forward	72	-
	-	-

NOTES TO THE ACCOUNTS
for the year ended 30 June 2004

7. Tangible assets

	Motor Vehicles	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
Cost at 1 July 2003	119	54	173
Disposals	(25)	-	(25)
At 30 June 2004	94	54	148
Amortisation at 1 July 2003	3	37	40
Provided in the period	29	6	35
Eliminated on disposal	(5)	-	(5)
At 30 June 2004	27	43	70
Net book value at 30 June 2004	67	11	78
Net book value at 30 June 2003	116	17	133

8. Investments

	Quoted investments	Subsidiary undertakings	Total
	£'000	£'000	£'000
Cost at 1 July 2003	18,945	17,012	35,957
Write down of Investment	(10,245)	-	(10,245)
At 30 June 2004	8,700	17,012	25,712

Quoted investments

The OFEX market value of the investment in The Rangers Football Club plc at the close of business on 6 December 2004 was £11.2m (£0.97per share), the carrying value at 30 June 2004 was £1. The shareholders' funds of The Rangers Football Club plc at 30 June 2004 were £15.5m. The retained loss for the year ended 30 June 2004 was £5.9m (30 June 2003: £29.6m). The Company has a shareholding of 20.2% in the ordinary share capital of The Rangers Football Club plc. and accordingly it is not treated as an associate.

NOTES TO THE ACCOUNTS
for the year ended 30 June 2004

Subsidiary undertakings

8. Investments (continued)

Interests in subsidiary undertakings are as follows:

Undertaking	Country of registration	Nature of business	Effective holding
ENIC			
English National Investment Company Limited	England	Holding company	100%
ENIC Entertainment			
ENIC Entertainment Limited	England	Holding company	100%
ENIC Entertainment (Restaurants) Limited	England	Holding company	100%
WB/ENIC Soundstage Restaurants L.P.	USA	Restaurant	100%
ENIC Sports			
ENIC Services Limited	England	Service company	100%
ENIC Sports Sarl	Luxembourg	Holding company	100%
ENIC Sports plc	England	Holding company	100%
Lindow Investments Limited	England	Investment company	100%
Otto S.r.l.	Italy	Holding company	100%
Vicenza Calcio S.p.A	Italy	Football club	99.9%
ENIC Hellas S.A.	Greece	Holding company	43%
ENIC Football Management Sarl	Luxembourg	Holding company	100%
SK Slavia Praha-fotbal a.s.	Czech Republic	Football club	96.7%
ENIC Gaming and Media			
ENIC Media Limited	England	Holding company	100%
ENIC Gaming Limited	England	Holding company	100%
ENIC Internet Limited	England	Holding company	100%
ENIC New Media Investments Inc	Bahamas	Investment company	100%
Siapita Investments Limited	England	Investment company	100%
Siapita Inc.	Bahamas	Holding company	100%

NOTES TO THE ACCOUNTS
for the year ended 30 June 2004

9. Debtors

	30 June 2004 £'000	30 June 2003 £'000
Trade debtors	-	-
Amounts owed by Group undertakings	43,057	39,485
Other debtors	114	680
Prepayments and accrued income	-	17
	43,171	40,182

All amounts owed by Group undertakings to the Company are due in less than one year (2003: all amounts due in less than one year). Interest was charged at arm's length on intra Group loans.

10. Current asset investments

The company had no listed investments at the year end (2003: £nil) other than those categorised as investments.

11. Creditors: amounts falling due within one year

	30 June 2004 £'000	30 June 2003 £'000
Amounts owed to Group undertakings	4,871	4,464
Social security and other taxes	13	16
Other creditors	37	36
Accruals and deferred income	327	481
	5,248	4,997

12. Creditors: amounts falling due after more than one year

	30 June 2004 £'000	30 June 2003 £'000
Amounts owed to Group undertakings	34,500	32,250
	34,500	32,250

NOTES TO THE ACCOUNTS
for the year ended 30 June 2004

13. Share capital

	30 June 2004 Number	30 June 2004 £'000	30 June 2003 Number	30 June 2003 £'000
Authorised				
Ordinary shares of 2.5p	180,000,000	4,500	180,000,000	4,500
Allotted, called up and fully paid				
Ordinary shares of 2.5p	100,722,914	2,518	100,722,914	2,518

14. Share premium account and reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2003	36,322	1,417	5,745	43,484
Retained loss for the year	-	-	(11,778)	(11,778)
At 30 June 2004	36,322	1,417	(6,033)	31,706

15. Analysis of changes in net funds/(debt)

	1 July 2003 £'000	Cash flow £'000	30 June 2004 £'000
Cash in hand and at bank	6,977	(1,966)	5,011
	6,977	(1,966)	5,011
Debt due within one year	(32,250)	(2,250)	(34,500)
	(25,273)	(4,216)	(29,489)

16. Reconciliation of movements in shareholders' funds

	30 June 2004 £'000	30 June 2003 £'000
Loss for the year	(11,778)	(1,826)
Shareholders' funds at 1 July	46,002	47,828
Shareholders' funds at 30 June	34,224	46,002

NOTES TO THE ACCOUNTS

for the year ended 30 June 2004

17. Capital commitments and contingent liabilities

The company has no contracted commitments at 30 June 2004 (2003: £nil).

The company continues to indemnify Time Warner Entertainment Limited in respect of leases acquired with Warner Bros. Studio Stores Limited ("WBSS"). The contingent liability under the indemnities provided by ENIC Group Ltd in respect of these leases at the year end was £54.4m over the full term of such leases, of which £2.6m relates to leases on stores that have not been assigned to third part tenants. WBSS is currently in administration.

18. Pensions

ENIC Group Ltd operates defined contribution schemes for the benefit of employees. The pension cost charge for the year for ENIC Group Ltd amounted to £5,171 (2003: £12,110).

19. Related party transactions

Tottenham Hotspur plc ("Tottenham")

During the year Tottenham invoiced the Company £4,811 (2003:£12,696) plus VAT in respect of reimbursable utility and operating costs. At the balance sheet date nothing (2003: £10,094) was due to ENIC Group Ltd.

20. Ultimate parent undertaking

The directors consider Crailes Holdings limited, a company incorporated in the Bahamas, as the ultimate parent undertaking and the ultimate controlling party. ENIC Limited is the parent company of the largest and smallest group of which ENIC Group Limited is a wholly owned immediate subsidiary.

21. Post balance sheet events

On the 27 August 2004 ENIC Group Limited sold its 20.2% share (11,581,522 shares) in The Rangers Football Club Plc to Murray MHL Limited for the sum of £8.7m. ENIC Sports Srl sold Otto Srl, the holding company of Vicenza Calcio SpA on 25 November 2004 for consideration of Euro 6.5m payable over 5 years with additional consideration payable dependent on the club's performance.