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Company Registration No 01002965 (England and Wales)

HARLEQUIN ESTATES (TWICKENHAM) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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HARLEQUIN ESTATES (TWICKENHAM) LIMITED

COMPANY INFORMATION

Directors	Charles Jillings Andrew Vander Meersch M J Evans
Secretary	J K Dingle
Company number	01002965
Registered office	Twickenham Stoop Stadium Langhorn Drive Twickenham Great Britain TW2 7SX
Auditors	Felton Pumphrey 1 The Green Richmond Surrey TW9 1PL
Business address	Twickenham Stoop Stadium Langhorn Drive Twickenham Great Britain TW2 7SX

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

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HARLEQUIN ESTATES (TWICKENHAM) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2008

The directors present their report and financial statements for the year ended 30 June 2008

Principal activities and review of the business

The principal activity of the company continued to be that of property management

Results and dividends

The results for the year are set out on page 5

Directors

The following directors have held office since 1 July 2007

Charles Jillings
Andrew Vander Meersch
M J Evans

Directors' interests

The directors' interests in the shares of the company were as stated below

	ordinary shares of £1 each	
	30 June 2008	1 July 2007
Charles Jillings	-	-
Andrew Vander Meersch	-	-
M J Evans	-	-

Auditors

In accordance with the Company's Articles, a resolution proposing that Felton Pumphrey be reappointed as auditors of the company will be put at a General Meeting

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

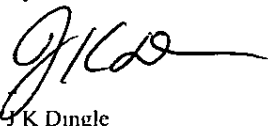
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



J K Dingle
Secretary

27 October 2008

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HARLEQUIN ESTATES (TWICKENHAM) LIMITED

We have audited the financial statements of Harlequin Estates (Twickenham) Limited for the year ended 30 June 2008 set out on pages 5 to 12. 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 the directors and auditors

The directors' responsibilities for preparing 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 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 other transactions is not disclosed.

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

Basis of audit opinion

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

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

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF HARLEQUIN ESTATES (TWICKENHAM) LIMITED

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 company's affairs as at 30 June 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements


Felton Pumphrey

8 November 2008

Chartered Accountants
Registered Auditor

1 The Green
Richmond
Surrey
TW9 1PL

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2008

		2008	2007
	Notes	£	£
Turnover	2	350,000	350 000
Administrative expenses		(400,109)	(397,762)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3	(50,109)	(47,762)
Tax on loss on ordinary activities	4	9,714	-
		<hr/>	<hr/>
Loss for the year	10	<u>(40,395)</u>	<u>(47,762)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account


HARLEQUIN ESTATES (TWICKENHAM) LIMITED

BALANCE SHEET

AS AT 30 JUNE 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	5	20,412,509	13,568,009
Current assets			
Debtors amounts falling due within one year	6	-	59,014
Debtors amounts falling due after more than one year	6	-	114,000
Creditors amounts falling due within one year	7	-	(99,750)
Net current assets		-	73,264
Total assets less current liabilities		20,412,509	13,641,273
Creditors amounts falling due after more than one year	8	(12,834,047)	(6,022,416)
		<u>7,578,462</u>	<u>7,618,857</u>
Capital and reserves			
Called up share capital	9	3	3
Revaluation reserve	10	4,588,962	4,588,962
Profit and loss account	10	2,989,497	3,029,892
Shareholders' funds	11	<u>7,578,462</u>	<u>7,618,857</u>

Approved by the Board and authorised for issue on 27th October 2008


M J Evans
Director

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Leasehold Land	Nil
Leasehold Buildings and Improvements	over 5 and 50 years straight line
Plant and machinery	over 3 to 10 years straight line
Fixtures, fittings & equipment	over 10 years straight line

The cost of the Lexus Stand includes all expenses of development, including attributable interest. Interest capitalised is calculated by reference to the rate of interest payable on borrowings drawn down to finance the development.

The costs relating to the development of the South Stand have been shown within "assets in the course of construction".

1.5 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

A deferred tax asset is regarded as recoverable and therefore recognized only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating loss	2008	2007
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets	300,416	297,762

4 Taxation	2008	2007
	£	£

Domestic current year tax

Adjustment for prior years	(9,714)	-
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Current tax charge

Factors affecting the tax charge for the year

Loss on ordinary activities before taxation	(50,109)	(47,762)
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Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29.50% (2007 - 30.00%)

	(14,782)	(14,329)
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Effects of

Adjustments to previous periods	(9,714)	-
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Other tax adjustments	14,782	14,329
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	5,068	14,329
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Current tax charge

	(9,714)	-
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No provision has been made for deferred tax on gains recognised on revaluing the property to its market value as such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £2,162,947 (2007 £2,962,366). At present it is not envisaged that any tax will become payable in the foreseeable future.

HARLEQUIN ESTATES (TWICKENHAM) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 30 JUNE 2008**5 Tangible fixed assets**

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost or valuation			
At 1 July 2007	12,025,757	2,087,572	14,113,329
Additions	6,917,648	227,267	7,144,915
	<u>18,943,405</u>	<u>2,314,839</u>	<u>21,258,244</u>
At 30 June 2008			
Depreciation			
At 1 July 2007	294,667	250,652	545,319
Charge for the year	161,264	139,152	300,416
	<u>455,931</u>	<u>389,804</u>	<u>845,735</u>
At 30 June 2008			
Net book value			
At 30 June 2008	<u>18,487,474</u>	<u>1,925,035</u>	<u>20,412,509</u>
At 30 June 2007	<u>13,568,009</u>	<u>-</u>	<u>13,568,009</u>

During the year, buildings & improvements amounting to £7,144,915 was transferred to the company from Blue Sky Leisure Limited, a subsidiary company

On 30 June 2006 the land was valued by external valuers, Vail Williams, on the basis of depreciated replacement cost in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors at £12,825,000. The valuers consider that the property falls under the definition of "specialised" and accordingly consider that depreciated replacement cost is an appropriate method of valuation. No provision has been made for additional corporation tax of £2,162,947 which would arise if the land and buildings were disposed of at their revalued amount as there is currently no intention to dispose of the property. The cost of land and buildings includes £64,267 of finance costs capitalised during the course of development of the West Stand. The net book value at 30 June 2008 includes £342,429 (2007 £337,299) relating to assets in the course of construction.

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008

6 Debtors	2008	2007
	£	£
Amounts owed by parent and fellow subsidiary undertakings	-	173,014
Amounts falling due after more than one year and included in the debtors above are		
	2008	2007
	£	£
Amounts owed by group undertakings	-	114,000
7 Creditors amounts falling due within one year	2008	2007
	£	£
Other creditors	-	99,750
8 Creditors amounts falling due after more than one year	2008	2007
	£	£
Other loans	12,834,047	6,022,416
Analysis of loans		
Not wholly repayable within five years other than by instalments	12,834,047	6,022,416
	12,834,047	6,022,416
Loan maturity analysis		
In more than five years	12,834,047	6,022,416

Security

Bank loans amounting to £6,457,502 have been obtained by the parent company, Blue Sky Leisure Limited and are secured over the assets of the group including a charge over the property owned by Harlequins Estates (Twickenham) Ltd

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008

9 Share capital	2008	2007
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
3 ordinary shares of £1 each	3	3
	<u> </u>	<u> </u>

10 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 July 2007	4,588,962	3,029,892
Loss for the year	-	(40,395)
	<u> </u>	<u> </u>
Balance at 30 June 2008	4,588,962	2,989,497
	<u> </u>	<u> </u>

11 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Loss for the financial year	(40,395)	(47,762)
Opening shareholders' funds	7,618,857	7 666,619
	<u> </u>	<u> </u>
Closing shareholders' funds	7,578,462	7,618,857
	<u> </u>	<u> </u>

12 Contingent liabilities

Bank loans amounting to £6,457,502 have been obtained by the parent company, Blue Sky Leisure Limited and are secured over the assets of the group including a charge over the property owned by Harlequins Estates (Twickenham) Ltd

13 Employees

Number of employees

There were no employees during the year apart from the directors

HARLEQUIN ESTATES (TWICKENHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008

14 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company