

SOCCER INVESTMENTS PLC
(Registered number: 3307701)

DIRECTORS REPORT AND ACCOUNTS

31 JULY 1997



DIRECTORS' REPORTS AND ACCOUNTS FOR THE PERIOD ENDED 31 JULY 1997

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SOCCER INVESTMENTS PLC

DIRECTORS, SECRETARY AND ADVISERS FOR THE PERIOD ENDED 31 JULY 1997

Directors: Sir Rodney Myerscough Walker
John Michael Edelson
David Robert Southworth
Alan David Hansen

Company Secretary: Nicholas Geoffrey Marshall

Registered Office: Bank House, 9 Charlotte Street, Manchester, M1 4EU

Bankers: National Westminster Bank PLC
Manchester City Office Branch
PO Box 305
55 King Street
Manchester M60 2DB

Auditors: Price Waterhouse
Chartered Accountants and Registered Auditors
9 Bond Street
Leeds LS1 2SN

Solicitors: Garretts
Bank House
9 Charlotte Street
Manchester M1 4EU

James Chapman & Co
Canada House
3 Chepstow Street
Manchester M1 5ER

Financial Advisers: Apax Partners & Co. Corporate Finance Limited
15 Portland Place
London W1N 3AA

Stockbrokers: Wise Speke Limited
PO Box 512
National House
36 St Ann Street
Manchester M60 2EP

Registrars: IRG plc
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ

SOCCER INVESTMENTS PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 1997

The directors of Soccer Investments plc present their directors' report and audited accounts for the period from incorporation to 31 July 1997.

The company was incorporated as Positive Campaign Limited on 27 January 1997. On 11 February 1997 the Company changed its name to Soccer Investments Limited. The company re-registered as a public limited company on 20 March 1997 and was admitted to trading on the Alternative Investment Market of the London Stock Exchange on 23 April 1997.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The company's principal activity is to acquire at least a controlling shareholding in a professional football club. The directors are confident that the company will acquire a controlling interest in a professional football club in the foreseeable future.

BUSINESS REVIEW AND RESULTS

The result for the period is shown on page 5. The directors do not recommend payment of a dividend. The directors consider the result for period to be satisfactory.

DIRECTORS

The beneficial interests of the directors in the company as at 31 July 1997 are as follows:

	<u>Date of appointment</u>	<u>Number of ordinary shares</u>	<u>Number of options over ordinary shares</u>
Sir Rodney Myerscough Walker	-	8,000	100,000
John Michael Edelson	-	50,000	100,000
David Robert Southworth	-	75,000	100,000
Alan David Hansen	-	10,000	100,000

There have been no changes in directors' share options since 31 July 1997.

The directors held no share options at 27 January 1997. The directors have been granted options to purchase 100,000 shares at an exercise price of £1. No options were exercised or lapsed during the period. At 31 July 1997 the shares were suspended. The highest share price for the period was 107.5 pence and the lowest was 101.5 pence.

The share options are due to expire on 23 April 2004, however this date is extendible through approval by the board of directors by 23 April 2007.

There are no performance criteria conditions upon which the options are exercisable.

The company's Register of Directors' Interests contains full details of directors' shareholdings and options to subscribe.

SOCCER INVESTMENTS PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 1997

CREDITOR PAYMENT POLICY

The company pays its suppliers in accordance with agreed terms and conditions. Creditor days during the period were an average of 100 days.

AUDITORS

Price Waterhouse were appointed as auditors during the period and they have indicated their willingness to continue in office. Accordingly a resolution for their re-appointment, as well as authorising the directors to fix their remuneration will be proposed at the annual general meeting.

By Order of the Board



J M Edelson
Director

29 September 1997

SOCCER INVESTMENTS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 for that year. 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, 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 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF SOCCER INVESTMENTS PLC

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state the company's affairs as at 31 July 1997 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

29 September 1997

SOCCER INVESTMENTS PLC

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 JULY 1997

	<u>Note</u>	Six months ended <u>31 July 1997</u> £'000
Administrative expenses		(50)
OPERATING LOSS - CONTINUING OPERATIONS	2	(50)
Interest receivable		<u>150</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		100
Tax on profit on ordinary activities	4	(31)
RETAINED PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES	8	69
		=
Earnings per share	5	0.69p
		=

There were no recognised gains or losses, nor historical cost profits or losses, other than the profit for the period. Consequently separate statements of total recognised gains and losses and historical cost profits and losses are not presented.

The notes on pages 8 to 10 form part of these accounts.

SOCCER INVESTMENTS PLC

BALANCE SHEET AS AT 31 JULY 1997

	<u>Note</u>	<u>31 July 1997</u> £'000
CURRENT ASSETS		
Cash at bank		9,806
CREDITORS: Amounts falling due within one year	6	<u>(77)</u>
NET CURRENT ASSETS		<u>9,729</u>
CAPITAL AND RESERVES		
Called up share capital	7	1,000
Share premium	8	8,660
Profit and loss account	8	<u>69</u>
EQUITY SHAREHOLDERS' FUNDS	9	<u>9,729</u>

Approved by the Board of Directors on 29 September 1997



J M Edelson
Director

The notes on pages 8 to 10 form part of these accounts.

SOCCER INVESTMENTS PLC

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 1997

	<u>Note</u>	Six months ended <u>31 July</u> <u>1997</u> £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	10	(4)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received		<u>150</u>
NET CASH INFLOW BEFORE FINANCING		146
FINANCING		
Issue of share capital		10,000
Expenses paid in connection with share issue		<u>(340)</u>
INCREASE IN CASH	11	<u>9,806</u>

The notes on pages 8 to 10 form part of these accounts.

SOCCER INVESTMENTS PLC

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 1997

1 ACCOUNTING POLICIES

Basis of accounting

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

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences to the extent that, in the opinion of the Directors, there is reasonable probability that the liability will arise in the foreseeable future.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	Six months ended 31 July 1997 £'000
Auditors' remuneration	3
Staff costs (see note 3)	25
	=

3 DIRECTORS' EMOLUMENTS

Directors' emoluments comprised:

	Six months ended 31 July 1997 £'000
Directors' fees	25
Social Security costs	—
	25
	=

The average number of employees during the period was nil.

No element of the directors' remuneration is pensionable.

Details of share options are given in the Directors' Report on page 1.

SOCCER INVESTMENTS PLC

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 1997 (CONTINUED)

4 TAXATION

Six months ended
31 July 1997
£'000

Corporation tax at 31% on taxable profits for the year	31
	==

5 EARNINGS PER SHARE

Earnings per share is calculated by reference to a weighted average of 10,000,000 ordinary shares in issue during the period.

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

31 July 1997
£'000

Corporation tax	31
Accruals	<u>46</u>
	77
	==

7 SHARE CAPITAL

31 July 1997
£'000

Authorised: 25,000,000 ordinary shares of £0.10 each	2,500
	=====
Allotted, issued and fully paid: 10,000,000 ordinary shares of £0.10 each	1,000
	=====

10,000,000 ordinary shares were issued at £1 per share during the period.

Warrants to subscribe for 350,000 shares at £1 each and options to subscribe for 400,000 shares at £1 each were issued during the period for £nil consideration.

8 RESERVES

	<u>Share premium</u> £'000	<u>Profit and loss account</u> £'000
Premium on issue of shares	9,000	-
Issue costs	(340)	-
Retained profit for period	<u>-</u>	<u>69</u>
Balance at 31 July 1997	<u>8,660</u>	<u>69</u>
	=====	=====

SOCCER INVESTMENTS PLC

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 1997 (CONTINUED)

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£'000
Profit for the financial period	69
Net proceeds from issue of shares	<u>9,660</u>
Closing shareholders' funds	<u>9,729</u>

10 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Six months ended 31 July 1997 £'000
Operating loss	(50)
Increase in creditors	<u>46</u>
Net cash outflow from operating activities	<u>(4)</u>

11 RELATED PARTY TRANSACTIONS

On 15 April 1997 the company issued to Apax Partners & Co Corporate Finance Limited ("Apax Partners") 350,000 warrants to subscribe for ordinary shares at £1 per share. The subscription rights attached to the warrants are exercisable in whole or in part at any time after 23 April 1997 up to and including 23 April 2007.

A fee of £175,000 was paid to Apax Partners during the period in connection with the admission of the company to the Alternative Investment Market of the London Stock Exchange.

Following flotation Apax Partners entered into agreements to provide advisory and secretarial services to the company, for which Apax Partners receives fees of £50,000 and £15,000 per annum respectively.

12 NOMINATED ADVISER AND BROKER

The company's nominated adviser is Apax Partners & Co Corporate Finance Limited and nominated broker is Wise Speke Limited.