

Registrar

BLUECASTLE ENTERPRISES LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2001

S H LANDES & CO

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

Company number: 4128720

BLUECASTLE ENTERPRISES LIMITED

**FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2001**

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BLUECASTLE ENTERPRISES LIMITED**COMPANY INFORMATION**

| | |
|-------------------|--|
| DIRECTOR | A. A. Rooney |
| SECRETARY | Corporate Secretaries Limited |
| AUDITORS | S H Landes & Co Chartered Accountants and Registered Auditors 5th Floor, Walmar House 288 Regent Street London W1B 3AL |
| PRINCIPAL BANKERS | Investment Bank Luxembourg SA 4 Boulevard Royal Luxembourg L-2449 Tempbank Krutitsky Val d.26 109044 Moscow Russia |
| REGISTERED OFFICE | 161 Cleveland Way Stevenage Hertfordshire SG1 6BU |
| REGISTERED NUMBER | 4128720 |

BLUECASTLE ENTERPRISES LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 DECEMBER 2001

The director submits her report and the accounts for the period from incorporation on 20 December 2000 to 31 December 2001.

ACTIVITIES

The principal activity during the period was that of investment in sporting entities.

RESULTS AND DIVIDEND

The company made a loss after taxation for the period of \$11,282,388. The director does not propose a dividend and recommends that the loss for the period be carried forward.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period, and their beneficial interests in the issued share capital, were as follows:

| | Ordinary shares of £1 each | |
|---|-----------------------------------|-------------------------|
| | 31 December 2001 | On incorporation |
| A. A. Rooney (appointed 29 January 2001) | - | - |
| Corporate Directors Limited (appointed 20 December 2000, resigned January 2001) | - | - |

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which 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 director is 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

AUDITORS

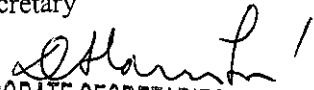
The auditors, S H Landes & Co, will be proposed for reappointment in accordance with S.385 of the Companies Act 1985.

BLUECASTLE ENTERPRISES LIMITED**DIRECTOR'S REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2001
(continued)****SMALL COMPANY RULES**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

Corporate Secretaries Limited
Secretary


CORPORATE SECRETARIES LIMITED

Date: 27 January 2003

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
BLUECASTLE ENTERPRISES LIMITED

We have audited the financial statements of Bluecastle Enterprises Limited for the period ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 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 United Kingdom 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 to you 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 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. 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 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 judgments 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. However, the evidence available to us was limited because most of the company's transactions occur outside the United Kingdom and there was no alternative system of verification we could apply. There were no satisfactory audit procedures that we could adopt to confirm that all transactions were properly recorded. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
BLUECASTLE ENTERPRISES LIMITED
(continued)

Fundamental uncertainty

In forming our opinion, we have considered the appropriateness of preparing the financial statements on a going concern basis. This basis may not be appropriate because the company incurred a loss after taxation of \$11,282,388 during the period ended 31 December 2001. As detailed in note 12, the company is reliant on the support of its ultimate controlling party and creditors to enable it to meet its liabilities as they fall due.

In the absence of the support of the company's ultimate controlling party and creditors, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets as current assets. Our opinion is not qualified in this respect.

Qualified opinion arising from limitation in audit scope

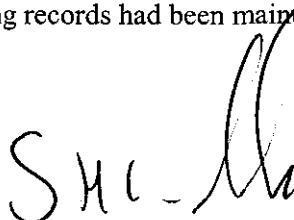
Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence of the company's transactions, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the company's transactions:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- we were unable to determine whether proper accounting records had been maintained.

S H LANDES & CO
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITORS

5th Floor, Walmar House
288 Regent Street
London
W1B 3AL



Date: 27 January 2003

BLUECASTLE ENTERPRISES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2001

| | Notes | \$ |
|--|-------|--------------|
| TURNOVER | 2 | - |
| Direct costs | | - |
| | | ----- |
| GROSS PROFIT | | - |
| Administrative expenses | | 3,365,997 |
| | | ----- |
| OPERATING LOSS | 3 | (3,365,997) |
| Commissions received | | 70,000 |
| Interest receivable | | 1,897 |
| Interest payable | | (214,347) |
| Provision against investment | | (7,773,739) |
| | | ----- |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (11,282,186) |
| TAXATION | 4 | (202) |
| | | ----- |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED | | (11,282,388) |
| | | ===== |


The accompanying notes are an integral part of this profit and loss account

BLUECASTLE ENTERPRISES LIMITED

BALANCE SHEET
AT 31 DECEMBER 2001

| | Notes | \$ | \$ |
|---|-------|------------|--------------|
| FIXED ASSETS | | | |
| Investments | 5 | | 1,881,425 |
| CURRENT ASSETS | | | |
| Debtors | 6 | 100,000 | |
| Cash at bank and in hand | | 68,766 | |
| | | ----- | |
| | | 168,766 | |
| CREDITORS: amounts falling due within one year | 7 | 13,317,864 | |
| | | ----- | |
| NET CURRENT LIABILITIES | | | (13,149,098) |
| NET LIABILITIES | | | ----- |
| | | | (11,267,673) |
| | | | ===== |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | | 14,715 |
| Profit and loss account | | | (11,282,388) |
| | | | ----- |
| SHAREHOLDERS' FUNDS | 9 | | (11,267,673) |
| | | | ===== |

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.


A. A. Rooney
Director

Formally approved on: 27 January 2003

The accompanying notes are an integral part of this balance sheet

BLUECASTLE ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2001**

1. ACCOUNTING POLICIES

The principal accounting policies which are adopted in the preparation of the financial statements are set out below:

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

(b) Foreign currencies

Monetary assets and liabilities in other currencies are translated into dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies were translated into US dollars at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the loss.

(c) Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes only to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

(d) Investments

Investments are stated at the lower of cost and realisable market value.

2. TURNOVER

In the period to 31 December 2001, any company turnover would be derived from markets outside the United Kingdom.

3. OPERATING LOSS

| | |
|--------------------------------|--------|
| | \$ |
| This is stated after charging: | |
| Auditors' remuneration | 25,556 |
| | ===== |

4. TAXATION

| | |
|------------------------|-------|
| | \$ |
| Tax deducted at source | 202 |
| | ===== |

BLUECASTLE ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2001
(continued)**

5. INVESTMENTS**Fixed assets:**

| | \$ | \$ |
|---|-----------|-----------|
| Investment in football club, CSCA Moscow, Russia (note a) | 7,773,739 | |
| Less Provision against investment | 7,773,739 | |
| | ----- | - |
| Shares in group undertakings (note b and note c) | | 1,881,425 |
| | | ----- |
| | | 1,881,425 |
| | | ===== |

- (a) The benefit of the investment in the football club, CSCA Moscow is a contingent asset, as the company is only entitled to monies on the sale of players by the football club. As there are no sales, the investment has been fully provided against in this period.
- (b) The company owns 49% of ZAO "Professional Football Club CSCA", a professional football club incorporated in the Russian Federation. The aggregate amount of share capital and reserves of ZAO "Professional Football Club CSCA" as at 31 December 2001 was \$310,000 and the loss for the year ended on that date was \$1,684,000. The company has also acquired the right to buy a further 25.8% of the issued share capital of ZAO "Professional Football Club CSCA".
- (c) The company owns 100% of OAO "Avo-Capital", a company which manages investments and is incorporated in the Russian Federation. The aggregate amount of share capital and reserves of OAO "Avo-Capital" as at 31 December 2001 was \$88,264 and the loss for the year ended on that date was \$77,811.

6. DEBTORS

| | \$ |
|-------|---------|
| Loans | 100,000 |
| | ===== |

7. CREDITORS: amounts falling due within one year

| | \$ |
|-------------------------------|------------|
| Loans | 12,974,319 |
| Sundry creditors and accruals | 343,545 |
| | ----- |
| | 13,317,864 |
| | ===== |

BLUECASTLE ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2001
(continued)**

8. CALLED UP SHARE CAPITAL

| | \$ |
|-------------------------------------|-------------------|
| Authorised: | |
| 10,000 ordinary shares of £1 each | 14,715 |
| | <u> </u> |
| Allotted, called up and fully paid: | |
| 10,000 ordinary shares of £1 each | 14,715 |
| | <u> </u> |

During the period the company issued ten thousand ordinary shares of £1 each at par for cash consideration.

9. STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | \$ |
|---|-------------------|
| Net loss for the period | (11,282,388) |
| Shares issued | 14,715 |
| | <u> </u> |
| Shareholders' funds at 31 December 2001 | (11,267,673) |
| | <u> </u> |

10. DIRECTOR'S REMUNERATION

No remuneration was received by the director during the period.

11. PARENT UNDERTAKING AND CONTROLLING PARTY

Macasyng Holding BV, a company incorporated in Holland, is the company's immediate parent undertaking and Alexandre Garese is the company's ultimate controlling party.

12. COMPANY FINANCING

The company has net current liabilities of \$13,149,098 and made a loss for the period of \$11,282,388. Should the company's income prove insufficient to fund its future working capital the controlling party has indicated his willingness to make available to the company such additional funds as it may require in respect of working capital for the foreseeable future. Having consideration to the support indicated, the director has concluded that it is appropriate to prepare the financial statements on a going concern basis.