

Sportdale Limited

FINANCIAL STATEMENTS

for the period ended

31 May 2004



Company Registration No. 4648736

Sportdale Limited

DIRECTORS AND OFFICERS

DIRECTORS

P V Taylor
V A Tchenguiz
J D Thorpe

SECRETARY

M H P Ingham

COMPANY NUMBER

4648736 (England and Wales)

REGISTERED OFFICE

18 Upper Grosvenor Street
London
W1K 7PW

AUDITORS

Baker Tilly
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

SOLICITORS

Olswang
90 High Holborn
London
WC1V 6XX

Sportdale Limited

DIRECTORS' REPORT

The directors present their report and financial statements of Sportdale Limited for the period ended 31 May 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of property investment.

REVIEW OF THE BUSINESS

The company was incorporated on 27 January 2003.

In the opinion of the directors the result for the period and the financial position of the company at 31 May 2004 were satisfactory.

During the period the company acquired an investment property using short term funding. Subsequently, more appropriate long-term facilities were obtained that are described in note 10 to the accounts.

DIVIDENDS

The directors do not recommend payment of a dividend.

DIRECTORS

The following directors have held office since 27 January 2003:

P V Taylor	(Appointed 5 March 2003)
V A Tchenguiz	(Appointed 5 March 2003)
J D Thorpe	(Appointed 5 March 2003)
R Tchenguiz	(Appointed 27 January 2003 and resigned 5 March 2003)
London Law Services Limited	(Appointed 27 January 2003 and resigned 27 January 2003)

DIRECTORS' INTERESTS IN SHARES

The directors had no beneficial interest in the share capital of the company at any time during the period.

INVESTMENT PROPERTY

The investment property held at 31 May 2004 was valued as at that date at £60,210,000 by the directors.

The increase in value during the period amounted to £8,824,241 as set out in note 7.

AUDITORS

Baker Tilly were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

On behalf of the board


V A Tchenguiz
Director

30 November 2005

Sportdale Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. *select suitable accounting policies and then apply them consistently;*
- b. *make judgements and estimates that are reasonable and prudent;*
- c. *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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTDALE LIMITED

We have audited the financial statements on pages 5 to 13.

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 auditor's 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

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 the other information 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 within the financial statements. Our responsibilities do not extend to any other information.

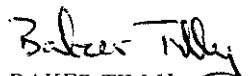
Basis of opinion

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 of the company's affairs as at 31 May 2004 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

30 November 2005

Sportdale Limited
PROFIT AND LOSS ACCOUNT
for the period ended 31 May 2004

	<i>Notes</i>	Period ended 31 May 2004 £
RENT RECEIVABLE		2,796,384
Other operating expenses	1	(50,896)
OPERATING PROFIT		<u>2,745,488</u>
Investment income	2	48,670
		<u>2,794,158</u>
Interest payable and similar charges	3	(6,260,545)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>(3,466,387)</u>
Taxation	6	843,129
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u><u>(2,623,258)</u></u>

All amounts derive from continuing activities.

Sportdale Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period ended 31 May 2004

	Period ended 31 May 2004 £
Loss for the financial period	(2,623,258)
Unrealised surplus on revaluation of properties	8,824,241
	<hr/>
Total gains and losses recognised since last financial statements	6,200,983
	<hr/>

Sportdale Limited

BALANCE SHEET


31 May 2004

	Notes	2004 £
FIXED ASSETS		
Tangible assets	7	60,210,000
CURRENT ASSETS		
Debtors: amounts falling due within one year	8	988,177
Debtors: amounts falling due after more than one year	8	1,565,174
Cash at bank and in hand		1,058,857
		3,612,208
CREDITORS: Amounts falling due within one year	9	(1,988,110)
NET CURRENT ASSETS		1,624,098
TOTAL ASSETS LESS CURRENT LIABILITIES		61,834,098
CREDITORS: Amounts falling due after more than one year	10	(55,633,114)
NET ASSETS		6,200,984
CAPITAL AND RESERVES		
Called up share capital	12	1
Revaluation reserve	13	8,824,241
Profit and loss account	13	(2,623,258)
EQUITY SHAREHOLDERS' FUNDS	14	6,200,984

Approved by the board on 30 November 2005

V A Tchenguiz

Director



Sportdale Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards. The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

The financial statements have been prepared under the historical cost convention with the exception of land and buildings which are stated at revalued amounts.

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets.

However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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.

RENT RECEIVABLE

Rent receivable includes the amortisation of reverse lease premiums received, that are amortised on a straight line over the lease period.

CASH FLOW STATEMENT

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.

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2004

1.	OTHER OPERATING EXPENSES	2004 £
	Administrative expenses	50,896
2.	INVESTMENT INCOME	2004 £
	Bank interest	16,924
	Other interest	31,746
		48,670
3.	INTEREST PAYABLE AND SIMILAR CHARGES	2004 £
	Bank loan interest	978,997
	Other loan interest	2,316,272
	Amortisation of finance charges	17,141
	Funder's profit share on redemption of loan	951,922
	Break costs	545,000
	Finance costs of loan redeemed in year	1,431,130
	Other interest	20,083
		6,260,545
4.	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2004 £
	Loss on ordinary activities before taxation is stated after charging:	
	Auditors' remuneration	1,000
5.	EMPLOYEES	

There were no employees during the period apart from the directors, who received no emoluments.

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 May 2004

6. TAXATION	2004
	£
Current tax charge	-
Deferred tax	
Deferred tax credit current period	(843,129)
	<u></u>
Factors affecting the tax charge for the period	
Loss on ordinary activities before taxation	(3,466,387)
	<u></u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%	(1,039,916)
	<u></u>
Effects of:	
Non deductible expenses	110
Unutilised tax losses carried forward	843,129
Chargeable gain on lease premium	117,332
Other tax adjustments	79,345
	<u></u>
	1,039,916
	<u></u>
Current tax charge	-
	<u></u>

7. TANGIBLE FIXED ASSETS

	<i>Investment property</i>
	£
Valuation	
27 January 2003	-
Additions	51,385,759
Revaluation surplus	8,824,241
	<u></u>
31 May 2004	60,210,000
	<u></u>

The property was valued as at 31 May 2004 at £60,210,000 by the directors.

The original cost of the property was £51,385,759.

Investment property at net book value comprises:	2004
	£
Long leasehold	60,210,000
	<u></u>

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 May 2004

8. DEBTORS 2004 £

Amounts owed by group undertakings	1
Other debtors	948,366
Prepayments and accrued income	761,855
Deferred tax asset (note 11)	843,129
	<u>2,553,351</u>

Amounts falling due after more than one year and included in the debtors above are:

	2004 £
Deferred tax asset	843,129
Prepayments	722,045
	<u>1,565,174</u>

9. CREDITORS: Amounts falling due within one year 2004 £

Other creditors	1,304,734
Accruals and deferred income	683,376
	<u>1,988,110</u>

10. CREDITORS: Amounts falling due after more than one year 2004 £

Loan	55,000,000
Accruals and deferred income	633,114
	<u>55,633,114</u>

Loan maturity analysis:	
In more than five years	<u>55,000,000</u>

The loan is repayable in 2033, is interest only and bears interest at 6.29% per annum and is secured by a fixed and floating charge over the company's investment property, and by a fixed charge over all money in the company bank accounts.

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 May 2004

11. DEFERRED TAXATION

	<i>Deferred taxation £</i>
Profit and loss account credit	(843,129)
Balance at 31 May 2004	(843,129)

Deferred taxation provided in the financial statements is as follows:

	2004 £
Tax losses available	(843,129)
Deferred tax (asset)	(843,129)

No provision for deferred taxation has been made in respect of the property held as an investment which is included in these financial statements at a valuation of £60,210,000. It is estimated that if this property were to be sold at that valuation the tax liability would amount to £2,200,000.

12. SHARE CAPITAL

	2004 £
Authorised:	
100 ordinary shares of £1 each	100
Allotted, issued and fully paid:	
1 ordinary shares of £1 each	1

13. STATEMENT OF MOVEMENT ON RESERVES

	<i>Revaluation reserve £</i>	<i>Profit and loss account £</i>
Retained loss for the period	-	(2,623,258)
Revaluation during the period	8,824,241	-
31 May 2004	8,824,241	(2,623,258)

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the period ended 31 May 2004

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2004 £
Loss for the financial period	(2,623,258)
Other recognised gains and losses	8,824,241
Proceeds from issue of shares	1
	<hr/>
Net addition to shareholders' funds	6,200,984
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>6,200,984</u>

15. CONTROL

The company's immediate holding company is Wellzone Limited, a company incorporated in the United Kingdom.

The company's ultimate holding company is Marizel Limited, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

16. RELATED PARTY TRANSACTIONS

At the balance sheet date £1 was due from the company's holding company, Wellzone Limited.

The company is related to Rotch Property Group Limited and its subsidiaries ("Rotch") with whom it has directors in common and whose ultimate controlling party is the Tchenguiz Family Trust. Management fees of £32,000 were paid to Rotch during the period. At the balance sheet date £1,304,724 on intercompany trading account resulting from amounts paid on behalf of the company.

The company is related to Vincos Limited with whom it has a director, V A Tchenguiz, in common and whose ultimate controlling party is the Tchenguiz Family Trust. At the balance sheet date Vincos Limited owed the company £941,175 resulting from amounts received on behalf of the company.