

Sportdale Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2005



Company Registration No. 04648736

Sportdale Limited

DIRECTORS AND OFFICERS

DIRECTORS

P V Taylor
V A Tchenguiz
J D Thorpe

SECRETARY

M H P Ingham

COMPANY NUMBER

04648736 (England and Wales)

REGISTERED OFFICE

Ground Floor
Leconfield House
Curzon Street
London
W1J 5JA

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 year ended 31 May 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company which has remained unchanged during the financial year, was that of property investment.

REVIEW OF THE BUSINESS

In the opinion of the directors the financial position of the company at 31 May 2005 was satisfactory.

DIVIDENDS

The directors do not recommend payment of a dividend.

DIRECTORS

The following directors have held office since 1 June 2004:

P V Taylor
V A Tchenguiz
J D Thorpe

DIRECTORS' INTERESTS IN SHARES

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

INVESTMENT PROPERTY


The investment property held at 31 May 2005 was valued as at that date at £70,000,000 by the directors. The increase in value during the year amounted to £9,790,000 as set out in note 7.

AUDITORS

A resolution to re-appoint Baker Tilly will be put to the members at the annual general meeting.

On behalf of the board

V A Tchenguiz
Director



30 March 2006

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 14.

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.

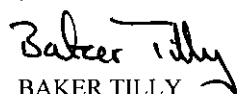
Basis of opinion

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 2005 and of its result for the year 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 March 2006

Sportdale Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 May 2005

	<i>Notes</i>	2005 £	2004 £
RENT RECEIVABLE		3,226,477	2,796,384
Other operating expenses	1	(45,879)	(50,896)
OPERATING PROFIT		3,180,598	2,745,488
Investment income	2	40,404	48,670
		3,221,002	2,794,158
Interest payable and similar charges	3	(3,488,931)	(6,260,545)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(267,929)	(3,466,387)
Taxation	6	93,572	843,129
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(174,357)	(2,623,258)

All amounts derive from continuing activities.

Sportdale Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 May 2005

	2005 £	2004 £
Loss for the financial year	(174,357)	(2,623,258)
Unrealised surplus on revaluation of properties	9,790,000	8,824,241
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	9,615,643	6,200,983
	<hr/>	<hr/>

Sportdale Limited

BALANCE SHEET

31 May 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	70,000,000	60,210,000
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	1,370,261	988,177
Debtors: amounts falling due after more than one year	8	1,633,034	1,565,174
Cash at bank and in hand		834,682	1,058,857
		3,837,977	3,612,208
CREDITORS: Amounts falling due within one year	9	(2,410,713)	(1,988,110)
NET CURRENT ASSETS		1,427,264	1,624,098
TOTAL ASSETS LESS CURRENT LIABILITIES		71,427,264	61,834,098
CREDITORS: Amounts falling due after more than one year	10	(55,610,637)	(55,633,114)
NET ASSETS		15,816,627	6,200,984
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Revaluation reserve	13	18,614,241	8,824,241
Profit and loss account	13	(2,797,615)	(2,623,258)
EQUITY SHAREHOLDERS' FUNDS	14	15,816,627	6,200,984

Approved by the board on 30 March 2006

V A Tchenguiz

Director



Sportdale Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards.

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

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

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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

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

RENT RECEIVABLE

Rent receivable includes the amortisation of reverse lease premiums received, that are amortised on a straight line basis 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 cashflow statement on the grounds that it is a small company.

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2005

1. OTHER OPERATING EXPENSES	2005 £	2004 £
Administrative expenses	45,879	50,896
2. INVESTMENT INCOME	2005 £	2004 £
Bank interest	-	16,924
Other interest	40,404	31,746
	40,404	48,670
3. INTEREST PAYABLE AND SIMILAR CHARGES	2005 £	2004 £
Bank loan interest	36	978,997
Other loan interest	3,454,959	2,316,272
Amortisation of finance charges	25,711	17,141
Funder's profit share on redemption of loan	-	951,922
Break costs	-	545,000
Finance costs on loan redemption	8,225	1,431,130
Other interest	-	20,083
	3,488,931	6,260,545
4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2005 £	2004 £
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	1,500	1,000

5. EMPLOYEES

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

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2005

6. TAXATION	2005 £	2004 £
U.K. corporation tax:		
Current tax charge	-	-
Deferred tax:		
Deferred tax credit current period	(93,572)	(843,129)
Tax credit for the year	(93,572)	(843,129)
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(267,929)	(3,466,387)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	(80,379)	(1,039,916)
Effects of:		
Non deductible expenses	-	110
Unutilised tax losses carried forward	93,572	843,129
UK transfer pricing	(6,450)	-
Chargeable gain on lease premium	-	117,332
Other tax adjustments	(6,743)	79,345
	80,379	1,039,916
Current tax charge	-	-

7. TANGIBLE FIXED ASSETS

	<i>Investment property</i> £
Valuation	
1 June 2004	60,210,000
Revaluation surplus	9,790,000
31 May 2005	70,000,000

The property was valued as at 31 May 2005 at £70,000,000 (2004: £60,210,000) by the directors.

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

Investment property at net book value comprises:	2005 £
Long leasehold	70,000,000

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2005

8. DEBTORS	2005 £	2004 £
Amounts owed by group undertakings	1	1
Other debtors	1,344,549	948,366
Prepayments and accrued income	722,044	761,855
Deferred tax asset (note 11)	936,701	843,129
	<u>3,003,295</u>	<u>2,553,351</u>

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

	2005 £	2004 £
Deferred tax asset	936,701	843,129
Prepayments	696,333	722,045
	<u>1,633,034</u>	<u>1,565,174</u>

9. CREDITORS: Amounts falling due within one year	2005 £	2004 £
Other creditors	1,731,879	1,304,734
Accruals and deferred income	678,834	683,376
	<u>2,410,713</u>	<u>1,988,110</u>

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2005

10. CREDITORS: Amounts falling due after more than one year	2005 £	2004 £
Loan	55,000,000	55,000,000
Accruals and deferred income	610,637	633,114
	<u>55,610,637</u>	<u>55,633,114</u>
Loan maturity analysis:		
In more than two years but not more than five years	484,797	210,364
In more than five years	54,515,203	54,789,636
	<u>55,000,000</u>	<u>55,000,000</u>

The loan is repayable by instalments by 2033 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.

11. DEFERRED TAXATION

	<i>Deferred taxation</i> £
Balance at 1 June 2004	(843,129)
Transfer to profit and loss account	(93,572)
Balance at 31 May 2005	<u>(936,701)</u>

Deferred taxation provided in the financial statements is as follows:

	2005 £	2004 £
Tax losses available	(936,701)	(843,129)
Deferred tax (asset)	<u>(936,701)</u>	<u>(843,129)</u>

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 £70,000,000 (2004: £60,210,000). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £4,659,000 (2004: £2,200,000).

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2005

12. SHARE CAPITAL	2005	2004
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
1 ordinary shares of £1 each	1	1
	<u> </u>	<u> </u>

13. STATEMENT OF MOVEMENT ON RESERVES

	<i>Revaluation reserve</i>	<i>Profit and loss account</i>
	£	£
1 June 2004	8,824,241	(2,623,258)
Retained loss for the year	-	(174,357)
Revaluation during the year	9,790,000	-
	<u> </u>	<u> </u>
31 May 2005	18,614,241	(2,797,615)
	<u> </u>	<u> </u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005	2004
	£	£
Loss for the financial year	(174,357)	(2,623,258)
Other recognised gains and losses	9,790,000	8,824,241
Proceeds from issue of shares	-	1
	<u> </u>	<u> </u>
Net addition to shareholders' funds	9,615,643	6,200,984
Opening shareholders' funds	6,200,984	-
	<u> </u>	<u> </u>
Closing shareholders' funds	15,816,627	6,200,984
	<u> </u>	<u> </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.

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2005

16. RELATED PARTY TRANSACTIONS

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 £38,400 (2004: £32,000) were paid to Rotch during the period.

At the balance sheet date £1,731,879 (2004:£1,304,724) was due to Rotch.

At the balance sheet date £1 (2004:£1) was due from the company's holding company, Wellzone Limited.

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 £1,337,829 (2004:£941,175) was due from Vincos Limited.