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**KENTARO LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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## KENTARO LIMITED

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### COMPANY INFORMATION

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**DIRECTORS**

Philipp Grothe  
Christian Radeke  
James Elliott (appointed 18 May 2010)  
Jonathan Hill (appointed 18 May 2010)

**COMPANY SECRETARY**

Christian Radeke

**COMPANY NUMBER**

4918516

**REGISTERED OFFICE**

Eighth Floor  
6 New Street Square  
London  
EC4A 3AQ

**AUDITORS**

Rawlinson & Hunter  
Chartered Accountants & Statutory Auditor  
Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

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**KENTARO LIMITED**

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## KENTARO LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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The directors present their report and the financial statements of Kentaro Limited ("the company") and its subsidiaries ("the group") for the year ended 31 December 2009. The comparatives present information on the company as a standalone entity as it acquired a controlling interest in its subsidiaries on 1 January 2009 (see below).

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

In determining how amounts are presented within items in the Profit and Loss Account and Balance Sheets, the directors have had regard to the substance of the reported transaction arrangement, in accordance with generally accepted accounting principles or practice.

#### PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

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## KENTARO LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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#### PRINCIPAL ACTIVITIES

The principal activities of the group are those of the acquisition and sale of TV rights for sporting events, the organisation of sporting events, TV rights consultancy and sports representation agency and management

#### BUSINESS REVIEW

The results for the year are set out on page 7. The directors consider the results for the year and current state of affairs of the group to be in line with expectations and are confident that the group will continue to generate profits in the future.

#### Developments

On 1 January 2009 the company acquired a 51% controlling interest in Sports Holding Limited ("SHL") and its wholly owned subsidiaries, The Sport Entertainment & Media Group Limited ("SEMGL"), Jerome Anderson Management Limited ("JAML") and Manmark SA ("MSA"), (collectively "the SHL Group"). SHL and its subsidiaries have been consolidated in these financial statements from the date of acquisition.

#### Business environment

Kentaro AG, the ultimate parent undertaking, and its subsidiaries including the company but excluding the SHL Group ("the Kentaro AG Group"), specialise in the global marketing of national football federations, leagues and clubs, and the core business of the Kentaro AG Group is the international acquisition and distribution of premium broadcast rights. The Kentaro AG Group marketed the TV rights for over 250 matches in the build-up to the FIFA World Cup 2010, including 90% of the South American qualifiers. More than 20 federations rely on the unique network and management skills of the Kentaro AG Group, as do many top club sides.

The SHL Group includes a leading sports management agency, with an established reputation within the sector, which specialises in the provision of sports representation agency and management services to well-known and highly successful sports personalities.

#### Principal risks and uncertainties

The ability of the Kentaro AG Group to generate returns depends on obtaining sports TV rights of a sufficiently high quality and appeal to maintain sales growth and market share while maintaining gross margin levels. The Kentaro AG Group faces strong competition for high quality sports TV rights and is also exposed to financial risks, as explained later in this report. In spite of these risks, the directors believe that the Kentaro AG Group possesses the core competencies to continue to succeed in the sports TV rights market.

The activity of the SHL Group is reliant on both the strong sport and media performances of its clients. The services of the SHL Group are aimed at an elite group of high-profile top tier personalities, thus any deterioration in their performance is likely to affect the results of the SHL Group.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation and minority interests, amounted to £488,012 (2008 - £27,200).

The directors do not recommend the payment of dividend (2008 - £Nil).

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## KENTARO LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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#### DIRECTORS

The directors who served during the year were

Philipp Grothe  
Peter Silverstone (resigned 11 February 2010)  
Christian Radeke  
James Elliott (appointed 18 May 2010)  
Jonathan Hill (appointed 18 May 2010)

#### FUTURE DEVELOPMENTS

The directors will continue the management policies which have resulted in the company and group achieving significant growth over the past few years. The directors plan to integrate the company's operations with those acquired in the year, with the aim of increasing market share and further enhancing the group's reputation within the sector. The group will continue to work extensively with existing clients, both of the company and of its newly acquired subsidiaries, and will also seek to acquire new business. The directors expect that future years will continue to show further significant growth.

#### FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, credit risk, liquidity risk and interest rate risk.

##### Foreign exchange risk

The group is exposed to movements in foreign exchange rates as a result of transactions with a number of customers and suppliers. The ultimate parent undertaking, Kentaro AG, manages the foreign exchange risk associated with the Kentaro AG Group and the SHL Group (together "the Combined Group"), as disclosed in the financial statements of that company. It manages the risk by matching income and expenses in the same currency and by transferring money between Combined Group entities as required to minimise the foreign exchange risk to the Combined Group.

##### Credit risk

The group has no significant concentrations of exposure to credit risk. The group has implemented policies that require appropriate checks on potential new customers before sales commence and the amount of credit to any individual counterparty is subject to a limit which is reassessed regularly by the group's management.

##### Liquidity risk

The group manages the liquidity position with the objective of maintaining the ability to fund commitments and repay liabilities in accordance with their required terms. The financing of operations is managed at a group level by the ultimate parent undertaking.

##### Interest rate risk

The group has interest bearing assets in the form of cash balances. Cash balances earn interest at floating rates.

The group also has interest bearing liabilities in the form of bank, group and other loans. Interest is charged on the bank loans at floating rates. Interest is charged on the group and other loans, which represent the majority of the group's interest bearing liabilities, at fixed rates of interest which provides the group with certainty over its financing costs in respect of these loans.



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KENTARO LIMITED

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DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2009

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FINANCIAL RISK MANAGEMENT (continued)

Price risk

The group has no significant concentrations of exposure to price risk. The group has implemented policies that require appropriate checks on potential significant price movements.

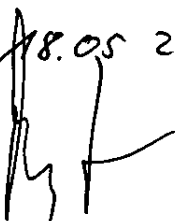
CHARITABLE DONATIONS

During the year the group made charitable donations of £3,481 (2008 - £Nil)

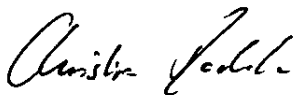
AUDITORS

The auditors, Rawlinson & Hunter, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on

18.05 2010  


and signed on its behalf



Director

CHRISTIAN RADEKE

Director

PHILIPP GROTHE





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## KENTARO LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENTARO LIMITED

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We have audited the group and parent company financial statements (the "financial statements") of Kentaro Limited for the year ended 31 December 2009, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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KENTARO LIMITED

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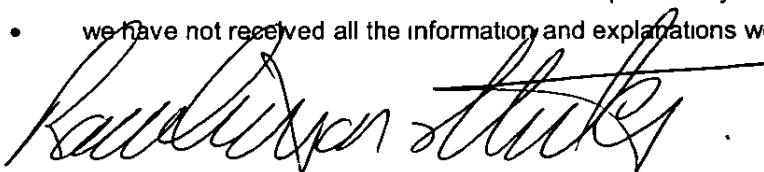
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENTARO LIMITED

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Christopher Bliss (Senior Statutory Auditor)

for and on behalf of  
**RAWLINSON & HUNTER**

Chartered Accountants  
Statutory Auditor

Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

Date



**KENTARO LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
<b>TURNOVER</b>	1,2		
Continuing operations		16,196,928	9,474,233
Acquisitions		8,290,419	-
		<u>24,487,347</u>	<u>9,474,233</u>
Cost of sales	3	<u>(15,674,335)</u>	<u>(7,745,811)</u>
<b>GROSS PROFIT</b>		8,813,012	1,728,422
Administrative expenses	3	<u>(5,770,089)</u>	<u>(1,673,527)</u>
<b>OPERATING PROFIT</b>	4		
Continuing operations		255,851	54,895
Acquisitions		2,787,072	-
		<u>3,042,923</u>	<u>54,895</u>
Interest receivable		15,346	4,664
Interest payable	7	<u>(721,447)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,336,822	59,559
Tax on profit on ordinary activities	8	<u>(889,661)</u>	<u>(32,359)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,447,161	27,200
Minority interests		<u>(959,149)</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<u>£ 488,012</u>	<u>£ 27,200</u>

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and Loss Account

The notes on pages 11 to 26 form part of these financial statements

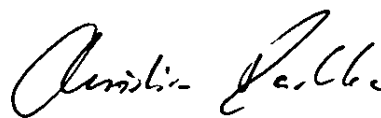
**KENTARO LIMITED**  
**REGISTERED NUMBER 4918516**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Note	£	2009 £	£	2008 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	9		11,076,250		-
Tangible fixed assets	10		90,387		43,446
			<u>11,166,637</u>		<u>43,446</u>
<b>CURRENT ASSETS</b>					
Debtors	12	10,747,844		5,071,632	
Cash at bank and in hand		<u>663,611</u>		<u>80,655</u>	
		11,411,455		5,152,287	
<b>CREDITORS</b> amounts falling due within one year	13	(10,955,480)		(5,236,765)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			455,975		(84,478)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			11,622,612		(41,032)
<b>CREDITORS:</b> amounts falling due after more than one year	14		(8,152,601)		-
<b>NET ASSETS/(LIABILITIES)</b>			<u>£ 3,470,011</u>		<u>£ (41,032)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		1,000		1,000
Profit and loss account	16		<u>445,980</u>		<u>(42,032)</u>
<b>SHAREHOLDERS' FUNDS/(DEFICIT)</b>	17		446,980		(41,032)
<b>MINORITY INTERESTS</b>	18		<u>3,023,031</u>		<u>-</u>
			<u>£ 3,470,011</u>		<u>£ (41,032)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **18.05.2010**

  
**Philipp Grothe**  
Director

  
**Christian Radeke**  
Director

The notes on pages 11 to 26 form part of these financial statements

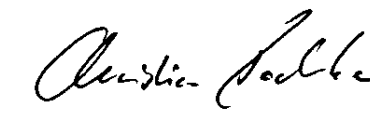
**KENTARO LIMITED**  
**REGISTERED NUMBER: 4918516**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Note	£	2009 £	£	2008 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	10		51,657		43,446
Investments	11		7,564,814		-
			<u>7,616,471</u>		<u>43,446</u>
<b>CURRENT ASSETS</b>					
Debtors	12	7,230,381		5,071,632	
Cash at bank and in hand		89,328		80,655	
		<u>7,319,709</u>		<u>5,152,287</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(7,126,936)		(5,236,765)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>192,773</u>		<u>(84,478)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,809,244</u>		<u>(41,032)</u>
<b>CREDITORS:</b> amounts falling due after more than one year	14		(7,777,601)		-
<b>NET ASSETS/(LIABILITIES)</b>		£	<u>31,643</u>	£	<u>(41,032)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		1,000		1,000
Profit and loss account	16		30,643		(42,032)
<b>SHAREHOLDERS' FUNDS/(DEFICIT)</b>	17	£	<u>31,643</u>	£	<u>(41,032)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18.05.2010

  
**Philipp Grothe**  
Director

  
**Christian Radeke**  
Director

The notes on pages 11 to 26 form part of these financial statements

**KENTARO LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
Net cash flow from operating activities	20	7,630,246	(10,284)
Returns on investments and servicing of finance	21	(24,236)	4,664
Taxation		151,361	(26,173)
Capital expenditure and financial investment	21	(34,041)	(47,574)
Acquisitions and disposals	21	(6,929,347)	-
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>793,983</b>	<b>(79,367)</b>
Financing	21	(211,027)	-
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>£ 582,956</b>	<b>£ (79,367)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 £	2008 £
Increase/(decrease) in cash in the year	582,956	(79,367)
Cash outflow from decrease in debt and lease financing	211,027	-
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>793,983</b>	<b>(79,367)</b>
Other non-cash changes	(923,152)	-
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(129,169)</b>	<b>(79,367)</b>
Net funds at 1 January 2009	80,655	160,022
<b>NET (DEBT)/FUNDS AT 31 DECEMBER 2009</b>	<b>£ (48,514)</b>	<b>£ 80,655</b>

The notes on pages 11 to 26 form part of these financial statements





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## KENTARO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

##### 1.2 Basis of consolidation

The financial statements consolidate the accounts of Kentaro Limited and all of its subsidiary undertakings ("the subsidiaries") made up to 31 December 2009

The results of subsidiaries acquired during the year are included from the effective date of acquisition

##### 1.3 Turnover

Turnover comprises revenue recognised by the group in respect of services supplied, exclusive of Value Added Tax and trade discounts

Revenue from services supplied is recognised as the work is performed in line with the terms of sales agreements with customers. Revenue is only recognised where there is appropriate evidence of an arrangement, where the consideration is fixed and determinable and where collectability is reasonably assured

##### 1.4 Intangible fixed assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is amortised to the Profit and Loss Account over its estimated useful economic life, being 20 years

Whenever there is an indication that an asset may be impaired, the group reviews the carrying amount of its intangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment losses are recognised in the Profit and Loss Account

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold improvements	-	20% straight line
Furniture, fittings and equipment	-	33 33% straight line
Motor vehicles	-	25% reducing balance

##### 1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment, if any



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## KENTARO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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#### **1 ACCOUNTING POLICIES (continued)**

##### **1.7 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **1.8 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### **1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### **1.10 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

##### **1.11 Pensions**

The group operates a number of defined contribution pension schemes. The pension charge represents the amounts payable by the group to the funds in respect of the year.

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KENTARO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

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1 ACCOUNTING POLICIES (continued)

1.12 FINANCIAL INSTRUMENTS

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the Profit and Loss Account in the financial year to which it relates

Financial assets and liabilities are recognised in the Balance Sheet at the lower of cost and net realisable value. Provision is made for impairment in value, where appropriate

2. TURNOVER

An analysis of turnover by class of business is as follows

	2009 £	2008 £
Sale of TV rights	9,003,238	9,474,233
Agents fees	8,290,419	-
Sports event organisation	3,703,138	-
Consultancy	2,670,099	-
Commission	453,317	-
Other	367,136	-
	<u>£ 24,487,347</u>	<u>£ 9,474,233</u>

A geographical analysis of turnover is as follows

	2009 £	2008 £
United Kingdom	13,275,563	4,989,048
Rest of European Union	9,229,743	3,271,215
Rest of World	1,982,041	1,213,970
	<u>£ 24,487,347</u>	<u>£ 9,474,233</u>

The whole of the turnover and profit before taxation from continuing activities is attributable to the sale of TV rights, sports event organisation, consultancy, commission and other. The turnover and profit before taxation from acquired activities arose from agents fees



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KENTARO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

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3. COST OF SALES AND EXPENSES

	2009 Continuing £	2008 Continuing £
Cost of sales	15,674,335	7,745,811
Administrative expenses	5,770,089	1,673,527

The following amounts were included within continuing activities in relation to acquisitions during the year

	2009 £	2008 £
Cost of sales	3,105,722	-
Administrative expenses	2,397,625	-

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2009 £	2008 £
Amortisation - intangible fixed assets	582,961	-
Depreciation of tangible fixed assets		
- owned by the group	31,935	22,378
- held under finance leases	4,328	-
Auditors' remuneration	15,000	10,507
Auditors' remuneration - non-audit	11,990	12,910
Operating lease rentals		
- plant and machinery	6,444	20,422
- other operating leases	114,441	70,922
Difference on foreign exchange	(28,814)	154,219

Auditors fees for the company were £15,000 (2008 - £10,507)



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KENTARO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

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5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	2,358,988	724,730
Social security costs	278,130	85,642
Other pension costs	68,700	-
	<u>£ 2,705,818</u>	<u>£ 810,372</u>

The average monthly number of employees, including the directors, during the year was as follows

	2009 No.	2008 No
Sales and administration	<u>28</u>	<u>10</u>

6. DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	<u>£ 493,308</u>	<u>£ 336,523</u>

The highest paid director received remuneration of £225,000 (2008 - £148,274)

7. INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	17,787	-
On finance leases and hire purchase contracts	3,125	-
On loans from group undertakings	681,865	-
Other interest payable	18,670	-
	<u>£ 721,447</u>	<u>£ -</u>





# KENTARO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 8 TAXATION

	2009 £	2008 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	890,280	35,417
Adjustments in respect of prior periods	(619)	(3,058)
Double taxation relief	-	(7,354)
Foreign tax on income for the year	-	7,354
<b>Tax on profit on ordinary activities</b>	<b>£ 889,661</b>	<b>£ 32,359</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2008 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	£ 2,336,822	£ 59,559
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28.5%)	654,310	16,974
<b>Effects of.</b>		
Expenses not deductible for tax purposes	233,746	24,442
Capital allowances for year in excess of depreciation	3,439	(3,611)
Marginal relief	-	(2,318)
Adjustments to tax charge in respect of prior periods	(619)	(3,058)
Short term timing differences	-	(70)
Subsidiaries taxed at lower rate	(1,785)	-
Other tax adjustments	570	-
<b>Current tax charge for the year (see note above)</b>	<b>£ 889,661</b>	<b>£ 32,359</b>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges



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KENTARO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

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9 INTANGIBLE FIXED ASSETS

	Goodwill on consolidation £
<b>Group</b>	
<b>Cost</b>	
At 1 January 2009	-
Additions	5,416,691
On acquisition of subsidiaries	6,242,520
	<hr/>
At 31 December 2009	11,659,211
	<hr/>
<b>Amortisation</b>	
At 1 January 2009	-
Charge for the year	582,961
	<hr/>
At 31 December 2009	582,961
	<hr/>
<b>Net book value</b>	
At 31 December 2009	£11,076,250
	<hr/>
At 31 December 2008	£ -
	<hr/>

Additions to goodwill on consolidation arose on the acquisition of a 51% controlling interest in Sports Holdings Limited and its subsidiaries as disclosed in Note 19

Goodwill acquired on acquisition of subsidiaries relates to goodwill held in Sports Holdings Limited in respect of its subsidiaries, The Sport Entertainment & Media Group Limited, Jerome Anderson Management Limited and Manmark SA

The directors have considered it appropriate to amortise the goodwill over a useful economic life of 20 years

KENTARO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

10 TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2009	-	101,916	-	101,916
Additions	-	34,041	-	34,041
On acquisition of subsidiaries	113,293	79,702	52,951	245,946
At 31 December 2009	113,293	215,659	52,951	381,903
<b>Depreciation</b>				
At 1 January 2009	-	58,470	-	58,470
Charge for the year	-	29,054	7,209	36,263
On acquisition of subsidiaries	113,293	59,372	24,118	196,783
At 31 December 2009	113,293	146,896	31,327	291,516
<b>Net book value</b>				
At 31 December 2009	£ -	£ 68,763	£ 21,624	£ 90,387
At 31 December 2008	£ -	£ 43,446	£ -	£ 43,446

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2009 £	2008 £
Motor vehicles	£ 22,902	£ -



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KENTARO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

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10. TANGIBLE FIXED ASSETS (continued)

	Furniture, fittings and equipment £
<b>Company</b>	
<b>Cost</b>	
At 1 January 2009	101,916
Additions	34,041
	<hr/>
At 31 December 2009	135,957
	<hr/>
<b>Depreciation</b>	
At 1 January 2009	58,470
Charge for the year	25,830
	<hr/>
At 31 December 2009	84,300
	<hr/>
<b>Net book value</b>	
At 31 December 2009	£ 51,657
	<hr/>
At 31 December 2008	£ 43,446
	<hr/>

11. INVESTMENTS

	Shares in group undertakings £
<b>Company</b>	
<b>Cost or valuation</b>	
At 1 January 2009	-
Additions	7,564,814
	<hr/>
At 31 December 2009	£ 7,564,814
	<hr/>

Additions in the year arose on the acquisition of a 51% controlling interest in Sports Holdings Limited and its subsidiaries as disclosed in Note 19

# KENTARO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 12 DEBTORS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
<b>Due after more than one year</b>				
Other debtors	287,495	21,495	21,495	21,495
<b>Due within one year</b>				
Trade debtors	4,450,833	2,685,068	3,592,290	2,685,068
Amounts owed by group undertakings	3,304,386	691,938	2,625,809	691,938
Other debtors	139,503	19,801	101,635	19,801
Prepayments and accrued income	2,553,053	1,653,330	889,152	1,653,330
Tax recoverable	12,574	-	-	-
	<b>£ 10,747,844</b>	<b>£ 5,071,632</b>	<b>£ 7,230,381</b>	<b>£ 5,071,632</b>

Amounts owed by group undertakings consist of £2,666,182 (2008 - £65,218) due from Kentaro AG, the ultimate parent undertaking, £555,809 (2008 - £561,950) due from Kentaro AB, £81,247 (2008 - £64,770) due from Kentaro GmbH and £1,147 (2008 - £Nil) due from Northern Sky AB, all of which are fellow subsidiary undertakings. These amounts are unsecured, interest free and repayable on demand.

### 13. CREDITORS.

Amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	200,000	-	-	-
Other loans (see Note 14)	125,000	-	-	-
Net obligations under finance leases and hire purchase contracts	12,125	-	-	-
Trade creditors	2,893,001	1,339,820	2,212,167	1,339,820
Amounts owed to group undertakings	4,218,321	773,200	4,218,321	773,200
Corporation tax	1,088,992	35,396	92,432	35,396
Social security and other taxes	166,493	134,894	36,985	134,894
Other creditors	15,041	4,497	4,285	4,497
Accruals and deferred income	2,236,507	2,948,958	562,746	2,948,958
	<b>£ 10,955,480</b>	<b>£ 5,236,765</b>	<b>£ 7,126,936</b>	<b>£ 5,236,765</b>

Amounts owed to group undertakings consist of £4,049,744 (2008 - £680,317) due to Kentaro AG, the ultimate parent undertaking, £1,625 (2008 - £7,700) due to Attaro AG and £166,952 (2008 - £85,183) due to Kentaro GmbH, both of which are fellow subsidiary undertakings. These amounts are unsecured, interest free and repayable on demand.

The bank loan is held by Jerome Anderson Management Limited ("JAML"), a subsidiary acquired in the year (see Note 19). The loan is secured by a debenture over the assets of JAML and by a personal guarantee given by J Anderson, a director of JAML, and bears interest at 2.75% above the bank's base rate.



# KENTARO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 14. CREDITORS

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
Other loans:	375,000	-	-	-
Amounts owed to group undertakings	7,777,601	-	7,777,601	-
	<u>£ 8,152,601</u>	<u>£ -</u>	<u>£ 7,777,601</u>	<u>£ -</u>

Amounts owed to group undertakings include a loan of £5,167,250 from Kentaro AG, the ultimate parent undertaking, which is unsecured, bears interest at 14.25% per annum and is repayable by 31 December 2013, and a loan of £3,591,357, also from Kentaro AG, which is unsecured, interest free and repayable by 31 December 2013. The loan balances have been offset by capitalised loan issue costs of £981,006 which are being amortised over a period of 5 years.

Other loans of £500,000, of which £125,000 is included in creditors due within one year (see Note 13), are unsecured, bear interest at 3% per annum and are repayable by 17 December 2011.

### 15. SHARE CAPITAL

	2009	2008
	£	£
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>

### 16. RESERVES

	<b>Profit and loss account</b>
	£
<b>Group</b>	
At 1 January 2009	(42,032)
Profit for the year	488,012
At 31 December 2009	<u>£ 445,980</u>
	<b>Profit and loss account</b>
	£
<b>Company</b>	
At 1 January 2009	(42,032)
Profit for the year	72,675
At 31 December 2009	<u>£ 30,643</u>

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KENTARO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

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17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	2009	2008
Group	£	£
Opening shareholders' deficit	(41,032)	(68,232)
Profit for the year	488,012	27,200
Closing shareholders' funds/(deficit)	<u>£ 446,980</u>	<u>£ (41,032)</u>

	2009	2008
Company	£	£
Opening shareholders' deficit	(41,032)	(68,232)
Profit for the year	72,675	27,200
Closing shareholders' funds/(deficit)	<u>£ 31,643</u>	<u>£ (41,032)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The profit for the year dealt with in the accounts of the company was £72,675 (2008 - £27,200)

18. MINORITY INTERESTS

Equity	£
At 1 January 2009	-
Proportion of profit after taxation for the year	959,149
Minority interest share of net assets on acquisition (Note 19)	2,063,882
At 31 December 2009	<u>£ 3,023,031</u>

# KENTARO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 19 ACQUISITIONS

On 1 January 2009 the company acquired a controlling interest (51% of the issued Ordinary share capital) in Sports Holdings Limited ("SHL"), a company incorporated in England & Wales, and its wholly owned subsidiary undertakings, The Sport Entertainment & Media Group Limited, Jerome Anderson Management Limited and Manmark SA, for a cash consideration of £6,492,760. The goodwill arising on this transaction has been calculated at £5,416,691 based on audited accounts available at 31 December 2008 and the adjustments shown below. SHL has been consolidated and accounted for under acquisition accounting rules with effect from 1 January 2009.

	Vendors' book value £	Adjustments (see below) £	Fair value to the group £
<b>Assets and liabilities acquired</b>			
Tangible fixed assets	49,163	-	49,163
Intangible fixed assets	6,242,520	-	6,242,520
Debtors	1,989,075	-	1,989,075
Cash at bank	635,467	-	635,467
Loans and finance leases	(972,602)	(150,000)	(1,122,602)
Other creditors and provisions	(3,581,618)	-	(3,581,618)
Less			
Minority interest	-	(2,063,882)	(2,063,882)
Net assets acquired	<u>£ 4,362,005</u>	<u>£ (2,213,882)</u>	<u>£ 2,148,123</u>
<b>Satisfied by</b>			
Consideration			6,492,760
Cash			1,072,054
Acquisition costs			<u>£ 7,564,814</u>
Goodwill arising on consolidation (see note 9)			<u>£ 5,416,691</u>

The adjustment of £150,000 relates to additional consideration paid by Sports Holdings Limited in the current year in respect of the purchase of its own shares from minority shareholders in the previous period.

The minority interest adjustment of £2,063,882 reflects the minority interest share (49%) of net assets at acquisition after all other adjustments.

KENTARO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

20 NET CASH FLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating profit	3,042,923	54,895
Amortisation of intangible fixed assets	582,961	-
Depreciation of tangible fixed assets	36,263	22,378
Increase in debtors	(5,582,686)	(1,817,555)
Increase in creditors	9,550,785	1,729,998
<b>Net cash inflow/(outflow) from operating activities</b>	<b>£ 7,630,246</b>	<b>£ (10,284)</b>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2009 £	2008 £
<b>Returns on investments and servicing of finance</b>		
Interest received	15,346	4,664
Interest paid	(36,457)	-
Hire purchase interest	(3,125)	-
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>	<b>£ (24,236)</b>	<b>£ 4,664</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	£ (34,041)	£ (47,574)
<b>Acquisitions and disposals</b>		
Purchase of fixed asset investments (net of cash acquired)	£ (6,929,347)	£ -
<b>Financing</b>		
Repayment of loans	(200,000)	-
Repayment of finance leases	(11,027)	-
<b>Net cash outflow from financing</b>	<b>£ (211,027)</b>	<b>£ -</b>

# KENTARO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 22. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2009 £	Cash flow £	Acquisition £	Other non-cash changes £	31 December 2009 £
Cash at bank and in hand	80,655	582,956	-	-	663,611
<b>Debt:</b>					
Finance leases	-	11,027	(23,152)	-	(12,125)
Debts due within one year	-	200,000	(749,450)	224,450	(325,000)
Debts falling due after more than one year	-	-	(350,000)	(25,000)	(375,000)
<b>Net funds</b>	<b>£ 80,655</b>	<b>£ 793,983</b>	<b>(1,122,602)</b>	<b>£ 199,450</b>	<b>£ (48,514)</b>

### 23. PENSION COMMITMENTS

The group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions paid by the group to the funds and amounted to £68,700 (2008 - £Nil)

### 24. OPERATING LEASE COMMITMENTS

At 31 December 2009, the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2009 £	2008 £	2009 £	Other 2008 £
<b>Group</b>				
<b>Expiry date</b>				
Within 1 year	-	-	2,028	-
Between 2 and 5 years	76,536	61,647	6,780	-
After more than 5 years	25,000	-	-	-

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2009 £	2008 £	2009 £	Other 2008 £
<b>Company</b>				
<b>Expiry date:</b>				
Within 1 year	-	-	2,028	-
Between 2 and 5 years	76,536	61,647	6,780	-

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## KENTARO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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#### 25. RELATED PARTY TRANSACTIONS

Balances due from and to fellow Kentaro AG Group companies are disclosed in debtors (Note 12) and creditors (Notes 13 and 14) respectively

Transactions with fellow Kentaro AG companies are disclosed below

Included within turnover are consultancy fees invoiced to Kentaro AG, Kentaro GmbH and Northern Sky AB of £386,510 (2008 - £230,254), £19,751 (2008 - £54,009) and £1,147 (2008 - £Nil) respectively

Included within cost of sales are amounts invoiced by Kentaro AG, Kentaro GmbH and Northern Sky AB of £4,858,502 (2008 - £1,787,324), £97,307 (2008 - £Nil) and £36,400 (2008 - £Nil) respectively

At 31 December 2009, the group owed £331,558 (2008 - £Nil) to Banaram Limited, a company in which J Anderson, a director of a subsidiary undertaking, has a material interest

Included within other debtors is £20,005 (2008 - £Nil) owed by J Anderson

#### 26. IMMEDIATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The group's immediate parent undertaking and ultimate controlling party is Kentaro AG, a company incorporated in Switzerland

#### 27. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Class	Activity
Sports Holdings Limited	England and Wales	51	Ordinary	Holding company
The Sport Entertainment & Media Group Limited	England and Wales	51 *	Ordinary	Holding company
Jerome Anderson Management Limited	England and Wales	51 *	Ordinary	Sports agency
Manmark SA	Switzerland	51 *	Ordinary	Sports agency

\* - The group's share of these subsidiaries is 51% as they are held indirectly through Sports Holdings Limited's 100% interest in them