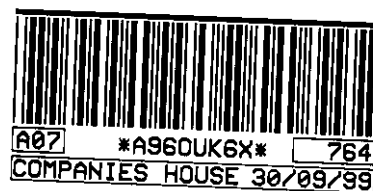


Tennis Club Management
International Limited

Report and Financial Statements

◆ *Year Ended 28 February 1999* ◆



COMPANY NO: 2003730

TENNIS CLUB MANAGEMENT INTERNATIONAL LIMITED

CONTENTS

	Page
Company information	1
Report of the directors	2 - 4
Auditors' report to the shareholders of Tennis Club Management International Limited	5
Profit and loss account	6
Balance sheet	6
Notes to the financial statements	7-8

TENNIS CLUB MANAGEMENT INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors M R Phillips
 S J R Philpott

Secretary M R Buxton-Smith

Registered office Whitbread PLC
 Chiswell Street
 London
 EC1Y 4SD

Registered number 2003730

Bankers Royal Bank of Scotland Plc
 Belgravia Branch
 24 Grosvenor Place
 London SW1X 7HP

Auditors Ernst & Young
 1 Lambeth Palace Road
 London
 SE1 7EU

TENNIS CLUB MANAGEMENT INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 28 February 1999.

Principal activities and future developments

The company did not trade during the year. It does not intend to commence trading in the next year.

Directors and their interests

According to the register maintained as required under the Companies Act 1985, the beneficial interests of the directors in shares and options over the ordinary shares in the holding company, Whitbread PLC including shares under the Whitbread PLC Share Ownership Scheme are as follows:

Ordinary Shares	28 February 1999	1 March 1998
		or date of appointment
Stephen Philpott	615	4,429
Mark Phillips *	613	1,268

* Appointed 2 March 1998

Options over ordinary shares

During the period the following movements in options over the ordinary share capital of the holding company, Whitbread PLC, took place:-

	Options held at		Options granted		Options exercised		Options held at 28.02.99
	01.03.98 or date of appointment		Number	Price (p)	Number	Price(p)	
Stephen Philpott	84,800	(a)	5,500	1,027	-	-	90,300
	2,701	(b)	-	-	-	-	2,701
	8,298	(c)	7,068	-	-	-	15,366
Mark Phillips	16,100	(a)	5,500	1,027	-	-	21,600
	2,503	(b)	528	638.3	-	-	3,031

- (a) the Executive Share Option Scheme
- (b) the Savings Related Share Option Scheme
- (c) the Long Term Incentive Plan

Details of the performance criteria for the Long Term Incentive Plan are set out in the Whitbread PLC annual report and accounts for 1998/99.

REPORT OF THE DIRECTORS
(Continued)

Respective responsibilities of the directors

Company law requires the directors to prepare financial statements for each financial period 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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Group Accounts

The company has not prepared group accounts, as required by the Companies Act 1985, as it has taken the exemption provided by Financial Reporting Standard No. 2 as the company is a wholly owned subsidiary undertaking of a company established under the law of a member state of the European Community.

Year 2000 compliance

A significant risk analysis has been performed to determine the impact of the Year 2000 issue on all our activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business. Priority has been given to those systems which could cause a significant financial or legal impact on the Company's business if they were to fail. The risk analysis also considers the impact on our business of Year 2000 related failures by our significant suppliers and customers. In appropriate cases we have initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain. However, the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

The cost of implementing the action plans will be subsumed into the recurring activities of the parent company, David Lloyd Leisure Limited. Revenue costs of £26,000 are expected to be incurred by David Lloyd Leisure Limited during 1999.

REPORT OF THE DIRECTORS
(Continued)

Auditors

The auditors, Ernst & Young, will be seeking re-appointment at the forthcoming Annual General Meeting.

The report of the director was approved by the Board on 3 ~~September~~ 1999 and signed on its behalf by:



Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF TENNIS CLUB MANAGEMENT INTERNATIONAL LIMITED

We have audited the financial statements on pages 6 to 8 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of the directors and auditors

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

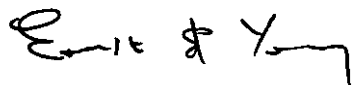
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 affairs of the company as at 28 February 1999 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor

London

3 | 9 | 1999

TENNIS CLUB MANAGEMENT INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 28 February 1999

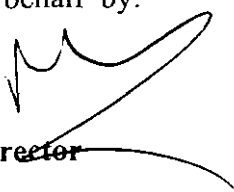
During the financial year and the preceding financial period the company did not trade and received no income and incurred no expenditure. Consequently, during those periods the company made neither a profit nor a loss.

BALANCE SHEET at 28 February 1999

	Note	1999 £	1998 £
Fixed assets			
Investments	3	15,000	15,000
		<u>15,000</u>	<u>15,000</u>
Current assets			
Cash at bank and in hand		6	6
		<u>6</u>	<u>6</u>
Creditors: Amounts falling due within one year	4	(184,819)	(184,819)
		<u>(184,819)</u>	<u>(184,819)</u>
Net current liabilities		(184,813)	(184,813)
		<u>(184,813)</u>	<u>(184,813)</u>
Net Assets		<u>(169,813)</u>	<u>(169,813)</u>
Capital and reserves			
Called up share capital	5	2	2
Profit and loss account	6	(169,815)	(169,815)
		<u>(169,815)</u>	<u>(169,815)</u>
		<u>(169,813)</u>	<u>(169,813)</u>

Throughout the financial year, the company was dormant within the meaning of Section 250 of the Companies Act 1985.

The financial statements were approved by the Board on 3 ~~September~~ 1999 and signed on its behalf by:


Director

MR PHILLIPS

TENNIS CLUB MANAGEMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

28 February 1999

1. ACCOUNTING POLICIES

Accounting Convention

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

The accounts have been prepared on the going concern basis because the parent company has confirmed that it will provide funds to enable the company to meet its liabilities as they fall due.

2. GROUP ACCOUNTS

The financial statements present information about the company as an individual undertaking.

3. INVESTMENTS

	1999 £	1998 £
Investments comprise the following:		
(a) Shares in subsidiary undertaking: Farnridge Limited	15,000	15,000
(b) Shares in related company: David Lloyd Meridian Travel Club Limited	5,000	5,000
Less: amount provided	(5,000)	(5,000)
	-	-
	15,000	15,000

Details of the subsidiary and related company are as follows:

Company Name	Country of incorporation and operations	Holding	Year end	Principal Activity
Farnridge Limited	England	100%	28 February	Dormant
David Lloyd Meridian Travel Club Limited	England	50%	30 October	Dormant

TENNIS CLUB MANAGEMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

28 February 1999

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Amount owed to parent undertaking	164,113	164,113
Amount owed to fellow subsidiary undertaking	20,706	20,706
	<u>184,819</u>	<u>184,819</u>

5. SHARE CAPITAL

	1999 £	1998 £
Authorised		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

6. PROFIT AND LOSS ACCOUNT

	£
Retained losses at 1 March 1998 and 28 February 1999	<u>169,815</u>

7. ULTIMATE PARENT COMPANY

At 28 February 1999, the company was a wholly owned subsidiary of David Lloyd Leisure Ltd. At the same date, the ultimate parent company was Whitbread PLC, a company registered in the United Kingdom. Copies of the Group financial statements are available from the Company Secretary of Whitbread PLC at Chiswell Street, London EC1Y 4SD.