2199203

REGISTRAR OF
COMPANIES

Primeairo Limited

Report and Financial Statements

Year Ended

31 December 2005

BDO

BDO Stoy Hayward
Chartered Accountants

Primeairo Limited

Annual report and financial statements for the year ended 31 December 2005

Contents

Directors

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

M A Cairns
S Moatassem
J O'Shea
J Rea

Secretary and registered office

S Moatassem, 30 Portman Square, London, W1A 4ZX.

Company number

2199203

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

*****

Report of the directors for the year ended 31 December 2005

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Results and dividends

The result of the company for the year is set out on page 5 and shows a loss after taxation for the year of £30,000 (2004 - loss £29,000).

The directors do not recommend the payment of a dividend (2004 - £Nil).

Principal activities and review of the business

The principal activity of the company consists of the ownership of, and investment in hotels.

The company continued to trade as an investment holding company. The company's principal investment is in Churchill Group Limited, which operates the Hyatt Regency London - The Churchill Hotel, Portman Square, London.

The trading results of the hotel for 2005 were satisfactory and the directors anticipate they will achieve similar results in 2006.

Directors and their interests

The directors of the company during the year were:

M A Cairns
S Moatassem
J O'Shea
J Rea

No director had any beneficial interest in the shares of the company at any time during the year.

Financial Instruments

Details of the financial risk management objectives and polices and the use of financial instruments by the company are provided in note 13 to the financial statements.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

M. A. Cairns

M Cairns
Director

Date 27/9/06

To the shareholders of Primeairo Limited

We have audited the financial statements of Primeairo Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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. 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and

- have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

27 September 2006

Primeairo Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Administrative expenses		**(30)**	(29)
Loss on ordinary activities before and after taxation	2	**(30)**	(29)

All amounts relate to continuing activities.
All recognised gains and losses are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year other than the loss for the year.

The notes on pages 7 to 11 form part of these financial statements

Primeairo Limited

Balance sheet at 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Investments	5	**59,706**	59,706
Creditors: amounts falling due within one year	6	**715**	685
		58,991	59,021
Capital and reserves			
Called up share capital	7	**40,000**	40,000
Profit and loss account	8	**18,991**	19,021
Shareholders' funds		**58,991**	59,021

The financial statements were approved by the Board of Directors and authorised for issue on 27/9/06

M Cairns
Director

The notes on pages 7 to 11 form part of these financial statements

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied.

Basis of consolidation

The company has taken advantage of the exemption not to submit group accounts as the company is itself a wholly owned a subsidiary of an EC parent company incorporated in Great Britain (see note 12). The financial statements present information about the company as an individual undertaking and not about its group.

Valuation and investments

Investments held as fixed assets are stated at cost less any provision for diminution in value.

Deferred taxation

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

Financial Instruments

Details of the financial risk management objectives and polices and the use of financial instruments by the company are provided in note 13 to the financial statements.

2 Operating loss

		2005	**2004**
		£'000	**£'000**
This has been arrived at after changing:			
Auditors' remuneration	- audit services	**2**	-
	- non audit services	**28**	21

3 Directors and employees

The average number of employees, including directors, during the year was 4 (2004 - 4).

No directors received any remuneration during the year (2004 - £Nil).

4 Taxation on ordinary activities

	2005 £'000	2004 £'000
Taxation on loss on ordinary activities	-	-

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £'000	2004 £'000
Loss on ordinary activities before tax	**(30)**	(29)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 – 30%)	**(9)**	(9)
Effects of:		
Expenses not deductible for tax purposes	**-**	4
Group relief surrendered	**9**	5
Current tax charge for year	-	-

Factors that may affect future tax charges

A deferred tax asset of approximately £1,113,000 (2004 - £1,113,000) has not been recognised on losses available to carry forward against future taxable profits as there is currently insufficient evidence that any asset would be recoverable.

5 Fixed asset investments

	Subsidiary Undertaking £'000
Cost	
At 1 January 2005 and at 31 December 2005	**59,706**
Amounts provided	
At 1 January 2005 and at 31 December 2005	-
Net book amount	
At 31 December 2005 and at 31 December 2004	**59,706**

The company's subsidiaries, owned directly or indirectly, are as follows:

Name	Principal activities	Description and proportion of shares held	Country of registration
International Hoteliers (UK) Ltd	Holding company	100% ordinary shares	England
Churchill Group Ltd	Hoteliers	100% ordinary shares 100% deferred shares	England

6 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts owed to subsidiary undertakings	**715**	685

7 Share capital

	Authorised, allotted, called up and fully paid			
	2005 Number	2004 Number	2005 £'000	2004 £'000
Ordinary shares of £1 each	**40,000,002**	40,000,002	**40,000**	40,000

8 Reserves

	Profit and loss account £'000
At 1 January 2005	19,021
Loss for the year	(30)
At 31 December 2005	18,991

9 Contingent liability

On 5 May 1999, a debenture and mortgage of shares were created by the company for securing all present and future obligations and liabilities from the company, Churchill Group Limited, International Hoteliers (UK) Limited and Havana Holdings (UK) Limited to Aareal Bank AG.

Under the debenture, a charge was placed on the assets and leasehold property, The Churchill Hotel.

Under the mortgage, a charge was placed on the shares and securities of the company and any income derived therefrom.

At 31 December 2005, the balance due from Havana Holdings (UK) Limited to Aareal Bank AG was £69,500,000 (2004 - £70,750,000).

10 Ultimate parent company and ultimate controlling party

At 31 December 2005 the company's ultimate parent company was Sandwood Worldwide Limited, a company registered in the British Virgin Islands. The parent company of the smallest group of which the company is a member and for which group accounts are prepared is Havana Holdings (UK) Limited, a company registered in England and Wales. Copies of the accounts may be obtained from 30 Portman Square, London, W1A 4ZX.

The beneficial owner of Sandwood Worldwide Limited is Sheikh Hamad bin Jassim bin Jaber Al Thani.

11 Statement of cash flows

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 not to produce a statement of cash flows since its parent company publishes consolidated financial statements, including a statement of cash flows.

12 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group companies, on the basis that it is 90% or more controlled within the group and its parent undertaking, Havana Holdings (UK) Limited prepares consolidated financial statements which are publicly available.

13 Financial Instruments

The company holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

Operations are financed by a mixture of retained profits and loans from group undertaking. Working capital requirements are funded principally out of short term group loans and retained profits.