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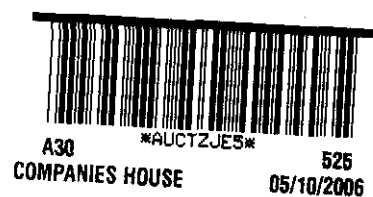
CHELGATE LIMITED

Company No. 2262305

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2005



Chelgate

Chelgate Limited

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Chelgate Limited

Company Information

Directors

T. Fane-Saunders
K. Fane-Saunders
M.S. Lane

Secretary

M.S. Lane

Registered Office

Number One
Tanner Street
London
SE1 3LE

Auditors

Barnes Roffe LLP
Chartered Accountants and Registered Auditors
16 - 19 Copperfields, Spital Street
Dartford, Kent
DA1 2DE

Bankers

Natwest Bank
PO Box 192
116 Fenchurch Street
London EC3M 5AN

Solicitors

Davenport Lyons
1 Old Burlington Street
London W1X 2NL

Chelgate Limited

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 2005.

Principal Activities and Business Review

The principal activity of the company throughout the year was that of public relations consultants. The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and Dividend

The results of the company for the year are set out on page 5. The directors do not recommend the payment of a dividend (2004 - £nil).

The company has a retained loss of £6,674 (2004 - £1,156 profit) which has been transferred (from)/to reserves.

Directors and their interests

The directors who served during the year were as follows:

Terence C. Fane-Saunders
Kilmeny J. Fane-Saunders
Mathew S. Lane

None of the directors have any direct interest in the share capital of this company or any other within the group.

Mr. and Mrs. Fane-Saunders have beneficial interests in the whole of the share capital of the ultimate parent undertaking, Kilmeny Holdings Limited, which are disclosed in that company's financial statements.

Share options

No new share options were granted to directors in the year.

Existing share options can be exercised within 14 days of the company informing the holder that it has either received an offer to acquire the business or in the event of a listing on the London Stock Exchange or Alternative Investment Market.

Statement of directors responsibility

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 of the profit or loss of the company for that period.

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; prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

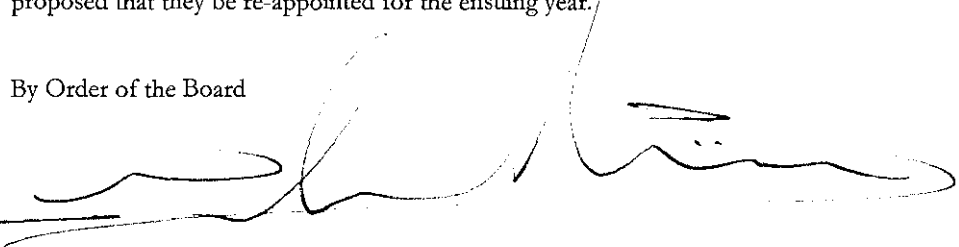
Chelgate Limited

Report of the Directors (continued)

Auditors

On 3 April 2006 Kingston Smith resigned as auditors. Barnes Roffe LLP were appointed as auditors on 3 April 2006 and have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 1985, it is proposed that they be re-appointed for the ensuing year.

By Order of the Board



M.S. Lane
Secretary

Number One
Tanner Street
London
SE1 3LE

Date: 21/7/06

Chelgate Limited

Independent Auditors' Report to the Members of Chelgate Limited

We have audited the financial statements of for the year ended 31 December 2005 set out on pages 5 - 12. These financial statements have been prepared under the accounting policies set out therein.

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

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

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 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its results for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



Barnes Roffe LLP

Chartered Accountants and Registered Auditors

16 -19 Copperfields

Spital Street

Dartford

Kent

DA1 2DE

Date: 28 September 2006

Chelgate Limited
Profit and Loss Account
For the year ended 31 December 2005

	Note	2005	2004
		£	£
Turnover	1(c), 2	844,946	954,822
Cost of Sales		<u>(87,131)</u>	<u>(144,371)</u>
Gross Profit		757,815	810,451
Administration Expenses		<u>(766,168)</u>	<u>(804,659)</u>
Operating Profit	3	(8,353)	5,792
Interest Receivable and Similar Income		3,846	3,899
Interest Payable and Similar Charges	6	<u>(2,103)</u>	<u>(2,036)</u>
(Loss) / Profit on Ordinary Activities Before Taxation		(6,610)	7,655
Taxation	7	<u>(64)</u>	<u>(6,499)</u>
Retained (Loss) / Profit after Taxation transferred (from) / to Reserves	8	<u><u>(6,674)</u></u>	<u><u>1,156</u></u>

All amounts derive from continuing activities. There are no other recognised gains or losses in the year other than the result for the year.

Chelgate Limited

Balance Sheet at 31 December 2005

	Note	2005	2004
		£	£
Fixed Assets			
Tangible assets	9	16,463	21,293
Current Assets			
Debtors	10	291,937	257,331
Cash at bank and in hand		<u>95,604</u>	<u>111,722</u>
		387,541	369,053
Creditors: Amounts Falling Due Within One Year	11	<u>(187,978)</u>	<u>(167,646)</u>
Net Current Assets		<u>199,563</u>	<u>201,407</u>
Total Assets Less Current Liabilities		216,026	222,700
Creditors: Amounts Falling Due After More Than One Year	12	<u>(27,460)</u>	<u>(27,460)</u>
Net Assets		<u><u>188,566</u></u>	<u><u>195,240</u></u>
Capital and Reserves			
Called up share capital - equity interest	8	25,000	25,000
Profit and loss account		<u>163,566</u>	<u>170,240</u>
Shareholder's funds	8	<u><u>188,566</u></u>	<u><u>195,240</u></u>

The financial statements were approved by the Board of Directors on

21st July 2006.



.....
T. Fane-Saunders
Director

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2005

1. Accounting Policies

(a) Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The accounting policies remain unchanged from the previous year.

(b) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold Property	- 25% straight line
Office Equipment	- 25% straight line
Fixtures and Fittings	- 25% straight line
Race Horse	- 10% straight line

(c) Turnover

Turnover represents sales and expenses plus commissions invoiced by the company during the year, and is exclusive of value added tax.

(d) Deferred taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. 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 that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the 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, except when discounting has been applied in accordance with other accounting standards.

(e) Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial period. Exchange differences arising from the translation of foreign subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

(f) Operating Lease Rentals

Rentals held under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2005 (continued)

1. Accounting Policies (continued)

(g) Pensions

The company makes contributions to certain employees' private pension schemes, the assets of the schemes being held separately from the assets of the company. The pension cost charge represents contributions payable to the schemes.

2 Turnover

	2005	2004
	£	£
Geographical Analysis:		
United Kingdom	784,697	909,741
Europe	55,317	-
United States and Canada	4,932	45,081
Rest of the World	-	-
	<u>844,946</u>	<u>954,822</u>

3 Operating profit

	£	£
The operating profit is stated after charging:		
Auditors' remuneration	4,507	5,900
Depreciation of owned tangible fixed assets	8,350	15,997
(Profit) / Loss on disposal of fixed assets	-	3,858
Operating lease rentals:		
Plant and machinery	5,704	5,705
Other	<u>86,967</u>	<u>86,800</u>

4 Employee information

The average number of persons employed by the company (including directors) during the year was 15 (2004: 17)

	£	£
Their total remuneration was:		
Wages and salaries	403,769	440,732
Social security costs	44,713	48,307
Pension costs	<u>9,000</u>	<u>9,000</u>
	<u>457,482</u>	<u>498,039</u>

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2005 (continued)

5 Directors' Emoluments

The emoluments of the directors of the company were as follows:

	2005 £	2004 £
Emoluments (including benefits)	44,397	125,688
Pension contributions	9,000	9,000
	<u>53,397</u>	<u>134,688</u>

During the year, two directors (2004: two) were members of defined contribution pension schemes.

6 Interest Payable

	£	£
Bank loans and overdrafts	3	-
Other loans	2,100	2,036
	<u>2,103</u>	<u>2,036</u>

7 Taxation

a) Charge for the year

	£	£
UK Corporation tax on the results for the year at 19% (2004: 19%)	64	6,499
Overprovision in previous years	-	-
	<u>64</u>	<u>6,499</u>

b) Factors affecting tax charge for the year

	2005 £	2005 £	2004 £	2004 £
Profit/(Loss) on ordinary activities before tax		(6,610)		7,655
Theoretical tax charge at 19% (2004: 19%)		(1,256)		1,454
<i>Effects of:</i>				
Expenses not deductible for tax purposes	2,568		3,693	
Depreciation in excess of capital allowances	639		1,219	
Loss on disposal	-		733	
Marginal relief	(1,887)		(1,102)	
Adjustment to tax charge in respect of prior periods	-		-	
		1,320		4,543
Current tax charge/(credit) for the period (note 7(a))		<u>64</u>		<u>5,997</u>

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2005 (continued)

8 Shareholder's Funds

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 2004	25,000	169,084	194,084
Retained profit for the financial year	-	1,156	1,156
At 31 December 2004	25,000	170,240	195,240
Retained loss for the financial year	-	(6,674)	(6,674)
At 31 December 2005	25,000	163,566	188,566

The share capital comprises:

	2005 £	2004 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid:		
25,000 ordinary shares of £1 each	25,000	25,000

Options over 4,274 ordinary shares are available at an exercise price of £23.40 each. Share options can be exercised within 14 days of the company informing the holder that it has either received an offer to acquire the business or in the event of a listing on the London Stock Exchange or Alternative Investment Market.

9 Tangible Assets

Cost	Leasehold Property £	Office Equipment £	Fixtures and Fittings £	Blood Stock £	Total £
At 1 January 2005	19,455	47,454	73,912	14,500	155,321
Additions	-	3,206	314	-	3,520
Disposals	-	-	-	-	-
At 31 December 2005	19,455	50,660	74,226	14,500	158,841

Depreciation

At 1 January 2005	19,455	36,405	72,489	5,679	134,028
Charge for the year	-	6,047	853	1,450	8,350
Disposals	-	-	-	-	-
At 31 December 2005	19,455	42,452	73,342	7,129	142,378

Net Book Value

At 31 December 2005	-	8,208	884	7,371	16,463
At 31 December 2004	-	11,049	1,423	8,821	21,293

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2005 (continued)

10 Debtors

	2005	2004
	£	£
Trade debtors	207,522	156,171
Other debtors	10,610	10,557
Prepayments and accrued income	73,805	90,603
	<u>291,937</u>	<u>257,331</u>

11 Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	9,026	29,624
Corporation tax	64	6,500
Social security and other taxes	38,003	37,176
Other creditors	22,915	80,091
Accruals and deferred income	117,970	14,255
	<u>187,978</u>	<u>167,646</u>

12 Creditors: amounts falling due after more than one year

	£	£
Loans wholly repayable in more than five years	<u>27,460</u>	<u>27,460</u>

The loan was advanced by NM Life Assurance Limited and is secured on a pension policy held by T. Fane-Saunders, a director of the company, and attracts interest at 3% above the bank base rate. The loan is not repayable by installments and falls due for redemption in 2013.

13 Future financial commitments

At 31 December the company had annual commitments under operating leases as set out below:

	2005		2004	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating Leases which expire:				
within one year		-	11,800	3,202
in the second to fifth year	-	881	-	881
after five years	75,000	-	75,000	-
	<u>75,000</u>	<u>881</u>	<u>86,800</u>	<u>4,083</u>

Chelgate Limited
Notes to the Financial Statements
For the year ended 31 December 2005 (continued)

14 Contingent liabilities

There are no outstanding contingent liabilities.

15 Pension Costs

The group contributed to certain employees' personal pension schemes. The total pension cost of £9,000 (2004: £9,000) represents amounts paid into the schemes during the year.

16 Director's loan

Terence Fane-Saunders, a director, owed the company money during the year:

	2005 £	2004 £
Balance outstanding at 31 December	5,000	5,000
Maximum balance outstanding during the year	<u>5,000</u>	<u>5,000</u>

17 Ultimate Parent Undertaking and Controlling Party

The company's ultimate parent undertaking is Kilmeny Holdings Limited, a company incorporated in the Channel Islands. Kilmeny Holdings Limited does not prepare consolidated financial statements.

The company is controlled by Mr. and Mrs. Fane-Saunders by virtue of their shareholding in the ultimate parent undertaking.