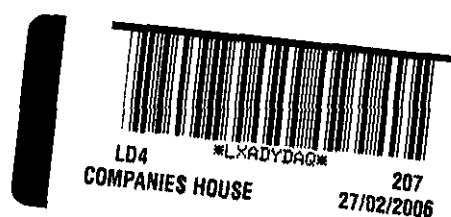


C.S. Leisure Plc

**Directors' report and financial
statements**

Registered number 2357146

31 July 2005



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Company information

Directors	F Turok R Taylor
Secretary	G Taylor
Registered office	101 Commercial Road London E1 1RD
Auditors	Pricewaterhouse Coopers LLP 1 Embankment Place London WC2N 6RH
Principal bankers	The Royal Bank of Scotland plc 2 Waterhouse Square 138 Holborn London EC1N 2TH

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2005.

Principal activities and review of business

The company did not trade during the current or previous year.

Dividends

The directors do not recommend the payment of a dividend (2004: nil).

Company's policy for payment of creditors

It is the company's policy to settle the terms of payment with suppliers when agreeing each transaction or a series of transactions, to ensure that suppliers are made aware of these terms, and abide by them. The company did not trade in the year, so did not make any purchases or payments.

Directors and directors' interests

The directors who served during the year were as follows:

F Turok	
D Turner	(resigned 27 September 2004)
J Taylor	(resigned 10 August 2005)
R Taylor	(appointed 10 August 2005)

The directors had no interests in the company during the year.

The interests of the directors in the share capital of the parent company, LA Fitness Limited, are shown in the accounts of that company.

Statement of directors' responsibilities

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 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, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

G Taylor
Secretary
31 January 2006



101 Commercial Road
London
E1 1RD

Report of the independent auditors to the members of C.S. Leisure Plc

We have audited the financial statements which comprise the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

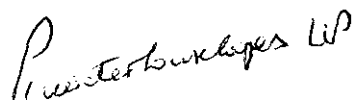
Basis of audit opinion

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 affairs of the company and have been properly prepared in accordance with the Companies Act 1985.

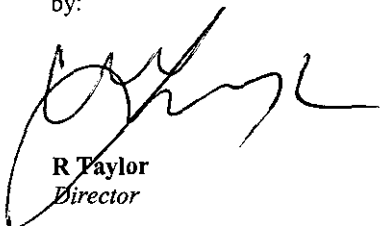


PricewaterhouseCoopers LLP
Chartered Accountants and Registered
Auditors
31 January 2006

Balance sheet
at 31 July 2005

	<i>Note</i>	2005	2004
		£	£
Current assets			
Debtors	3	2,721,117	2,721,117
		<u>2,721,117</u>	<u>2,721,117</u>
Creditors: amounts falling due within one year	4	(189,888)	(189,888)
Net current assets		<u>2,531,229</u>	<u>2,531,229</u>
Total assets less current liabilities		<u>2,531,229</u>	<u>2,531,229</u>
Creditors: amounts falling due after more than one year	5	(2,062,827)	(2,062,827)
Net assets		<u>468,402</u>	<u>468,402</u>
Capital and reserves			
Called up share capital			
- equity	6	270,000	270,000
- non equity	6	125,000	125,000
Share premium account		188,440	188,440
Profit and loss account	7	(115,038)	(115,038)
Shareholders' funds	8	<u>468,402</u>	<u>468,402</u>

These financial statements were approved by the board of directors on 31 January 2006 and were signed on its behalf by:


R Taylor
Director

The notes on pages 7 to 9 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently with prior years in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Profit and loss account

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss and therefore no profit and loss account has been prepared.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent company includes the company in its own published consolidated financial statements

2 Staff numbers

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005 No	2004 No
Directors	2	3

The company has no employees other than the directors. None of the directors received any remuneration in respect of their services to the company during the year (2004: nil).

3 Debtors

	2005 £	2004 £
Due within one year		
Amounts owed by group undertakings	2,721,117	2,721,117

4 Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	189,888	189,888

Notes (continued)

5 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to group undertakings	2,062,827	2,062,827

6 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
555,555 Ordinary shares of 50p each	277,777	277,777
2,000,000 'B' Ordinary shares of 1p each	20,000	20,000
138,888 'A' Ordinary shares of £1 each	138,888	138,888
	<u>436,665</u>	<u>436,665</u>
<i>Allotted, called up and fully paid</i>		
500,000 Ordinary shares of 50p each	250,000	250,000
2,000,000 'B' Ordinary shares of 1p each	20,000	20,000
125,000 'A' Ordinary shares of £1 each	125,000	125,000
	<u>395,000</u>	<u>395,000</u>

Distribution of profits to, and voting rights of shareholders are equal across all classes and are based on the number of shares held.

7 Profit and loss account

	2005 £	2004 £
Deficit at beginning and end of year	(115,038)	(115,038)

8 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Opening and closing shareholders' funds	468,402	468,402
Analysis of shareholders' funds		
	2005 £	2004 £
Non-equity interests	125,000	125,000
Equity interests	343,402	343,402
	<u>468,402</u>	<u>468,402</u>

Notes (continued)

9 Related party transactions

As the company is a wholly owned subsidiary of LA Fitness Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

10 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of LA Fitness Limited, which is the immediate parent company incorporated in England and Wales.

The ultimate controlling party is MOP Acquisitions (LAF) Limited, a company incorporated in England and Wales as a result of the public to private transaction which took place on 4 July 2005.

The largest group in which the results of the company are consolidated is that headed by LA Fitness Limited. The consolidated accounts are available to the public and may be obtained from Companies House.