

OCEANA RETAIL HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2005



Horwath Clark Whitehill

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OCEANA RETAIL HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS	S Lewis M Lewis R S P Davies P Press (appointed 22 November 2004) S Aaron (appointed 10 December 2004)
SECRETARY	RSP Davies
COMPANY NUMBER	2595720
REGISTERED OFFICE	Park Lorne 111 Park Road London NW8 7JL
AUDITORS	Horwath Clark Whitehill LLP Chartered Accountants & Registered Auditors St Bride's House 10 Salisbury Square London EC4Y 8EH
BANKERS	National Westminster Bank Plc 250 Regent Street London W1A 4RY

OCEANA RETAIL HOLDINGS LIMITED

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OCEANA RETAIL HOLDINGS LIMITED

DIRECTORS' REPORT For the year ended 31 March 2005

The directors present their report and the financial statements for the year ended 31 March 2005.

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 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;
- 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 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.

PRINCIPAL ACTIVITY

The company operates as an investment company.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each		5% Preference shares of £1 each	
	<u>31/3/05</u>	<u>1/4/04</u>	<u>31/3/05</u>	<u>1/4/04</u>
S Lewis	-	-	-	-
M Lewis	-	-	-	-
R S P Davies	-	-	-	-
P Press (appointed 22 November 2004)	-	-	-	-
S Aaron (appointed 10 December 2004)	-	-	-	-

ADDITIONAL INFORMATION RE DIRECTORS

At 31 March 2005 and 1 April 2004, M Lewis was interested in 659,154,355 shares in Oceana Investment Corporation (in liquidation) Limited, the company's parent.

OCEANA RETAIL HOLDINGS LIMITED

DIRECTORS' REPORT
For the year ended 31 March 2005

AUDITORS

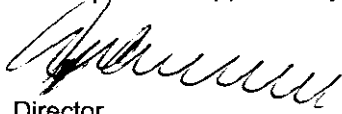
The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on

13/04/2005

and signed on its behalf.



Director

OCEANA RETAIL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OCEANA RETAIL HOLDINGS LIMITED

We have audited the financial statements of Oceana Retail Holdings Limited for the year ended 31 March 2005 set out on pages 5 to 11. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 8.

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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company 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.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

OCEANA RETAIL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OCEANA RETAIL HOLDINGS
LIMITED

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Harwath Clark Whitelill LLP

Chartered Accountants
Registered Auditors

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: *13 December 2005*

OCEANA RETAIL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2005

	Note	2005 £	2004 £
Administrative expenses		(193,062)	(127)
OPERATING LOSS	2	(193,062)	(127)
Income from other fixed asset investments		100,455	202,495
Profit on disposal of investments		213,465	3,780
Interest receivable		74,724	13,599
Interest payable		(16,239)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		179,343	219,747
TAX ON PROFIT ON ORDINARY ACTIVITIES	3	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		179,343	219,747

The notes on pages 8 to 11 form part of these financial statements.

OCEANA RETAIL HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2005

	2005 £	2004 £
PROFIT FOR THE FINANCIAL YEAR	179,343	219,747
Revaluation of investments	(785,500)	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>(606,157)</u></u>	<u><u>219,747</u></u>

The notes on pages 8 to 11 form part of these financial statements.

OCEANA RETAIL HOLDINGS LIMITED

BALANCE SHEET As at 31 March 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	4	11,559,316	1,189,585
CURRENT ASSETS			
Debtors	5	583,840	15,083
Cash at bank		5,353,175	6,204
		<u>5,937,015</u>	<u>21,287</u>
CREDITORS: amounts falling due within one year	6	<u>(16,239)</u>	<u>(5,809,373)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>5,920,776</u>	<u>(5,788,086)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,480,092</u>	<u>(4,598,501)</u>
CREDITORS: amounts falling due after more than one year	7	<u>(2,684,850)</u>	<u>-</u>
NET ASSETS/(LIABILITIES)		<u><u>14,795,242</u></u>	<u><u>(4,598,501)</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	20,000,000	100
Revaluation reserve	9	(785,500)	-
Profit and loss account	9	(4,419,258)	(4,598,601)
SHAREHOLDERS' FUNDS		<u><u>14,795,242</u></u>	<u><u>(4,598,501)</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 13/12/2005 and signed on its behalf.


Director

The notes on pages 8 to 11 form part of these financial statements.

OCEANA RETAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Fixed asset investments

Listed investments are stated at middle market prices at the balance sheet date. Unlisted investments are valued by the directors at the year end where no quoted price exists for them. The excess over cost of such valuations (if any) is credited to a revaluation reserve. Any provision for permanent diminution in value below cost is charged to the profit and loss account. On disposal of a revalued investment, the gain or loss from the last revaluation is taken to the profit and loss account in the current year and a resulting transfer made from the revaluation reserve to distributable reserves.

1.3 Investment income

Dividends from investments are credited to the profit and loss account on an accruals basis. Interest from fixed income securities and bank deposits is taken to income on the accruals basis. Franked investment income received is inclusive of the related tax credit.

1.4 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.5 Consolidated accounts

The company has taken advantage of the exemption in s248 of the Companies Act 1985 from the requirement to produce consolidated accounts on the grounds that it is a small group. These accounts present the results of the group company only.

2. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2005 £	2004 £
Auditors' remuneration	640	-
Difference on foreign exchange	(211)	-
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2004 - £nil).

3. TAXATION

	2005 £	2004 £
Tax on profit on ordinary activities	-	-
	<u> </u>	<u> </u>

Factors affecting tax charge for year

No corporation tax is payable on the year's results due to the availability of brought forward tax losses.

There were no factors that may affect future tax charges.

OCEANA RETAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

4. FIXED ASSET INVESTMENTS

	Shares in subsidiary under- taking £	Listed invest- ments £	Unlisted invest- ments £	Total £
Cost				
At 1 April 2004	-	880,993	380,000	1,260,993
Additions	2,600,000	9,106,462	-	11,706,462
Disposals	-	(551,231)	-	(551,231)
Revaluations	-	(785,500)	-	(785,500)
At 31 March 2005	<u>2,600,000</u>	<u>8,650,724</u>	<u>380,000</u>	<u>11,630,724</u>
Provisions				
At 1 April 2004 and 31 March 2005	-	71,408	-	71,408
Net book value				
At 31 March 2005	<u>2,600,000</u>	<u>8,579,316</u>	<u>380,000</u>	<u>11,559,316</u>
At 31 March 2004	<u>-</u>	<u>809,585</u>	<u>380,000</u>	<u>1,189,585</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Amalgamated Leisure Holdings BV

Incorporated in The Netherlands,
wholly owned and acquired in the
period from the parent company

Listed investments

The market value of the listed investments at 31 March 2005 was £8,579,316 (2004 - £809,585) .

5. DEBTORS

	2005 £	2004 £
Trade debtors	-	12,043
Amounts owed by group undertakings	463,005	-
Other debtors	120,835	3,040
	<u>583,840</u>	<u>15,083</u>

OCEANA RETAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

6. CREDITORS:
Amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	-	5,809,373
Other creditors	16,239	-
	<u>16,239</u>	<u>5,809,373</u>

7. CREDITORS:
Amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to subsidiary undertaking	2,684,850	-

Creditors include amounts not wholly repayable within 5 years as follows:

	2005 £	2004 £
Repayable other than by instalments (due after more than 5 years)	2,684,850	-

8. SHARE CAPITAL

	2005 £	2004 £
Authorised		
50,000,000 Ordinary shares of £1 each	50,000,000	2
50,000,000 5% Preference shares of £1 each	50,000,000	98
	<u>100,000,000</u>	<u>100</u>
Allotted, called up and fully paid		
20,000,000 Ordinary shares of £1 each	20,000,000	2
- 5% Preference shares of £1 each	-	98
	<u>20,000,000</u>	<u>100</u>

During the year, the company increased the authorised ordinary share capital and preference share to £50,000,000 and issued 19,999,900 ordinary shares of £1 at par. The 98 preference shares existent at 2004 were converted to £1 ordinary shares during the year.

OCEANA RETAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

9. RESERVES

Revaluation reserve	£
At 1 April 2004	-
Revaluation in year	(785,500)
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At 31 March 2005	(785,500)
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Profit and loss account	£
At 1 April 2004	(4,598,601)
Profit retained for the year	179,343
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At 31 March 2005	(4,419,258)
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10. ULTIMATE PARENT COMPANY

The directors consider Oceana Investment Corporation (in liquidation) Limited to be the company's ultimate parent company. During the year the parent company transferred certain assets with a value of approximately £20.1m to the company at market value.