

HARBOUR CLUB OPERATIONS 1999 LIMITED

Annual Report & Financial Statements

For the year ended 31 December 2006

Registered Number 3194001



REGISTERED OFFICE

Cannons House
40-44 Coombe Road
New Malden
Surrey
KT3 4QF

HARBOUR CLUB OPERATIONS 1999 LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2006

Principal Activities

The Company did not trade during the year

Financial Results and Dividends

The loss on ordinary activities after taxation amounted to £527,000 (2005: £554,000) This retained loss was transferred to reserves The directors do not recommend the payment of a dividend (2005: £nil).

Financial Risk

The Company does not have any financial instruments other than short term debtors and creditors

Future Prospects

The directors have no plans for the Company to trade in the future

Directors and their Interests in the Share Capital of the Company

The Directors who served throughout the year were as follows

A K Misra	
C Williams	
D C Wiseman	(Company Secretary)
M Fish	(Resigned 30 September 2006)

No Director had any interest in the share capital of the Company or any other group company

Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that

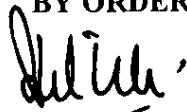
- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and,
- The director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

BY ORDER OF THE BOARD



D C Wiseman
Secretary
27 April 2007

HARBOUR CLUB OPERATIONS 1999 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements. The directors have chosen to prepare the financial statements for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the Company and of the profit and loss for that period and comply with UK GAAP and the Companies Act 1985. 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, 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF HARBOUR CLUB OPERATIONS 1999 LIMITED

We have audited the financial statements ("the financial statements") of Harbour Club Operations 1999 Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 9. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte and Touche LLP
Chartered Accountants and Registered Auditors
London
27 April 2007

HARBOUR CLUB OPERATIONS 1999 LIMITED**Profit and Loss Account****for the year ended 31 December 2006**

	Notes	2006 £'000	2005 £'000
OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	(41)
Tax on profit/(loss) on ordinary activities	3	(527)	(513)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE FINANCIAL YEAR	7	(527)	(554)

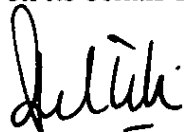
The Company had no recognised gains or losses during the year or the preceding year other than the results shown above. No Statement of Total Recognised Gains and Losses has therefore been presented.

All of the results relate to discontinued operations in the United Kingdom.

HARBOUR CLUB OPERATIONS 1999 LIMITED
Balance Sheet
at 31 December 2006

	Notes	2006 £'000	2005 £'000
CURRENT ASSETS			
Debtors	4	31,102	31,102
		<u>31,102</u>	<u>31,102</u>
CREDITORS Amounts falling due within one year	5	(23,507)	(22,980)
NET ASSETS		<u>7,595</u>	<u>8,122</u>
CAPITAL AND RESERVES			
Called up share capital	6	10	10
Profit and loss account	7	7,585	8,112
TOTAL SHAREHOLDERS' FUNDS		<u>7,595</u>	<u>8,122</u>

These financial statements were approved by the board of Directors on 27 April 2007 and signed on its behalf by



D C Wiseman
Director

HARBOUR CLUB OPERATIONS 1999 LIMITED

Notes to the Accounts

for the year ended 31 December 2006

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

Basis of Preparation

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

The Company is a wholly owned subsidiary of The Harbour Club Limited and its results and net assets are included in the consolidated financial statements of Health Club Investments Group Limited, its ultimate parent company, which are publicly available. Consequently, the Company is exempt from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996) and exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of Health Club Investments Group Limited.

Current Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. OPERATING LOSS

	2006 £'000	2005 £'000
Operating profit/(loss) loss is stated after charging		
Provision against intercompany debtor	-	41

No Director received any remuneration for their qualifying services to the Company during the the current or preceding financial year. The Company had no employees in the current or preceding year.

In the current and preceding financial year, the auditors' remuneration has been borne by Cannons Health & Fitness Limited, a subsidiary of the ultimate parent undertaking. The fee for this service was £2,000 (2005 £2,000).

3. TAX ON LOSS ON ORDINARY ACTIVITIES

(I) TAX ON LOSS ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
Current tax		
UK Corporation tax	-	-
Group relief	(527)	(513)
	(527)	(513)

HARBOUR CLUB OPERATIONS 1999 LIMITED**Notes to the Accounts****for the year ended 31 December 2006****3. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)****(II) FACTORS AFFECTING TAX CHARGE FOR THE CURRENT YEAR**

	2006 £000	2005 £000
Loss on ordinary activities before taxation	-	(41)
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 – 30%)	-	12
Effects of		
Expenses not deductible for tax purposes	-	(12)
Imputed interest income	(527)	(513)
Current tax charge for the year	(527)	(513)

4. DEBTORS

	2006 £'000	2005 £'000
Amounts owed from parent undertakings	10	10
Amounts owed from fellow subsidiary undertakings	31,092	31,092
	31,102	31,102

5. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Amounts due to fellow subsidiary undertakings	23,507	22,980
	23,507	22,980

6. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised, allotted, issued and fully paid 10,000 Ordinary shares of £1 each	10	10

HARBOUR CLUB OPERATIONS 1999 LIMITED

Notes to the Accounts

for the year ended 31 December 2006

7. RESERVES

	Profit and loss account £'000
Balance at 1 January 2006	8,112
Retained loss for the year	(527)
Balance at 31 December 2006	7,585

8. CONTINGENT LIABILITIES

At 31 December 2006 borrowings in Health Club Acquisitions Limited, a fellow subsidiary of Health Club Investment Group Limited, were secured on the Company's assets by fixed and floating charges. The amount of these borrowings at 31 December 2006 is £97.2m (2005 £93.1m).

9. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Marina Health & Fitness Limited (formerly The Harbour Club Limited). The Company's ultimate parent undertaking, controlling party and the parent Company of the only group to which the company belongs which prepares group financial statements is Health Club Investments Group Limited. All parent undertakings are incorporated in Great Britain. Copies of the financial statements of Health Club Investments Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ on payment of the appropriate fee.