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**M&C Saatchi Sport & Entertainment
Limited
(Formerly M&C Saatchi Sponsorship
Limited)**

Report and Financial Statements

Year Ended

31 December 2005



BDO

BDO Stoy Hayward
Chartered Accountants

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Report and financial statements for the year ended 31 December 2005

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Directors

D Kershaw
M A S MacLennan
J Boardman
S Martin
J Wynne – Morgan
J Hewitt

Secretary and registered office

J Hewitt, 36 Golden Square, London, W1F 9EE.

Company number

3306364

Auditors

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

M&G Saatchi Sport & Entertainment Limited (Formerly M&G Saatchi Sponsorship Limited)

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 profit and loss account is set out on page 5 and shows the result for the year.

No interim dividend (2004 - £929,000) was paid during the year. The directors do not recommend the payment of a final dividend.

Principal activities, trading review and future developments

The principal activity of the company is the provision of sponsorship services. The company has had a good year of trading achieving a gross profit of £1,103,000 (2004 - £804,000) and a profit after taxation of £106,000 (2004 loss after taxation - £241,000). The company expects to grow during 2006.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors of the company during the year and their interests in the ordinary share capital were:

	2005	B' ordinary shares 2004
N Hurrell (resigned 13 February 2006)	28	-
D Kershaw	-	-
S Martin (appointed 13 February 2006)	100	-
J Wynne – Morgan (appointed 13 February 2006)	50	-
M A S MacLennan (appointed 13 February 2006)	28	-
J Boardman (appointed 13 February 2006)	50	-
J Hewitt (appointed 13 February 2006)	-	-

No director had any interest in 'A' ordinary share capital.

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Report of the directors for the year ended 31 December 2005 (Continued)

The interests of D Kershaw in the ordinary share capital of M&C Saatchi plc, the ultimate parent of the company, are disclosed in the financial statements of that company. The interests in the share capital of the ultimate parent company held by the other directors was as follows:

	Shares	
	2005	2004
N Hurrell (resigned 13 February 2006)	957,804	-
S Martin (appointed 13 February 2006)	-	-
J Wynne – Morgan (appointed 13 February 2006)	-	-
M A S MacLennan (appointed 13 February 2006)	957,804	-
J Boardman (appointed 13 February 2006)	800	-
JT Hewitt (appointed 13 February 2006)	-	-

On 13th February 2006 J C Wales resigned as Secretary of the company.

On 2nd May 2006 the Company passed a resolution to change its name from M&C Saatchi Sponsorship Limited to M&C Saatchi Sport and Entertainment Limited.

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 year. In preparing those financial statements, the directors are required to:

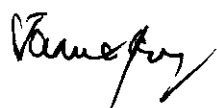
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 safeguarding the assets of the company 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.

By order of the Board



J Hewitt
Secretary

5 July 2006

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Report of the independent auditors

Independent Auditor's Report to the Shareholders of M&C Saatchi Sport & Entertainment Limited

We have audited the financial statements of M&C Saatchi Sponsorship Limited for the year ended 31 December 2005 which comprise the company profit and loss account, the balance sheet, the cash flow statement 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.

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Report of the Independent auditors (*Continued*)

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 profit 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

Date *5 July 2006*

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Profit and loss account for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	2	1,847	1,335
Cost of sales		744	531
		<hr/>	<hr/>
Gross profit		1,103	804
Administrative expenses		946	728
Exceptional costs	5	-	422
		<hr/>	<hr/>
Operating profit/(loss)	6	157	(346)
Interest receivable		7	4
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		164	(342)
Taxation on ordinary activities	7	(58)	101
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities after taxation	16	106	(241)
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

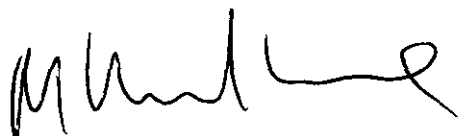
M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Balance sheet at 31 December 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Fixed assets					
Tangible assets	9		6		6
Current assets					
Work in progress	10	59		-	
Debtors	11	575		362	
		<u>634</u>		<u>362</u>	
Creditors: amounts falling due within one year	12	764		599	
		<u></u>		<u></u>	
Net current liabilities			(130)		(237)
Provisions for liabilities and charges	13		(1)		-
			<u>(125)</u>		<u>(231)</u>
Net liabilities					
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account	16		(126)		(232)
			<u>(125)</u>		<u>(231)</u>
Shareholders' deficit - equity	17				
			<u>(125)</u>		<u>(231)</u>

The financial statements were approved by the Board on 5 July 2006

M A S MacLennan
Director



The notes on pages 8 to 16 form part of these financial statements.

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Cashflow Statement as at 31 December 2005

	Note	2005 £'000	2004 £'000
Net cash (outflow)/inflow from operating activities	19	(47)	1,005
Returns on investments and servicing of finance			
Interest received		7	4
Taxation			
UK corporation tax received/(paid)		44	(80)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(4)	-
Equity dividends paid		-	(929)
		<hr/>	<hr/>
Movement in cash		-	-
		<hr/>	<hr/>

The notes on pages 8 to 16 form part of these financial statements

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Notes forming part of the financial statements for the year ended 31 December 2005

1 Accounting policies

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

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The company's immediate parent, M&C Saatchi (UK) Limited, has undertaken to continue to provide such financial support as the company requires for its continued operations for a period of not less than one year from the balance sheet date.

The following principal accounting policies have been applied:

Turnover

Turnover represents amounts invoiced to clients, excluding sales taxes, for services provided to clients. Fees are recognised over the period of the relevant assignments or agreements.

Work in progress

Work in progress comprises all outlays incurred on behalf of clients which have still to be recharged, and is stated at cost less provisions for any amounts that may not be recovered.

Fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over the assets' estimated useful lives, as follows:

Furniture, fittings and other equipment	-	10% to 25%
Computer equipment	-	33%
Motor vehicles	-	25%

Share based payments

Certain employees receive remuneration in the form of share-based payments, including shares or rights over shares.

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted excluding the impact of any non-market vesting conditions (for example profitability and sales growth targets). The non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date the entity revises its estimates of the number of the options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period. Where awards depend upon future events we assess the likelihood of these conditions being met and make an appropriate charge at the end of each reporting period. The credit for equity settled transactions are taken to the share option reserve.

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

**Notes forming part of the financial statements for the year ended 31 December 2005
(Continued)**

1 Accounting policies (Continued)

For cash-settled share based payments, where payments depend upon future events we assess the likelihood of these conditions being met and make an appropriate provision at the end of each reporting period. A liability equal to the portion of the cash received is recognised at the current fair value determined at each balance sheet date. The credits for cash-settled share based payments are taken to provisions.

Where the cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the vesting date on which the relevant employees become fully entitled to the award. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors at that date, will ultimately vest. No expense is recognised for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Share based payments include options issued to employees, phantom bonuses and other long term equity linked bonuses. Payments may be in the form of cash or equity. When options are exercised, the cash received for the issued shares is taken to share capital and share premium and the related balance in the share option reserve is taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Pensions

The company does not operate any company pension schemes. The company makes payments to certain employees to enable them to contribute to their personal pension plans. Payments are charged to the profit and loss account in the period they are due

Foreign currency

Foreign currency transactions arising from normal trading activities are recorded in local currency at current exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate.

Foreign currency gains and losses are credited or charged to the profit and loss account as they arise.

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

**Notes forming part of the financial statements for the year ended 31 December 2005
(Continued)**

1 Accounting policies (Continued)

Accounting policy changes since 2004

- FRS20 (Share based payments) has been adopted for the first time for the period under review. No options exercisable prior to 1st January 2005 have been considered for treatment under FRS20 (had they been considered under FRS20 the adjustment would have been immaterial).
- In accordance with FRS21 (Events after the balance sheet date) dividends are recorded in the year in which they are paid.

2 Turnover

All turnover arose from the principal activity of the company which was carried out in the United Kingdom.

3 Employees

	2005 £'000	2004 £'000
Staff costs for all employees including directors, consist of:		
Wages and salaries	562	483
Social security costs	67	38
Other pension costs	15	3
	<hr/>	<hr/>
	644	524
	<hr/>	<hr/>
	Number	Number
The average monthly number of employees during the year including executive directors, was as follows:		
	11	7
	<hr/>	<hr/>

4 Director's Emoluments

Emoluments for management services	309	289
Pension contributions	8	-
	<hr/>	<hr/>
Remuneration of highest paid director	204	184
	<hr/>	<hr/>

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

**Notes forming part of the financial statements for the year ended 31 December 2005
(Continued)**

5 Exceptional costs

There were no exceptional costs in 2005. In 2004, exceptional costs of £422,000 included a phantom bonus of £359,000 paid by the company to phantom shareholders following the float of the ultimate parent company, M&C Saatchi plc, in July 2004.

6 Operating profit/(loss)

	2005 £'000	2004 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	4	4
Auditors' remuneration	3	3
Profit on foreign exchange	-	(1)
Profit on sale of fixed assets	(2)	-
	<hr/>	<hr/>

7 Taxation on profit from ordinary activities

	2005 £'000	2004 £'000
<i>Current tax</i>		
UK corporation tax charge/(credit) on result for the year	40	(82)
<i>Deferred tax</i>		
Tax charge/(credit) for share based payment provisions (note 14)	18	(19)
	<hr/>	<hr/>
Taxation on profit/(loss) on ordinary activities	58	(101)
	<hr/>	<hr/>

The tax assessed for the year differs from that obtained by using the standard rate of UK corporation tax. The differences are explained below:

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before taxation	164	(342)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 – 30%)	50	(103)
Effects of:		
Expenses not deductible for tax purposes	8	2
Share based payment provisions	(18)	19
	<hr/>	<hr/>
Current tax charge/(credit) for year	40	(82)
	<hr/>	<hr/>

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Notes forming part of the financial statements for the year ended 31 December 2005
(Continued)

8 Dividends

	2005 £'000	2004 £'000
Ordinary interim dividend paid £Nil per share (2004 - £929)	-	929

9 Tangible assets

	Computer equipment £'000	Furniture, fittings and other equipment £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>				
At 1 January 2005	17	12	17	46
Additions	4	-	-	4
Disposals	-	-	(17)	(17)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2005	21	12	-	33
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>				
At 1 January 2005	14	9	17	40
Provided for the year	3	1	-	4
Disposals	-	-	(17)	(17)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2005	17	10	-	27
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>				
At 31 December 2005	4	2	-	6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2004	3	3	-	6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 Work in progress

	2005 £'000	2004 £'000
Work in progress	59	-

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Notes forming part of the financial statements for the year ended 31 December 2005
(Continued)

11 Debtors

	2005	2004
	£'000	£'000
Trade debtors	543	265
Other debtors	1	7
Corporation tax	-	82
Prepayments and accrued income	31	8
	<hr/>	<hr/>
	575	362
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Trade creditors	60	167
Other creditors	12	54
Corporation tax	2	-
Amounts due to other group companies	350	344
Accruals and deferred income	340	34
	<hr/>	<hr/>
	764	599
	<hr/>	<hr/>

13 Provisions for liabilities and charges

	2005	2004
	£'000	£'000
Deferred tax (note 14)	(1)	-
Share based payment provision	1	-
National Insurance on employee options	1	-
	<hr/>	<hr/>
	1	-
	<hr/>	<hr/>

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Notes forming part of the financial statements for the year ended 31 December 2005
(Continued)

14 Deferred taxation

The movement in the deferred taxation account was

	2005 £'000	2004 £'000
At 1 January 2005	19	-
(Credit)/debit to profit and loss account (note 7)	(18)	19
	<hr/>	<hr/>
At 31 December 2005	1	19
	<hr/>	<hr/>
Provision for share based payments	1	19
	<hr/>	<hr/>

15 Share capital

	2005 Number	Authorised 2004 Number	Allotted, called up and fully paid 2005 Number	2004 Number
'A' ordinary shares of £1 each	960	960	960	960
'B' ordinary shares of £1 each	40	40	40	40
	<hr/>	<hr/>	<hr/>	<hr/>
	1,000	1,000	1,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>
	£	£	£	£
'A' ordinary shares of £1 each	960	960	960	960
'B' ordinary shares of £1 each	40	40	40	40
	<hr/>	<hr/>	<hr/>	<hr/>
	1,000	1,000	1,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>

The 'A' and 'B' ordinary shares rank pari passu except as set out in the Articles of Association.

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Notes forming part of the financial statements for the year ended 31 December 2005
(Continued)

16 Profit and loss account

	£'000
At 1 January 2005	(232)
Profit for the year	106
	<hr/>
At 31 December 2005	(126)
	<hr/>

17 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit/(loss) for the year	106	(241)
Dividends	-	(929)
	<hr/>	<hr/>
Net increase/(decrease) to shareholders' funds	106	(1,170)
Opening shareholders' (deficit)/funds	(231)	939
	<hr/>	<hr/>
Closing shareholders' deficit	(125)	(231)
	<hr/>	<hr/>

18 Related party transactions

In 2004, David Marren, a director of the company during that year provided freelance consultancy services to the company. In 2005, total fees invoiced in the year were £Nil (2004 - £198,000) and at the year end the amount owed by the company was £Nil (2004 - £Nil).

Travelex Limited and M&C Saatchi Sponsorship Limited's ultimate parent company share a common director. Total sales to Travelex Limited in the year were £71,000 (2004 - £18,000) and at the year end the amount owed was £1,000 (2004 - £Nil).

The company paid £176,000 (2004 - £141,000) to its immediate parent company as its share of group overhead costs for the year. At the year end the amount owed was £Nil (2004 - £Nil)

M&C Saatchi Sport & Entertainment Limited (Formerly M&C Saatchi Sponsorship Limited)

Notes forming part of the financial statements for the year ended 31 December 2005
(Continued)

19 Reconciliation of operating profit to net cash outflow from operating activities

	2005	2004
	£'000	£'000
Operating profit/(loss)	157	(346)
Depreciation	4	4
(Increase)/decrease in work in progress	(59)	5
(Increase)/decrease in debtors	(295)	854
Increase in creditors	146	488
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(47)	1,005
	<hr/>	<hr/>

20 Immediate and ultimate parent company

At 31 December 2005, the company's immediate parent company was M&C Saatchi (UK) Limited. The ultimate parent company was M&C Saatchi plc.

Copies of the consolidated financial statements of both companies are available from Companies House.