

DUELGUIDE (NEWCASTLE) LIMITEDDIRECTORS' REPORT

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

Principal activity

The company's principal activity is investment in property. It is expected that this activity will continue for the foreseeable future.

Change of name

The name of the company was changed from Chelsfield (Newcastle) Limited to Duelguide (Newcastle) Limited on 7 June 2005.

Results and dividend

The results for the year are shown in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend (2004 - £nil). The retained loss for the year of £201,463 (2004 - £1,390,936) has been transferred from reserves.

Directors and directors' interests

The directors who held office during the year were as follows:

RS Barrott	(appointed 17 January 2005; resigned 6 April 2005)
RE Butler	(resigned 29 June 2005)
WN Hugill	(resigned 29 June 2005)
RA McDiven	(appointed 16 May 2005)
SA Nahum	(appointed 17 January 2005)
TP Nathan	(appointed 16 May 2005; resigned 24 October 2005)
KM Pedersen	(appointed 24 October 2005; resigned 26 January 2006)
D Phillips	(resigned 20 May 2005)
JC Shaw	(appointed 17 January 2005; resigned 6 April 2005)
MR Turner	(appointed 17 January 2005)

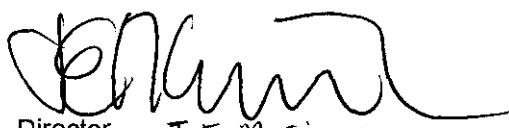
None of the directors had any interest in the share capital of the company during the year. Their interests in the share capital of DGL Acquisitions Limited, the ultimate holding company at 31 December 2005, are disclosed in that company's financial statements.

Subsequent to the balance sheet date, on 26 January 2006, JE McGivern was appointed as a director.

Auditors

KPMG Audit plc have resigned as auditors. KPMG LLP have been appointed to fill the casual vacancy. In accordance with Section 384 of the Companies Act 1985, a resolution for the appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


Director J E McGivern

26 October 2006

25 Harley Street
London
W1G 9BR

DUELGUIDE (NEWCASTLE) LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

DUELGUIDE (NEWCASTLE) LIMITEDINDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUELGUIDE (NEWCASTLE) LIMITED

We have audited the financial statements of Duelguide (Newcastle) Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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.

Basis of audit opinion

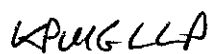
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor
London

31 October 2006

DUELGUIDE (NEWCASTLE) LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended to 31 December 2005

	Notes	2005 £	2004 £
Net rents receivable	1	1,777,793	1,600,118
Administrative expenses	2	(658,695)	(661,790)
Operating profit		1,119,098	938,328
Loss on investment properties	3	(207,196)	-
Net interest payable	4	(1,130,101)	(2,126,823)
Other income		-	9,300
Loss on ordinary activities before taxation		(218,199)	(1,179,195)
Taxation	5	16,736	(211,741)
Loss for the year		(201,463)	(1,390,936)

The above results relate entirely to continuing operations.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

Details of reserve movements are set out in notes 12 and 13 to the accounts.

DUELGUIDE (NEWCASTLE) LIMITEDBALANCE SHEET
At 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	6	40,755,000	38,119,012
Investments	7	2	2
		<u>40,755,002</u>	<u>38,119,014</u>
Current assets			
Debtors	8	218,373	487,120
Cash at bank		553,373	84,803
		<u>771,746</u>	<u>571,923</u>
Creditors - amounts falling due within one year	9	(38,930,977)	(38,583,005)
Net current liabilities		<u>(38,159,231)</u>	<u>(38,011,082)</u>
Provision for liabilities and charges	10	(1,039,017)	(1,055,753)
Net assets/liabilities		<u>1,556,754</u>	<u>(947,821)</u>
Capital and reserves			
Called up share capital	11	100,000	100,000
Revaluation reserve	12	4,606,087	1,900,049
Profit and loss account	13	(3,149,333)	(2,947,870)
Equity shareholders' funds/(deficit)		<u>1,556,754</u>	<u>(947,821)</u>

Approved by the board of directors on 26 October 2006 and signed on its behalf by:



Director J E McGivern

DUELGUIDE (NEWCASTLE) LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSESFor the year ended 31 December 2005

	2005 £	2004 £
Loss for the year	(201,463)	(1,390,936)
Surplus/(deficit) on revaluation of investment properties	2,706,038	(72,048)
Total recognised gains and losses for the year	<u>2,504,575</u>	<u>(1,462,984)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSESFor the year ended 31 December 2005

Loss on ordinary activities before taxation	(218,199)	(1,179,195)
Historical cost loss on ordinary activities before taxation	<u>(218,199)</u>	<u>(1,179,195)</u>
Historical cost loss for the year retained after taxation	<u>(201,463)</u>	<u>(1,390,936)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT)For the year ended 31 December 2005

Total recognised gains and losses, as above	2,504,575	(1,462,984)
Opening shareholders' (deficit)/funds	(947,821)	515,163
Closing shareholders' funds/(deficit)	<u>1,556,754</u>	<u>(947,821)</u>

DUELGUIDE (NEWCASTLE) LIMITEDACCOUNTING POLICIESBasis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules, as modified for the revaluation of land and buildings. The financial statements have been prepared on a going concern basis as the directors have relied on the continuing support from the holding company.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to produce group accounts.

The company is dependant for its working capital on funds provided to it by Duelguide (UK) Limited. The holding company has provided the company with an undertaking that for at least twelve months from the date of approval of these financial statements, it does not intend to call upon monies owed to it by the company, except to the extent that the company is able to fund such repayment from internal resources. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Properties

Properties held as investments are shown as fixed assets and are stated at cost in the period of acquisition and at valuation on the basis of open market value in subsequent years. If, in the opinion of the directors, a property has been subject to a material change in value as a result of a change in circumstances in the period of acquisition, then it is stated at valuation on the basis of open market value.

Other investment properties are revalued annually on the basis of open market value in accordance with Statement of Standard Accounting Practice number 19 and accordingly:

- (i) the aggregate surplus or deficit on revaluation of properties is transferred to a revaluation reserve; and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the property valuations and the amount which might otherwise have been shown cannot be separately identified or quantified.

Profit on sales of investment properties is recognised in the profit and loss account on completion of the sale and by reference to carrying value.

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on all timing differences that have originated but not reversed at the balance sheet date, where an event has occurred that results in an obligation to pay more or less tax in the future.

Cashflow statement

A consolidated cashflow statement is published in the group accounts of DGL Acquisitions Limited, the ultimate holding company. The company is exempt under Financial Reporting Standard No. 1 from publishing its own cashflow statement.

Related party transactions

As the company is a wholly owned subsidiary of Duelguide (UK) 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 (or investees of the group qualifying as related parties). The consolidated financial statements of DGL Acquisitions Limited, within which this company is included, can be obtained from the address given in note 14.

DUELGUIDE (NEWCASTLE) LIMITEDNOTES TO THE ACCOUNTS

1	<u>NET RENTS RECEIVABLE</u>	2005 £	2004 £
	Gross rents receivable	1,932,894	2,263,150
	Property outgoings	(155,101)	(663,032)
		<u>1,777,793</u>	<u>1,600,118</u>
2	<u>ADMINISTRATIVE EXPENSES</u>		
	Group management charge	657,110	648,150
	Other administrative expenses	1,585	13,640
		<u>658,695</u>	<u>661,790</u>
None of the directors received any remuneration from the company during the year (2004 - £nil).			
The company has no employees.			
Audit fees are paid by Duelguide Management Services Limited and accounted for on a group basis.			
3	<u>LOSS ON INVESTMENT PROPERTIES</u>		
	Write off of expenses on investment property	207,196	-
		<u>207,196</u>	<u>-</u>
4	<u>NET INTEREST PAYABLE</u>		
	Other interest payable	-	(12)
	Interest payable to group undertakings	(1,138,323)	(2,134,056)
	Bank interest payable	(1)	(182)
		<u>(1,138,324)</u>	<u>(2,134,250)</u>
	Bank interest receivable	23	-
	Interest receivable from group undertakings	8,200	5,264
	Other interest receivable	-	2,163
		<u>(1,130,101)</u>	<u>(2,126,823)</u>
5	<u>TAXATION</u>		
	(i) Analysis of credit/(charge) for the year		
	Current tax:		
	UK corporation tax credit on results (note 4(ii))	-	-
	Deferred tax:		
	Accelerated capital allowances	16,736	(211,741)
	Tax credit/(charge) on ordinary activities	16,736	(211,741)
		<u>16,736</u>	<u>(211,741)</u>

DUELGUIDE (NEWCASTLE) LIMITEDNOTES TO THE ACCOUNTS (continued)

5	<u>TAXATION</u> (continued)	2005 £	2004 £
	(ii) Factors affecting the tax credit for the year		
	Loss on ordinary activities before tax	218,199	1,179,195
		<u> </u>	<u> </u>
	Loss on ordinary activities multiplied by standard rate of corporation tax in UK of 30 per cent (2004 - 30 per cent)	65,460	353,759
	Effect of:		
	Losses to be carried forward for offset against future profits	(65,460)	-
	Transfer of losses to other group undertakings for which no charge will be received	-	(353,759)
		<u> </u>	<u> </u>
	Current tax credit for the year	-	-
		<u> </u>	<u> </u>

(iii) Factors that may affect future tax charges

The company has tax losses which do not currently satisfy the criteria for recognition as a deferred tax asset.
The tax value of these losses is approximately £216,000 (2004 - £nil).

6 FIXED ASSETS - TANGIBLE ASSETS

At 1 January 2005	38,119,012
Additions	137,146
Write off	(207,196)
Revaluation	2,706,038
	<u> </u>
At 31 December 2005	40,755,000
	<u> </u>

The investment property consists of freehold property, independently valued at 31 December 2005 by CB Richard Ellis Limited, Chartered Surveyors. The valuation was on the basis of 'open market value' as defined in The Guidance Notes prepared by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors.

The cost of the buildings held at valuation was £36,148,912 (2004 - £36,218,963).

7 FIXED ASSETS - INVESTMENTS

Subsidiary
undertakings
£

At 1 January and 31 December 2005	2
	<u> </u>

Details of the subsidiary undertaking are as follows:

Name of company	Country of Incorporation	Proportion of shares held	Nature of business
Newcastle Properties Limited	Jersey	100%	Non trading company

DUELGUIDE (NEWCASTLE) LIMITEDNOTES TO THE ACCOUNTS (continued)

8	<u>DEBTORS</u>	2005 £	2004 £
	Trade debtors	132,825	184,334
	Amounts due from other group undertakings	72,645	189,041
	VAT	-	6,830
	Other debtors	12,903	17,326
	Prepayments and accrued income	-	89,589
		<u>218,373</u>	<u>487,120</u>
9	<u>CREDITORS: amounts falling due within one year</u>		
	Trade creditors	180,152	138,458
	Amount owed to other group undertakings	38,676,972	37,908,952
	VAT	64,937	-
	Other creditors	6,552	11,953
	Accruals and deferred income	2,364	523,642
		<u>38,930,977</u>	<u>38,583,005</u>
10	<u>PROVISION FOR LIABILITIES AND CHARGES</u>		
	Deferred tax provision		
	At 1 January	1,055,753	844,012
	(Credit)/charge for year :		
	Accelerated capital allowances	(16,736)	211,741
	At 31 December	<u>1,039,017</u>	<u>1,055,753</u>
11	<u>CALLED UP SHARE CAPITAL</u>		
		Authorised	Allotted, called up and fully paid
		£	£
	Ordinary shares of £1 each		
	At 1 January and 31 December 2005	<u>100,000</u>	<u>100,000</u>
	There were no changes during the year in either the authorised or called up share capital.		
12	<u>REVALUATION RESERVE</u>	2005 £	2004 £
	At 1 January	1,900,049	1,972,097
	Revaluation surplus/(deficit) for the year	2,706,038	(72,048)
	At 31 December	<u>4,606,087</u>	<u>1,900,049</u>

DUELGUIDE (NEWCASTLE) LIMITEDNOTES TO THE ACCOUNTS (continued)13 PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
At 1 January	(2,947,870)	(1,556,934)
Retained loss for the year	(201,463)	(1,390,936)
At 31 December	<u>(3,149,333)</u>	<u>(2,947,870)</u>

14 HOLDING COMPANIES

The immediate holding and controlling company is Duelguide (UK) Limited (formerly Chelsfield (UK) plc) and the ultimate holding and controlling company is DGL Acquisitions Limited. Both companies are registered in England and Wales and the accounts of that ultimate holding company, which is both the largest and smallest group in which these results of the company are consolidated, are available from 40 Berkeley Square, London, W1J 5AL.