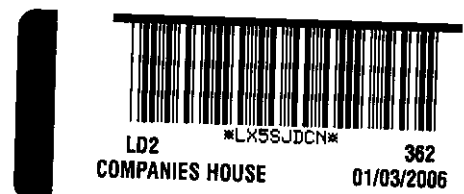


Company Registration No. 4203471

Amsprop City Properties Limited

Report and Financial Statements

30 June 2005



Amsprop City Properties Limited

Report and financial statements 2005

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Amsprop City Properties Limited

Report and financial statements 2005

Officers and professional advisers

Directors

Sir Alan Sugar
Lady Ann Sugar
Colin T Sandy
Louise J Baron
Andrew N Cohen
Daniel P Sugar
Simon Sugar

Secretary

Colin T Sandy

Registered Office

Brentwood House
169 Kings Road
Brentwood
Essex CM14 4EF

Bankers

Lloyds TSB Bank Plc
City Office
11-15 Monument Street
London EC3V 9JA

Solicitors

Kingsley Napley
Knights Quarter
14 St Johns Lane
London EC1M 4AJ

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Amsprop City Properties Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

Activities

The principal activity of the company is the holding of investment property.

Review of developments

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

Dividends

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

Future prospects

There are no planned changes to the company's activities.

Directors and their interests

The directors who held office throughout the year are listed below:

Sir Alan Sugar
Lady Ann Sugar
Colin T Sandy
Louise J Baron
Andrew N Cohen
Daniel P Sugar
Simon Sugar

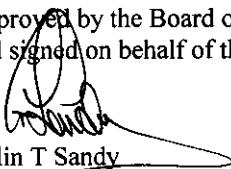
None of the directors held shares in the company at 30 June 2005.

All the directors of the company are also directors of the parent company, Amsprop Limited, and their interests in that company's shares and those of other group undertakings are shown in the financial statements of Amsprop Limited.

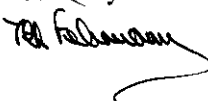
Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


Colin T Sandy

Secretary

 2006

Amsprop City Properties Limited

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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;
- 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 sole member of Amsprop City Properties Limited

We have audited the financial statements of Amsprop City Properties Limited for the year ended 30 June 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 12. 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 member 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

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

7 February 2006

Amsprop City Properties Limited

Profit and loss account Year ended 30 June 2005

	Notes	2005 £	2004 £
Turnover	2	43,542	-
Gross profit		43,542	-
Administrative expenses		(45,016)	-
Operating loss	4	(1,474)	-
Interest receivable and similar income		10,801	-
Interest payable and similar charges	5	(67,058)	-
Loss on ordinary activities before taxation		(57,731)	-
Tax credit on loss on ordinary activities	6	57,731	-
Result for the financial year		-	-
Retained result brought forward		-	-
Retained result carried forward		-	-

All activities derive from continuing operations.

Amsprop City Properties Limited

Statement of total recognised gains and losses Year ended 30 June 2005

	2005 £	2004 £
Result for the financial year	-	-
Unrealised deficit on revaluation of property	(1,788,896)	-
Total recognised gains and losses relating to the year	<u>(1,788,896)</u>	<u>-</u>

Amsprop City Properties Limited

Balance sheet 30 June 2005

	Notes	2005 £	2004 £
Fixed assets			
Investment property	7	<u>4,400,000</u>	<u>-</u>
Current assets			
Debtors	8	82,353	-
Cash at bank and in hand (including tenant deposits of £62,064 (2004: £nil))		<u>77,002</u>	<u>2</u>
		159,355	2
Creditors: amounts falling due within one year			
Trade creditors		12,729	-
Amounts owed to group undertakings		6,208,575	-
Other creditors including taxation and social security		63,417	-
Accruals and deferred income		<u>63,528</u>	<u>-</u>
		(6,348,249)	-
Net current (liabilities)/assets		<u>(6,188,894)</u>	<u>2</u>
Total net (liabilities)/assets		<u>(1,788,894)</u>	<u>2</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		-	-
Revaluation reserve		<u>(1,788,896)</u>	<u>-</u>
Equity shareholder's (deficit)/funds	10	<u>(1,788,894)</u>	<u>2</u>

These financial statements were approved by the Board of Directors on 12 February 2006.

Signed on behalf of the Board of Directors

C T Sandy
Director

Amsprop City Properties Limited

Notes to the accounts Year ended 30 June 2005

1. Accounting policies

The financial statements are prepared in accordance with United Kingdom accounting standards. Compliance with Statements of Standard Accounting Practice 19 "Accounting for investment properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention modified by the revaluation of certain freehold properties.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. Any diminution in value which is believed to be permanent is written off to the profit and loss account in the year in which it arises. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principles set out in SSAP 19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation

Current tax, including UK corporation tax and foreign 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Amsprop City Properties Limited

Notes to the accounts Year ended 30 June 2005

2. Turnover

Turnover represents amounts derived from the provision of goods and services and rental income on investment properties which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax loss all arises in the United Kingdom.

3. Staff costs

The company had no employees in either year. The directors received no emoluments during the year.

4. Operating loss

The audit fee for audit services for the year was £1,500 (2004: £nil).

Remuneration of the company's auditors for provision of non-audit services was £1,500 (2004: £nil).

5. Interest payable and similar charges

	2005 £	2004 £
Interest payable to other group companies	<u>67,058</u>	<u>-</u>

6. Tax on loss on ordinary activities

(i) *Analysis of tax charge/credit on ordinary activities*

	2005 £	2004 £
Group relief	<u>(57,731)</u>	<u>-</u>
Total current tax credit	<u>(57,731)</u>	<u>-</u>
	<u>(57,731)</u>	<u>-</u>

Amsprop City Properties Limited

Notes to the accounts Year ended 30 June 2005

6. Tax on profit on ordinary activities (continued)

(ii) Factors affecting tax credit for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2004: 30%). The differences are explained below:

	2005 £	2004 £
Loss on ordinary activities before tax	(57,731)	-
Tax at 30% thereon:	17,319	-
Effects of:		
Group relief not paid for	40,412	-
Current tax credit for year	57,731	-

7. Investment property

	Freehold £
At 1 July 2004	-
Additions	6,188,896
Deficit on valuation	(1,788,896)
At 30 June 2005	4,400,000
Representing	
Properties valued	
Cost	6,188,896
Net deficit	(1,788,896)
At 30 June 2005	4,400,000

The investment property was valued by the directors at 30 June 2005 on an open market basis.

Amsprop City Properties Limited

Notes to the accounts Year ended 30 June 2005

8. Debtors

	2005 £	2004 £
Trade debtors	12,676	-
Other debtors	11,946	-
Amounts due from group undertakings	57,731	-
	<u>82,353</u>	<u>-</u>

9. Called up share capital

	2005 £	2004 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

10. Reconciliation of movements in equity shareholders' (deficit)/funds

	2005 £	2004 £
Opening shareholder's funds	2	2
Deficit on valuation	(1,788,896)	-
	<u>(1,788,894)</u>	<u>-</u>
Closing shareholder's (deficit)/funds	(1,788,894)	2

Amsprop City Properties Limited

Notes to the accounts Year ended 30 June 2005

11. Ultimate controlling party

At 30 June 2005, the ultimate controlling party was Sir Alan Sugar.

The immediate parent company is Amsprop Limited, a company incorporated in Great Britain and registered in England and Wales. Amsprop Limited is also the parent which heads the smallest group for which group accounts are prepared. Copies of the group financial statements of Amsprop Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Amshold Group Limited, a company incorporated in Great Britain is the parent undertaking of the largest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements of Amshold Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

12. Related party transactions

The company has taken advantage of the exemption from related party disclosure in accordance with Paragraph 3(c) of Financial Reporting Standard No. 8.