

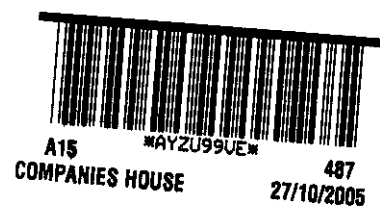
Company Registration No. 2417588

JORDAN GRAND PRIX LIMITED

Report and Financial Statements

31 December 2004

AGN Shipleys
10 Orange Street
London
WC2H 7DQ



JORDAN GRAND PRIX LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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JORDAN GRAND PRIX LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Shnaider (Chairman)

Dr C Kolles

M T Pryor

D R Roe

SECRETARY

M E Calvert

REGISTERED OFFICE

Dadford Road

Silverstone

Northamptonshire

NN12 8TJ

AUDITORS

AGN Shipleys

10 Orange Street

London

WC2H 7DQ

JORDAN GRAND PRIX LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

ACTIVITY

The principal activity of the company is the management and promotion of a Formula One race team and the design, development and manufacture of Formula One race cars.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results for the year under review reflect a decline in the company's fortunes which culminated in the sale of the company on 21 January 2005.

Under new ownership and management, the company has been restructured with a view to preparations for the 2006 Formula One World Championship when the team and company will be renamed. 2005 remains a year of transition and poor operating results are expected.

POST BALANCE SHEET EVENTS

On 21 January 2005, the company was purchased by Midland Resources Holding Limited, a company incorporated in Guernsey.

PROPOSED DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend the payment of a dividend for the year (2003 : £nil). The loss for the year transferred to reserves is £13,380,000 (2003 : restated loss £17,433,000).

RESEARCH AND DEVELOPMENT

The company continues its programme of research and development at the forefront of the automotive and aerodynamics fields.

EMPLOYEES

Information on the costs and number of employees is provided in note 4 to the financial statements.

The company maintains a policy of regularly providing all employees with information on the company's performance.

It is company policy to consider all applicants for employment in the light of their abilities, skills and medical status to ensure that they may perform their functions without risk to their health or that of others. An employee becoming disabled is, where appropriate, offered retraining.

JORDAN GRAND PRIX LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

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

Dr C Kolles	(appointed 21 January 2005)
M T Pryor	(appointed 21 January 2005)
D R Roe	(appointed 21 January 2005)
A Shnaider	(appointed 21 January 2005)
E P Jordan	(resigned 21 January 2005)
M P Jordan	(resigned 21 January 2005)
D H Shorthouse	(resigned 15 March 2004)

Via a discretionary trust, E P Jordan and M P Jordan have the following beneficial interest in the ordinary shares of group companies as recorded in the register of directors' share and debenture interests:

Company	Ordinary shares of £1 each	
	31 December	31 December
	2004 No	2003 No
Jordan Grand Prix Holdings Limited	1,002	1,002

DONATIONS

During the year, the company made charitable donations of £1,000 (2003 : £35,000).

AUDITORS

During the year, KPMG LLP resigned as auditors of the company and AGN Shipleys were appointed in their stead. A resolution to reappoint AGN Shipleys as auditors will be proposed at the forthcoming Annual General Meeting.

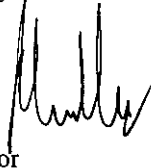
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Director

11 October 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JORDAN GRAND PRIX LIMITED

We have audited the financial statements of Jordan Grand Prix Limited for the year ended 31 December 2004, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and 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

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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.

Basis of audit opinion

We conducted our audit in accordance with 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 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**AGN Shipley
Registered Auditors
10 Orange Street
London
WC2H 7DQ**

13th October 2005

JORDAN GRAND PRIX LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2004

	Note	2004 £000	2003 (restated) £000
TURNOVER	1,2	32,770	34,086
Cost of sales		(37,279)	(38,159)
Gross loss		(4,509)	(4,073)
Administrative expenses		(9,047)	(11,098)
OPERATING LOSS	5	(13,556)	(15,171)
Interest receivable	6	-	271
Interest payable and similar charges	7	(225)	(145)
		(225)	126
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(13,781)	(15,045)
Tax on loss on ordinary activities	8	401	(2,388)
LOSS FOR THE FINANCIAL YEAR transferred to reserves		(13,380)	(17,433)

All transactions derived from continuing operations.

JORDAN GRAND PRIX LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 2004

	Note	2004 £000	2003 (restated) £000
Loss for the financial year after taxation		<u>(13,380)</u>	<u>(17,433)</u>
Total recognised gains and losses relating to the year		(13,380)	<u>(17,433)</u>
Prior period adjustments	3	<u>(4,378)</u>	
Total gains and losses recognised since last financial statements		<u>(17,758)</u>	

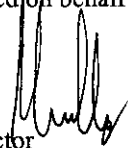
JORDAN GRAND PRIX LIMITED

BALANCE SHEET 31 December 2004

	Note	2004 £000	2003 (restated) £000
FIXED ASSETS			
Tangible assets	9	12,601	14,412
CURRENT ASSETS			
Stocks	10	294	329
Debtors	11	804	3,955
		<u>1,098</u>	<u>4,284</u>
CREDITORS: amounts falling due within one year	12	<u>(16,923)</u>	<u>(8,729)</u>
NET CURRENT LIABILITIES		<u>(15,825)</u>	<u>(4,445)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,224)</u>	<u>9,967</u>
CREDITORS: amounts falling due after more than one year	13	(1,250)	-
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(50)</u>	<u>(1,111)</u>
NET (LIABILITIES) ASSETS		<u><u>(4,524)</u></u>	<u><u>8,856</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	10	10
Profit and loss account	18	<u>(4,534)</u>	<u>8,846</u>
EQUITY SHAREHOLDERS' (DEFICIT) FUNDS	17	<u><u>(4,524)</u></u>	<u><u>8,856</u></u>

These financial statements were approved by the Board of Directors on 11 October 2005

Signed on behalf of the Board of Directors



Director

JORDAN GRAND PRIX LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2004

	2004 £000	2003 (restated) £000
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(13,556)	(15,171)
Depreciation charges	2,019	1,469
Loss on sale of fixed assets	3	-
Decrease in stocks	35	416
Decrease in debtors	3,088	16,291
Increase (decrease) in creditors	3,123	(4,322)
(Decrease) increase in provisions	(766)	141
Net cash outflow from operating activities	(6,054)	(1,176)
Net cash outflow from operating activities	(6,054)	(1,176)
Returns on investments and servicing of finance (note 1)	(125)	153
Taxation	2,282	2,503
Capital expenditure and financial investment (note 1)	(211)	(643)
(Decrease) increase in cash	(4,108)	837
Reconciliation of net cash flow to movement in net debt (note 2)		
(Decrease) increase in cash	(4,108)	837
Conversion of provision to long term loan	(1,250)	-
Net debt at 1 January 2004	(2,848)	(3,685)
Net debt at 31 December 2004	(8,206)	(2,848)

JORDAN GRAND PRIX LIMITED

NOTES TO THE CASH FLOW STATEMENT Year ended 31 December 2004

1. GROSS CASH FLOWS

	2004 £000	2003 (restated) £000
Returns on investments and servicing of finance		
Interest received	63	316
Interest paid	(188)	(163)
	<u>(125)</u>	<u>153</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(211)	(648)
Receipts from sales of tangible fixed assets	-	5
	<u>(211)</u>	<u>(643)</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	2003 £000	Cash flows £000	Non cash changes £000	2004 £000
Bank overdraft	(2,848)	(4,108)	-	(6,956)
Loan due after one year	-	-	(1,250)	(1,250)
TOTAL	<u>(2,848)</u>	<u>(4,108)</u>	<u>(1,250)</u>	<u>(8,206)</u>

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of preparation

The financial statements are prepared under the historical cost convention.

Going concern

The financial statements are prepared on a going concern basis which assumes that the company will continue to operate for the foreseeable future, which the directors believe to be appropriate.

Midland Resources Holding Limited, a company incorporated in Guernsey and since 21 January 2005 the ultimate controlling party of this company, have confirmed that they will continue to provide financial support to the company for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

Tangible fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	2% per annum
Leasehold land and buildings	life of lease
Leasehold improvements	4-20% per annum reducing balance
Plant and equipment	10-30% per annum reducing balance
Road vehicles	20% per annum reducing balance
Computer equipment	4 years

Freehold land is not depreciated.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and any gains or losses on translation are included in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting year.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Research and development expenditure

Development costs are written off against profits in the year in which they are incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Spares and parts represent components held to complete construction of the race cars for the coming season and to service and maintain the race cars during the season.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES – continued

Turnover

Turnover represents the amounts (excluding value added tax) derived from sponsorship and promotional income, prize money and bonus payments. Turnover is included on an invoiced basis apportioned to the relevant race season.

Barter transactions

Where sponsorship is paid for by the provision of goods or services, turnover and costs are recognised in the financial statements where the market value of the goods or services may be readily ascertained. Where a value cannot be readily ascertained, neither turnover nor costs are recognised.

Related party disclosures

The company is a wholly owned subsidiary of Jordan Grand Prix Holdings Limited and has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Jordan Grand Prix Holdings Limited, within which this company is included, can be obtained from the address given in note 20.

2. ANALYSIS OF TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and loss on ordinary activities were derived from the principal activity of the company. All turnover arose in the UK and relates to continuing activities.

Turnover includes barter transactions amounting to £1,005,000 (2003 : £2.7m).

3. PRIOR PERIOD ADJUSTMENTS

Work in progress and development costs

Jordan Grand Prix Limited have historically included within work in progress labour costs incurred in the design and build of race cars for the coming season, together with components assembled within finished or partly finished race cars.

During the year, the directors have changed the policy with respect to these race car development costs. These costs are now written off to the profit and loss account as incurred. The directors believe that the new policy provides a fairer presentation of the result and of the financial position of the company because of the continuous nature of this development work and because it reflects current practice within the industry.

The comparative figures in the primary statements and notes have been restated to reflect the new policy.

The effects of the change in policy are summarised below:

	2004 £000	2003 £000
Profit and loss account		
Cost of sales	(1,787)	1,010
(Increase) decrease in loss for the financial year	(1,787)	1,010
Balance sheet		
Work in progress	(3,832)	(2,045)
Decrease in net assets	(3,832)	(2,045)

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

3. PRIOR PERIOD ADJUSTMENTS – continued

Income recognition

An agreement ("Race Agreement") was entered into on 14 June 2000 between an engine manufacturer and Jordan Grand Prix Limited ("JGP") for the supply of engines for the 2001 to 2005 seasons. Subsequently, in March 2002, the engine manufacturer and JGP agreed that the Race Agreement be terminated ("Termination Agreement"). The engine manufacturer agreed to pay an amount of US\$25m (£15.5m) to Black Bear Limited, a company owned by a trust in which Mr E P Jordan and his wife, Mrs M P Jordan, have a beneficial interest, to induce JGP to enter into the Termination Agreement.

Black Bear Limited duly received this amount in April 2002 and subsequently its board of directors resolved that this amount be paid to JGP in 2003. This amount was received by JGP during 2003 and had been included in turnover in that year.

The directors now believe that, since JGP had no further obligations in relation to the termination payment as at 31 December 2002, this amount should have been recognised as other operating income during the year ended 31 December 2002.

The effect of this adjustment is to decrease turnover and profit for the financial year ended 31 December 2003 by £15.5m and to increase profit and loss reserves at 31 December 2002 by £15.5m. There is no impact of this change to the profit and loss account for 2004 or to the balance sheet as at 31 December 2003 or 2004.

Lease agreements

In 2000, the company entered into a lease agreement for some stereolithography equipment. This lease was accounted for as a finance lease. The directors now believe that this treatment was not correct, and the lease should instead have been accounted for as an operating lease.

The comparative figures in the primary statements and the notes have been restated to reflect the correct accounting treatment of this lease.

The effect of this adjustment is to increase the loss for the year to 31 December 2003 by £69,000 and to decrease the net assets at 31 December 2003 by £118,000.

Research and Development ("R&D") Tax Credits

In April 2004 the company submitted to the Inland Revenue its R&D tax credit claim for the year ended 31 December 2003. This claim, made under the provisions applying to small and medium sized enterprises ("SMEs") was for an amount of £2.176m. This amount was paid to the company by the Inland Revenue on 16 April 2004. The company's balance sheet as at 31 December 2003 recognised a corporation tax debtor of £2.215m in respect of this claim.

The Directors have since become aware that the Company did not meet the qualifying conditions for SMEs at that date, as interpreted by the Inland Revenue, due to the company and its advisors applying a different interpretation of one of the specific conditions. HM Revenue & Customs ("HMRC"), the successor body to the Inland Revenue, have advised the company that they have an alternative view of the SME qualifying condition and consequently the claim made by the company for 2003 was invalid at the time it was made. On 1 August 2005, HMRC issued an assessment on the company for recovery of excessive tax credit paid to the company in respect of the 2003 financial year, in the amount of £2,176,300.

The Directors are appealing the assessment. Notwithstanding this, the Directors have considered the uncertainties raised by HMRC contention that the claim was invalid at the time it was made, and therefore the Directors consider the inclusion of the corporation tax debtor at 31 December 2003 to have been a fundamental error. Accordingly the comparative figures in the primary statements and the notes have been restated to remove this tax debtor. The effect of this adjustment is to increase the loss for the year ended 31 December 2003, and to decrease net and gross assets as at 31 December 2003, by £2,215,000.

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £000	2003 (restated) £000
Directors' remuneration		
Emoluments (excluding pension contributions)	765	765
Remuneration of the highest paid director	690	690
Company contributions to personal pension schemes in respect of directors' services	-	-
	No	No
Number of directors accruing benefits under a money purchase pension scheme	2	2
Average number of persons employed		
Production	75	72
Design	65	62
Race team and testing	37	36
Administration	27	29
	204	199

	2004 £000	2003 (restated) £000
Staff costs during the year (including directors)		
Wages and salaries	8,846	8,455
Redundancy costs	51	-
Social security costs	1,008	945
Pension costs	257	290
	10,162	9,690

5. OPERATING LOSS

	2004 £000	2003 (restated) £000
Operating loss is after charging (crediting):		
Depreciation		
Owned assets	2,019	1,469
Loss on disposal of fixed assets	3	-
Hire of plant and machinery	109	663
Research and development expenditure	12,400	10,885
Exchange loss (gain)	182	(155)
Provision against loans to related undertakings	1,058	-
Auditors' remuneration		
Audit	18	40
Other services	-	268

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004	2003 (restated)
	£000	£000
Bank interest	-	5
Interest due on corporation tax recoverable	-	88
Other interest	-	178
	<u>-</u>	<u>271</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003 (restated)
	£000	£000
Bank overdraft	225	140
Other	-	5
	<u>225</u>	<u>145</u>

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004	2003 (restated)
	£000	£000
<i>Current tax</i>		
UK Corporation tax at 30% (2003 - 30%)	-	2,455
Adjustments in respect of previous periods	(106)	-
	<u>(106)</u>	<u>2,455</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(725)	(67)
Adjustments in respect of previous periods	430	-
	<u>(295)</u>	<u>(67)</u>
	<u>(401)</u>	<u>2,388</u>

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

8. TAX ON LOSS ON ORDINARY ACTIVITIES – continued

The current tax for the period is lower (2003 : lower) than the standard rate of corporation tax in the UK of 30% (2003 : 30%). The differences are explained below.

	2004	2003 (restated)
	£000	£000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(13,781)	(15,045)
Tax on loss on ordinary activities at standard rate	(4,134)	(4,514)
Factors affecting the charge:		
Expenses not deductible for tax purposes	10	55
Depreciation in excess of capital allowances	266	25
Other short term timing differences	316	42
R&D tax credit	-	(1,633)
Reduced tax rate for R&D repayment claim	-	1,897
Enhanced R&D qualifying expenditure	(1,855)	-
Losses surrendered for R&D claim	5,564	-
Prior period adjustments	481	1,673
Revenue losses carried forward	(648)	-
Actual amount of current tax charge for the year	-	(2,455)

9. TANGIBLE FIXED ASSETS

	Land & buildings £000	Plant, equipment, fixtures and road vehicles £000	Computer equipment £000	Total £000
Cost				
At 1 January 2004	9,908	9,281	5,041	24,230
Additions in year	10	99	102	211
Disposals in year	-	(7)	-	(7)
At 31 December 2004	9,918	9,373	5,143	24,434
Accumulated depreciation				
At 1 January 2004	724	5,922	3,172	9,818
Charge in year	167	1,024	828	2,019
Disposals in year	-	(4)	-	(4)
At 31 December 2004	891	6,942	4,000	11,833
Net book value				
At 31 December 2004	9,027	2,431	1,143	12,601
At 31 December 2003	9,184	3,359	1,869	14,412

The costs of land and buildings included £4,152,000 (2003 : £4,142,000) of depreciable assets.

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

10. STOCKS

	2004	2003 (restated)
	£000	£000
Spares and parts	294	329

11. DEBTORS

	2004	2003 (restated)
	£000	£000
Trade debtors	90	980
Other debtors	77	1,736
Corporation tax (including interest due)	302	302
Prepayments and accrued income	335	937
	804	3,955

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003 (restated)
	£000	£000
Bank overdraft	6,956	2,848
Trade creditors	4,998	3,519
Corporation tax	2,176	-
Other taxes and social security	810	312
Other creditors	581	420
Accruals and deferred income	1,402	1,630
	16,923	8,729

The bank overdraft is secured by a debenture against the assets of the company.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003 (restated)
	£000	£000
Other loans (see note 14)	1,250	-

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Loan guarantee for related party £000	Deferred taxation £000	Total £000
At 1 January 2004	766	345	1,111
Further amount provided/(released) during year	484	(295)	189
Transfer to long term liability	(1,250)	-	(1,250)
At 31 December 2004	-	50	50

The company acted as guarantor for loans made by shareholders to E-Jordan Limited and Jordan Brand Limited. The Directors now accept that neither of these companies will be in a position to repay these loans and accordingly during the year, full provision has been made and the loan transferred to long term liabilities.

Subsequent to the year end, the full £1.25m loan was reassigned to be payable to Midland Resources Holding Limited by Jordan Grand Prix Limited. There is no fixed repayment date and the loan is interest free.

The elements of deferred taxation are as follows:

	2004 £000	2003 (restated) £000
Difference between accumulated depreciation and amortisation and capital allowances	539	742
Other timing differences	-	(397)
Revenue losses	(489)	-
	50	345

15. CALLED UP SHARE CAPITAL

	2004 £000	2003 (restated) £000
Authorised		
10,000 ordinary shares of £1 each	10	10
Called up, allotted and fully paid		
10,000 ordinary shares of £1 each	10	10

16. FINANCIAL COMMITMENTS

Operating lease commitments: annual commitments under non-cancellable operating leases are as follows:

	Other 2004 £000	2003 (restated) £000
Leases which expire:		
Within one year	208	-
Between two and five years	118	34
	326	34

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £000	2003 (restated) £000
Loss for the financial year	(13,380)	(17,433)
Shareholders' funds at beginning of year (originally £13,234,000 before deducting prior period adjustments of £4,378,000)	8,856	26,289
Shareholders' funds at end of year	<u>(4,524)</u>	<u>8,856</u>

18. RESERVES

	Profit and loss account £000
At beginning of year as previously stated	13,224
Prior period adjustments	<u>(4,378)</u>
At beginning of year as restated	8,846
Loss for the year	<u>(13,380)</u>
At end of year	<u><u>(4,534)</u></u>

19. RELATED PARTY DISCLOSURES

During the year, the company's website was operated by Jordan Brand Limited. This company had the same shareholders as Jordan Grand Prix Holdings Limited.

Two of the Directors, Mr E Jordan and Mr D Shorthouse, were recharged costs incurred by Jordan Grand Prix Limited on their behalf.

The following transactions took place during the year:

	Sales £000	Purchases £000
Jordan Brand Limited	78	4
Mr E Jordan	62	-

An amount of £574,000 has been provided during the year against amounts owed by Jordan Brand Limited.

A further £484,000 has been provided by the company in connection with their role as guarantors for loans made to Jordan Brand Limited and E-Jordan Limited (see note 14).

JORDAN GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

20. IMMEDIATE AND ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Jordan Grand Prix Holdings Limited, a private limited company registered in England and Wales. The consolidated accounts of the group headed by Jordan Grand Prix Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, Wales, CF4 3UZ.

At 31 December 2004, the ultimate controlling party was the Anna Livia No. 4 Settlement, a trust fund settled in Guernsey.

Subsequent to the year end, on 21 January 2005, Jordan Grand Prix Holdings Limited was purchased by Midland Resources Holding Limited, a company incorporated in Guernsey. This company is now the ultimate controlling party.

21. CONTINGENT LIABILITIES AND ASSETS

On 1 August 2005, HMRC issued an assessment on the company for recovery of excessive tax credit paid to the company in respect of the 2003 financial year, in the amount of £2,176,300 (see note 3).

Whilst full provision has been made in these accounts for the repayment of this tax credit, the assessment is the subject of ongoing discussions with HMRC. The Directors hope that an equitable settlement may be reached.

The company also intends to submit to HMRC a claim for cash credits relating to research and development expenditure for the financial year 2004. The Directors anticipate this claim to be for £2,976,600, however, in view of current discussions, this amount has not been recognised as an asset as at 31 December 2004, as its receipt cannot be considered to be sufficiently certain.