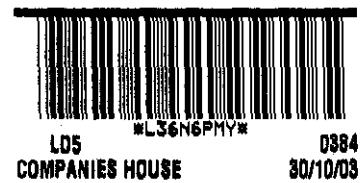


NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002



NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

CONTENTS

	PAGE
Company information	1
Report of the director	2 - 3
Report of the independent auditors	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 12

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

COMPANY INFORMATION

DIRECTOR

B IVESHA

SECRETARY

BRINDLEY GOLDSTEIN LIMITED

REGISTERED OFFICE

103 HIGH STREET
WALTHAM CROSS
HERTS
EN8 7AN

COMPANY NUMBER

4205711

REGISTERED AUDITORS

MAZARS
THE ATRIUM
PARK STREET WEST
LUTON
BEDFORDSHIRE
LU1 3BE

BANKERS

NATWEST BANK PLC

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

REPORT OF THE DIRECTOR

The director presents his report together with the audited financial statements for the year ended 31 December 2002.

Statement of director's responsibilities

Company law requires the director to prepare financial statements for each financial period 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 period. In preparing those financial statements, the director is 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, 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 director is 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. He is 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.

Results

The profit and loss account is set out on page 6 and shows the results for the year.

Principal activities

Its principal activity is the operation of a hotel property.

Directors

The director of the company during the period was:

B Ivesha

No director had any disclosable direct beneficial interest in the company's shares or any other group company during the period.

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

REPORT OF THE DIRECTOR (continued)

Auditors

During the year, Mazars were appointed as auditors following the resignation of BDO Stoy Hayward. A resolution to re-appoint them will be proposed at the annual general meeting.

Approved by the Board on 27 MARCH 03
and signed on its behalf by

B Ivesha
Director

A handwritten signature in black ink, appearing to be 'B Ivesha', written over the text 'and signed on its behalf by'.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED**

We have audited the financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, the Balance Sheet and 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 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 director and auditors

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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. We also report to you if, in our opinion, the Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of 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 director 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS
CHARTERED ACCOUNTANTS
and Registered Auditors
The Atrium
Park Street West
Luton
Bedfordshire LU1 3BE

Date: 30 October 2003

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

		Year to 31 December 2002 £	Period to 31 December 2001 £
	Note		
Turnover	1	844,519	-
Cost of sales		(914,421)	-
Gross profit		(69,902)	-
Administrative expenses		(972,485)	(95,242)
Operating loss on ordinary activities before taxation	2	(1,042,387)	(95,242)
Taxation on loss from ordinary activities	5	-	-
Loss on ordinary activities after taxation being retained loss for the period	10	(1,042,387)	(95,242)

All amounts relate to continuing activities.

There are no recognised gains or losses other than the loss for the periods.

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

BALANCE SHEET

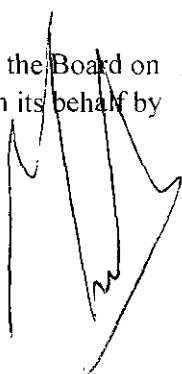
AT 31 DECEMBER 2002

	Note	2002 £	2001 £
Current assets			
Stocks	6	35,948	-
Debtors	7	278,712	2
Cash at bank		29,299	-
		<u>343,959</u>	<u>2</u>
Creditors: amounts falling due within one year	8	<u>(1,481,586)</u>	<u>(95,242)</u>
Net current liabilities		<u>(1,137,627)</u>	<u>(95,240)</u>
		<u>(1,137,627)</u>	<u>(95,240)</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	<u>(1,137,629)</u>	<u>(95,242)</u>
Shareholders' funds	11	<u>(1,137,627)</u>	<u>(95,240)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 27 March 03
and signed on its behalf by

B Ivesha
Director



NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

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

The following principal accounting policies have been applied:

a) Basis of preparation

The directors have prepared the accounts on the going concern basis as the amounts owed to a fellow subsidiary will not be called for payment until such time as the company is in a position to meet its external obligations.

b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and related services to customers. All of the turnover is derived from UK operations.

c) Depreciation

Depreciation is provided to write off the costs, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures, fittings and equipment	- 14% - 20% per annum
Computer equipment	- 33.3% per annum

d) Stock

Stock is stated at the lower of cost and net realisable value.

e) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on the revaluation of fixed assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

f) Pre-opening expenses

Revenue expenditure incurred prior to the opening of the hotel is written off as incurred.

g) Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

2	Operating loss	2002	2001
		£	£
	This has been arrived at after charging:		
	Auditors' remuneration	3,500	1,350
	Pre-opening expenses	516,800	95,242
		<u> </u>	<u> </u>

3 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002	2001
	Number	Number
Management	11	1
Administration	5	-
Hotel staff	39	-
	<u> </u>	<u> </u>
	55	1
	<u> </u>	<u> </u>

Employments costs

	£	£
Wages and salaries	393,403	-
Social security costs	30,905	-
Other pension costs	1,796	-
	<u> </u>	<u> </u>
	426,104	-
	<u> </u>	<u> </u>

4 Directors and employees

The company's director did not receive any emoluments during either period in respect of his services to the company.

5 Taxation on loss from ordinary activities

There is no tax liability to UK corporation tax as a result of the loss for the periods. Trading losses are carried forward for relief against future profits.

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

6	Stocks	2002	2001
		£	£
	Consumables	29,314	-
	Goods for resale	6,634	-
		<u>35,948</u>	<u>-</u>
		<u><u>35,948</u></u>	<u><u>-</u></u>
7	Debtors	2002	2001
		£	£
	Trade debtors	256,051	-
	Amounts owed by related companies (note 14)	17,950	-
	Prepayments	1,822	-
	Other debtors	2,889	2
		<u>278,712</u>	<u>2</u>
		<u><u>278,712</u></u>	<u><u>2</u></u>
8	Creditors: amounts falling due within one year	2002	2001
		£	£
	Bank overdraft	133,299	-
	Trade creditors	144,617	-
	Amounts owed to related parties (note 14)	917,162	91,904
	Social security and other taxes	23,207	-
	Accruals and deferred income	126,072	3,338
	Other creditors	137,229	-
		<u>1,481,586</u>	<u>95,242</u>
		<u><u>1,481,586</u></u>	<u><u>95,242</u></u>
9	Share capital	2002	2001
		£	£
	Authorised		
	1,000 ordinary shares of £1 each	1,000	1,000
		<u>1,000</u>	<u>1,000</u>
	Issued and called up share capital		
	2 ordinary shares of £1 each	2	2
		<u>2</u>	<u>2</u>
		<u><u>2</u></u>	<u><u>2</u></u>

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

10 Statement of movements on profit and loss account

Profit and
loss account
£

Balance at 31 December 2001	(95,242)
Retained loss for the year	(1,042,387)
	<hr/>
Balance at 31 December 2002	(1,137,629)
	<hr/> <hr/>

11 Reconciliation of movements in shareholders' funds - equity

2002
£

2001
£

Issue of ordinary shares	-	2
Loss for the period	(1,042,387)	(95,242)
	<hr/>	<hr/>
Net reduction to shareholders' funds	(1,042,387)	(95,240)
Opening shareholders' funds	(95,240)	-
	<hr/>	<hr/>
Closing shareholders' funds	(1,137,627)	(95,240)
	<hr/> <hr/>	<hr/> <hr/>

12 Operating lease commitments

Annual payments arising under operating lease commitments due within the next twelve months:	2002 £	2001 £
Leases expiring between one and five years	-	-
Lease expiring after more than five years	870,000	-
	<hr/>	<hr/>
	870,000	-
	<hr/> <hr/>	<hr/> <hr/>

13 Controlling companies

The immediate shareholder is Euro Plaza Properties Limited (100%), a company incorporated in Jersey in which Euro Sea Hotels N.V. (a Red Sea Hotels Limited group company) and Park Plaza Hotels Europe Limited own 90% and 10% shareholdings respectively.

The company's controlling owner is Red Sea Hotels Limited, a company incorporated in Israel. Copies of the financial statements of Red Sea Group are available from Red Sea Hotels Limited, 8 Hasadnot Street, Herzeliya Pituach 46728, Israel.

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

14 Related party transactions

During the year Euston Road Hotel Operating Limited paid pre-opening and routine operating expenses on behalf of Nottingham Park Plaza Hotel Operator Limited amounting to £103,588 (2001: £82,636) and Nottingham Park Plaza Hotel Operator Limited repaid funding of £98,000 to Euston Road Hotel Operator Limited, leaving a balance at the year end of £88,224.

During the year Nottingham Park Plaza Hotel Limited paid routine expenses and pre-opening expenses of £501,397 (2001: £138,771) on behalf of Nottingham Park Plaza Hotel Operator Limited and charged rent of £290,363 of which £182,976 was not paid leaving a balance at the year end of £747,555.

During the year Nottingham Park Plaza Hotel Operator Limited paid pre-opening expenses of £17,950 on behalf of Leeds Park Plaza Hotel Operator Limited.

During the year Sherlock Holmes Park Plaza Limited paid expenses of £546 on behalf of Nottingham Park Plaza Hotel Operator Limited.

During the year Victoria Park Plaza Operator Limited paid routine operating expenses on behalf of Nottingham Park Plaza Hotel Operator Limited amounting to £71,569 (2001: £9,268) leaving a balance at the year end of £80,837.

At the year end, amounts outstanding and recoverable are shown in notes 7 and 8.