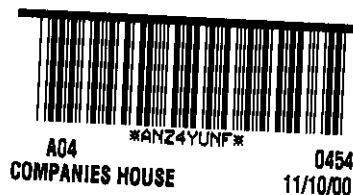


PRECISION RECORDS & TAPES LIMITED

Registered Number
00572034

Report and Financial Statements

31 December 1999



Warley & Warley
CHARTERED ACCOUNTANTS

76 Cambridge Road, Kingston upon Thames, Surrey, KT1 3NA

PRECISION RECORDS & TAPES LIMITED

Report and Financial Statements

31 December 1999

PRECISION RECORDS & TAPES LIMITED

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REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 1999.

Principal Activity

The company did not trade during the year.

Directors and Their Interests

The directors of the company during the year and to the date of this report were as follows:

Mr R K Richards (Chairman)
Mr P K Drew

At the beginning of the year Mr R K Richards was a shareholder of Meekland Limited, the company's parent company.

At the end of the year Mr R K Richards had no interest in the shares of the company.

Mr P K Drew had no such interest.

Statement of Directors' Responsibilities

Company law requires the directors 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 period. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) prepare the financial statements on a 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

Warley & Warley have expressed their willingness to continue in office as auditors and a resolution for their reappointment, at a rate of remuneration to be fixed by the directors, will be proposed at the Annual General Meeting.

Special Exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD


P K DREW

Director

5 October 2000.

AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 3 to 6.

Respective Responsibilities of Directors and Auditors

As described in the directors report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

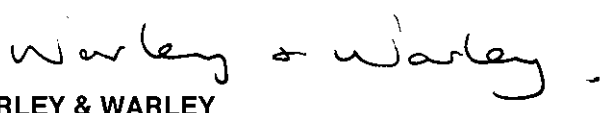
Basis of Opinion

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 1999 and of the profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


WARLEY & WARLEY
Chartered Accountants
Registered Auditors
76 Cambridge Road
Kingston upon Thames
Surrey
KT1 3NA

9 October 2000.

PRECISION RECORDS & TAPES LIMITED

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PROFIT AND LOSS ACCOUNT**YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
TURNOVER		92,450	-
Administrative expenses		4	294
		<hr/>	<hr/>
OPERATING PROFIT	2	92,454	294
Taxation	3	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		92,454	294
ACCUMULATED DEFICIT BROUGHT FORWARD		(9,051,930)	(9,052,224)
		<hr/>	<hr/>
ACCUMULATED DEFICIT CARRIED FORWARD		(8,959,476)	(9,051,930)
		<hr/>	<hr/>

All of the company's operations are classed as discontinued.

The company had no recognised gains or losses other than the result for the year.

The attached notes 1 to 8 form part of these financial statements

PRECISION RECORDS & TAPES LIMITED

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BALANCE SHEET AT 31 DECEMBER 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
CURRENT ASSETS			
Bank and cash balances		1,050	1,046
Debtors		92,049	-
		<hr/>	<hr/>
NET CURRENT ASSETS		93,099	1,046
CREDITORS: amounts falling due after more than one year			
	4	9,052,573	9,052,974
		<hr/>	<hr/>
		(8,959,474)	(9,051,928)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	5	2	2
Profit and loss account		(8,959,476)	(9,051,930)
		<hr/>	<hr/>
Shareholders' funds (all equity interests)	6	(8,959,474)	(9,051,928)
		<hr/>	<hr/>

In preparing these financial statements advantage has been taken of the special exemptions applicable to small companies provided by Part VII of the Companies Act 1985.

Approved by the Board of Directors
on


R K RICHARDS
Director

5 October 2000.

The attached notes 1 to 8 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999**1. ACCOUNTING POLICIES****(a) Accounting Convention**

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

The company did not trade during the year and accordingly these financial statements have been prepared on the basis that the company is not carrying on business as a going concern.

(b) Related Party Transactions

The company has taken advantage of exemptions within Financial Reporting Standard 8 in respect of disclosure of transactions with group undertakings.

	<u>1999</u>	<u>1998</u>
	£	£
2. OPERATING PROFIT		
This is stated after charging:		
Auditors remuneration in respect of audit services	-	-

3. TAXATION

There is no charge to corporation tax on the result for the year.

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

Amounts due to parent company (due between one and five years)

9,052,573	9,052,974
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The amount due to parent company has no fixed repayment period and the parent company has agreed not to demand repayment until 1 January 2001 at the earliest.

5. SHARE CAPITAL
Authorised

	<u>1999 & 1998</u>
	£
Ordinary shares of £1 each	100

Issued and Fully Paid

Ordinary shares of £1 each	2
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (CONT)

	<u>1999</u> £	<u>1998</u> £
6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profits for the financial year	92,454	294
Opening shareholders' funds	(9,051,928)	(9,052,222)
	<hr/>	<hr/>
Closing shareholders' funds	(8,959,474)	(9,051,928)
	<hr/>	<hr/>

7. CONTINGENT LIABILITIES

The company has given guarantees in respect of two leases of land and buildings occupied by a former subsidiary company. Both leases are subject to upward only rent reviews and expire on 27 October 2010. The rent payable on the inception of the leases on 27 October 1988 was £44,180 per annum.

The company has been given indemnity against claims under these guarantees by the purchaser of the former subsidiary.

8. PARENT COMPANY

At 31 December 1999 the company's immediate parent company was Meekland Limited and its ultimate holding company was Brompton Investments (C.I.) Limited, a company incorporated in the Cayman Islands.

The directors do not know the identity of the ultimate controlling party, if any.