

3589150

Promo Only Limited

Report and Unaudited Financial Statements

Year Ended

31 December 2005



BDO

BDO Stoy Hayward
Chartered Accountants

Promo Only Limited

Annual report and financial statements for the year ended 31 December 2005

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Directors

R J Robinson
P A Werner

Secretary and registered office

Chariot House Limited, 42 Alie Street, London E1 8DA

Company number

3589150

Accountants

BDO Stoy Hayward LLP, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW

Promo Only Limited

Report of the directors for the year ended 31 December 2005

The directors present their report together with the financial statements for the year ended 31 December 2005

Results

The profit and loss account is set out on page 3 and shows the loss for the year

Principal activities

In October 2002, the Company entered into the Distribution Agreement with CD Pool whereby the Company ceased its direct distribution of CD's and DVD's and appointed CD Pool as the Distributor of its DVD's and its Essential Series CD compilation

Effective 1 January 2005, the Distribution Agreement was terminated by mutual agreement of the Company and CD Pool. The Company began the direct manufacture and distribution of its DVD's. An arrangement was reached with CD Pool whereby they continued with the manufacture and distribution of the Essential Series CD compilation under the same terms as the terminated Distribution Agreement.

Directors

The directors of the company during the year were

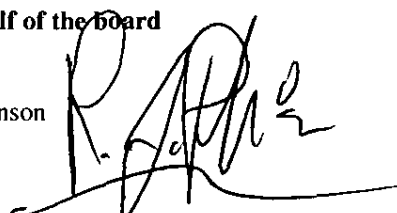
R J Robinson
P A Werner

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

On behalf of the board

R J Robinson

Director

A handwritten signature in black ink, appearing to be 'R J Robinson', written over a horizontal line.

Date 27/4/07

Promo Only Limited

Accountants' Report on the Unaudited Financial Statements

To the board of directors of Promo Only Limited

In accordance with the letter of engagement dated 1 March 2007 and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Promo Only Limited for the year ended 31 December 2005 on pages 3 to 8 from the accounting records and information and explanations you have given us

Our report has been prepared under the terms of our engagement with the company and for no other purpose. No person is entitled to rely on this report other than the company's board of directors as a body, or any person expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute.

You have acknowledged on the balance sheet your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



BDO STOY HAYWARD LLP
Chartered Accountants
Chelmsford

Date 30 April 2007

Promo Only Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	3	92,842	6,482
Cost of sales		25,517	7,678
		<hr/>	<hr/>
Gross profit/(loss)		67,325	(1,196)
Administrative expenses		173,314	(72,621)
		<hr/>	<hr/>
Operating (loss)/profit	4	(105,989)	71,425
Other interest receivable and similar income		374	126
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before and after taxation for the financial year		(105,615)	71,551
Accumulated loss brought forward		(1,050,796)	(1,122,347)
		<hr/>	<hr/>
Accumulated loss carried forward		(1,156,411)	(1,050,796)
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

There are no movements in shareholders' funds in the current and prior year apart from the loss/profit for the year

The notes on pages 5 to 8 form part of these financial statements

Promo Only Limited

Balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	6		555		-
Current assets					
Stocks		835		-	
Debtors	7	2,894		4,390	
Cash at bank and in hand		52,042		9,068	
		<u>55,771</u>		<u>13,458</u>	
Creditors: amounts falling due within one year	8	<u>1,212,735</u>		<u>1,064,252</u>	
Net current liabilities			<u>(1,156,964)</u>		<u>(1,050,794)</u>
Total assets less current liabilities			<u>(1,156,409)</u>		<u>(1,050,794)</u>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account			<u>(1,156,411)</u>		<u>(1,050,796)</u>
Shareholders' funds			<u>(1,156,409)</u>		<u>(1,050,794)</u>

The directors have taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirm that no notice has been deposited under section 249B(2) of the Companies Act 1985

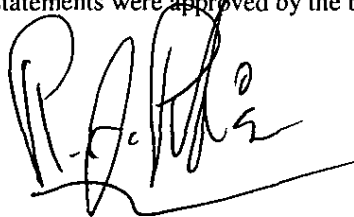
The directors acknowledge their responsibilities for

- ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2005 and of its loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

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

The financial statements were approved by the board of directors and authorised for issue on 27/4/07.

R J Robinson
Director



The notes on pages 5 to 8 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates

Office Equipment - 33 33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Exchange differences are taken into account in arriving at the loss in the year and relate solely to transactions with the parent company.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Promo Only Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

2 Going concern

These financial statements have been prepared on the going concern basis on the grounds that the ultimate controlling party, Promo Only Inc has agreed to provide sufficient financial support to enable the company to continue trading for the foreseeable future

3 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 28% (2004 - 0%)

4 Operating (loss)/profit

	2005 £	2004 £
This is arrived at after charging		
Depreciation of tangible fixed assets	50	-
Audit services	-	1,000
Loss/(gain) on foreign exchange	124,891	(75,748)
	<hr/>	<hr/>

5 Directors' remuneration

No director received any emoluments during the current year (2004 - £NIL)

6 Tangible fixed assets

	Office equipment £
<i>Cost</i>	
Additions and at 31 December 2005	605
	<hr/>
<i>Depreciation</i>	
Provided for the year and at 31 December 2005	50
	<hr/>
<i>Net book value</i>	
At 31 December 2005	555
	<hr/>
At 31 December 2004	-
	<hr/>

Promo Only Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

7 Debtors

	2005 £	2004 £
Trade debtors	550	-
Other debtors	2,344	4,390
	<u>2,894</u>	<u>4,390</u>

All amounts shown under debtors fall due for payment within one year

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	3,147	8,766
Amounts owed to group undertakings	1,192,086	1,052,586
Taxation and social security	9,638	-
Accruals and deferred income	7,864	2,900
	<u>1,212,735</u>	<u>1,064,252</u>

9 Share capital

	2005 £	Authorised 2004 £	Allotted, called up and fully paid 2005 £	2004 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

10 Related party disclosures

At 31 December 2005 there was an amount due to Promo Only Inc, a company in which Mr R J Robinson and Mr P A Werner are the controlling parties, of £1,192,086 (2004- £1,052,586) There are no fixed terms for repayment

11 Ultimate parent company

The company's ultimate controlling party is Promo Only Inc, a company incorporated in the USA, which is the parent of both the smallest and largest groups of which the company is a member