

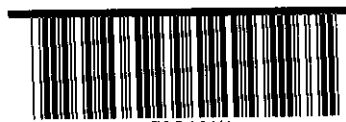
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**Promo Only Limited**

Report and Financial Statements

Year Ended

31 December 2004



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**BDO Stoy Hayward**  
Chartered Accountants

**Promo Only Limited**

**Annual report and financial statements for the year ended 31 December 2004**

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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

**Auditors**

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

## **Promo Only Limited**

### **Report of the directors for the year ended 31 December 2004**

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

#### **Results**

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

#### **Principal activities**

The principal activity of the company during the year continued to be that of Compact Disc and Digital Versatile Disc distribution to Disc Jockeys via a third party manufacturer and distributor. Since the year end the company has terminated the agreement with the third party regarding the Digital Versatile Disc distribution and is manufacturing and distributing this part of the business itself.

#### **Directors**

The directors of the company during the year were:

R J Robinson  
P A Werner

No director had any beneficial interest in the share capital of the company. Their interest in the shares of the company's ultimate controlling party, Promo Only Inc are disclosed in the financial statements of that company.

#### **Directors' responsibilities**

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 and of the profit or loss of the company for that year. 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; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Promo Only Limited**

**Report of the directors for the year ended 31 December 2004 (Continued)**

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**Auditors**

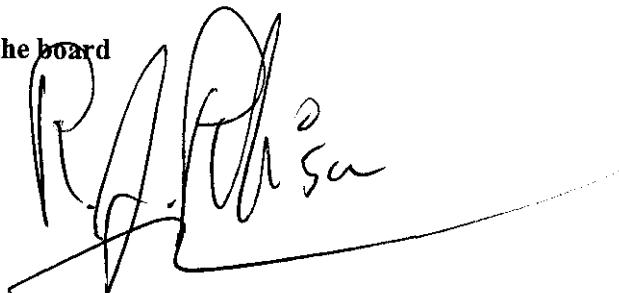
BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

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 large, stylized handwritten signature in black ink, appearing to read 'R J Robinson', is written over the text 'On behalf of the board' and 'Director'.

Date: 6 June 2005

## **Promo Only Limited**

### **Report of the independent auditors**

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#### **To the shareholders of Promo Only Limited**

We have audited the financial statements of Promo Only Limited for the year ended 31 December 2004 on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the 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.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been 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.

#### *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.

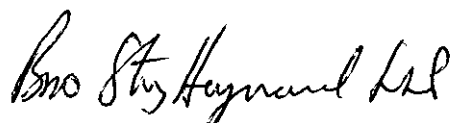
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditors (*Continued*)

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*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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*  
Chelmsford

9 June 2005

**Promo Only Limited****Profit and loss account for the year ended 31 December 2004**

	Note	2004 £	2003 £
Turnover	3	6,482	6,853
Cost of sales		7,678	16,420
		<u>          </u>	<u>          </u>
Gross loss		(1,196)	(9,567)
Administrative expenses		(72,621)	(65,307)
		<u>          </u>	<u>          </u>
Operating profit	4	71,425	55,740
Other interest receivable and similar income		126	135
Interest payable and similar charges		-	(41)
		<u>          </u>	<u>          </u>
Profit on ordinary activities before and after taxation for the financial year		71,551	55,834
Accumulated loss brought forward		(1,122,347)	(1,178,181)
		<u>          </u>	<u>          </u>
Accumulated loss carried forward		(1,050,796)	(1,122,347)
		<u>          </u>	<u>          </u>

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 profit for the year.

The notes on pages 7 to 9 form part of these financial statements.

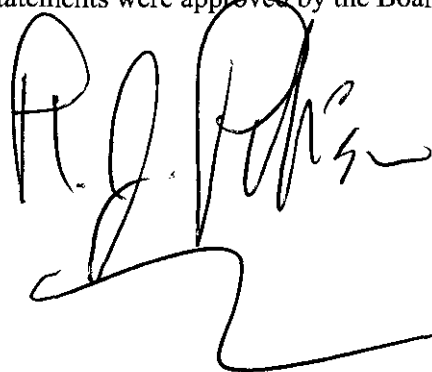
**Promo Only Limited****Balance sheet at 31 December 2004**

	Note	2004 £	2004 £	2003 £	2003 £
<b>Current assets</b>					
Debtors	6	4,390		6,433	
Cash at bank and in hand		9,068		9,206	
		<u>13,458</u>		<u>15,639</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>1,064,252</u>		<u>1,137,984</u>	
<b>Total assets less current liabilities</b>			<u>(1,050,794)</u>		<u>(1,122,345)</u>
<b>Capital and reserves</b>					
Called up share capital	8		2		2
Profit and loss account			<u>(1,050,796)</u>		<u>(1,122,347)</u>
<b>Equity shareholders' funds</b>			<u>(1,050,794)</u>		<u>(1,122,345)</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.

The financial statements were approved by the Board on 6 June 2005

R J Robinson  
Director



The notes on pages 7 to 9 form part of these financial statements.



## 1 Accounting policies

The financial statements have been prepared under the historical cost convention and on a going concern basis because of the reason stated in note 2.

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.

### *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.

### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

## Promo Only Limited

### Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

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#### 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

Turnover arises solely within the United Kingdom.

#### 4 Operating profit

	2004 £	2003 £
This is arrived at after charging/(crediting):		
Loss on disposal of tangible fixed assets	-	448
Hire of other assets - operating leases	-	33,750
Audit services	1,000	2,000
Gain on foreign exchange	(75,748)	(144,304)
	<hr/>	<hr/>

#### 5 Directors' remuneration

No director received any emoluments during the current year (2003 - £NIL).

#### 6 Debtors

	2004 £	2003 £
Other debtors	4,390	6,433
	<hr/>	<hr/>

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

# Promo Only Limited

## Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

### 7 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	8,766	27
Amounts owed to group undertakings	1,052,586	1,123,334
Other creditors	2,900	14,623
	<u>1,064,252</u>	<u>1,137,984</u>

### 8 Share capital

	2004 £	Authorised 2003 £	Allotted, called up and fully paid 2004 £	2003 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	1,000	1,000	2	2
	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

### 9 Related party disclosures

At 31 December 2004 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 £1,052,586 (2003- £1,123,334). There are no fixed terms for repayment.

### 10 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.