

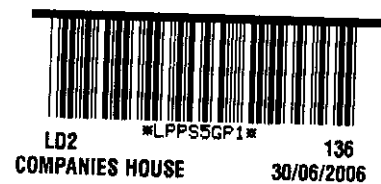
Registration Number 3674002 England & Wales

Consolidated Financial Statements

for

Re:Creation Group PLC

Year Ended 30 November 2005



Re:Creation Group PLC

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for the Year Ended 30 November 2005

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Re:Creation Group PLC

Company Information
for the Year Ended 30 November 2005

DIRECTORS:

N Joslin
S Bishop
M Lehrter
R Munday

SECRETARY:

R Munday

REGISTERED OFFICE:

Pentos House
Falcon Business Park
Ivanhoe Road
Finchampstead
Wokingham
BERKSHIRE

REGISTERED NUMBER:

3674002 (England and Wales)

AUDITORS:

Pridie:Brewster
Registered Auditors
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey
GU2 4HS

Re:Creation Group PLC

Report of the Directors
for the Year Ended 30 November 2005

The directors present their report with the financial statements of the group for the year ended 30 November 2005.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the distribution of games and leisure vehicles.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

RESULTS AND DIVIDENDS

The result for the year after taxation was a profit of £559,877 (2004: £387,300).

No interim dividend was paid during the year. The directors recommend a final dividend of £0.40 per share.

The total distribution for the year ended 30 November 2005 will be £279,938.

DIRECTORS

The directors of the holding company in office during the year and their beneficial interests in the issued share capital were as follows:

Name	Class of Capital	30.11.05	30.11.04
N Joslin	Ordinary £1	282,016	282,016
S Bishop	Ordinary £1	215,736	239,707
M Lehrter	Ordinary £1	70,504	141,008
J G Dymott	Ordinary £1	-	-

CREDITOR PAYMENT TERMS

It is the Group's policy to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the Group's normal practice that payment is made accordingly. During the period the group took on average 65 days to settle outstanding debts (2004: 91 days).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern unless it is inappropriate to presume that the group will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ensure that the directors' report and other information included in the annual report is prepared in accordance with company law in the UK.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Re:Creation Group PLC

Report of the Directors
for the Year Ended 30 November 2005

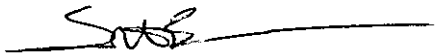
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



S Bishop
DIRECTOR

Dated:

26 June 2006

Re:Creation Group PLC

Report of the Independent Auditors to the Shareholders of
Re:Creation Group PLC

We have audited the financial statements of Re:Creation Group PLC for the year ended 30 November 2005 which comprise the Profit and Loss Account, the Balance Sheets, 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 group's members in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the group'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 group and the group'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

As described in the Statement of Directors' Responsibilities the group's directors are 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 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group 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 misstatement within it.

Basis of audit opinion

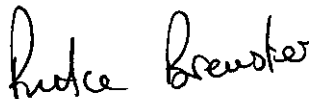
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 and group's affairs as at 30 November 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pridie:Brewster
Registered Auditors
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey GU2 4HS



Dated: 27/6/06

Re:Creation Group PLC

Consolidated Profit and Loss Account
for the Year Ended 30 November 2005

	Notes	Total 2005 £	Total 2004 £
TURNOVER	2	16,051,682	10,353,316
Cost of sales		13,198,733	8,501,592
GROSS PROFIT		2,852,949	1,851,724
Administrative expenses		2,042,894	1,299,672
OPERATING PROFIT/(LOSS)	4	810,055	552,052
Interest receivable and similar income		603	765
		810,658	552,817
Interest payable and similar charges	5	1,068	823
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		809,590	551,994
Tax on profit/(loss) on ordinary activities	6	249,713	164,694
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		559,877	387,300
Dividends	7	279,938	154,920
		279,939	232,380
RETAINED PROFIT B/FWD		803,442	571,062
RETAINED PROFIT C/FWD		1,083,381	803,442

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS & LOSSES

The group has no recognised gains or losses other than the loss or profit for the current year and previous period.

Re:Creation Group PLC

Consolidated Balance Sheet
30 November 2005

		30.11.05		30.11.04	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		44,507		30,356
			44,507		30,356
CURRENT ASSETS:					
Stocks	10	2,038,803		2,582,742	
Debtors	11	8,444,384		6,471,830	
Cash at bank and in hand		562,511		415,207	
		11,045,698		9,469,779	
CREDITORS: Amounts falling due within one year					
	12	9,301,784		7,991,653	
NET CURRENT ASSETS			1,743,914		1,478,126
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,788,421		1,508,482
CAPITAL AND RESERVES					
Called up share capital	14		705,040		705,040
Profit and loss account			1,083,381		803,442
SHAREHOLDERS' FUNDS			1,788,421		1,508,482

ON BEHALF OF THE BOARD:


N Joslin
DIRECTOR

Approved by the Board on


S Bishop
DIRECTOR

Approved by the Board on

26 June 2006


Re:Creation Group PLC

Company Balance Sheet

30 November 2005

		30.11.05		30.11.04	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		44,507		30,356
Investments	9		<u>140,940</u>		<u>140,940</u>
			185,447		171,296
CURRENT ASSETS:					
Stocks	10	2,038,803		2,536,158	
Debtors	11	8,458,431		6,545,926	
Cash at bank and in hand		<u>550,219</u>		<u>415,095</u>	
		11,047,453		9,497,179	
CREDITORS: Amounts falling					
due within one year	12	<u>9,258,182</u>		<u>7,988,862</u>	
NET CURRENT ASSETS			<u>1,789,271</u>		<u>1,508,317</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,974,718</u>		<u>1,679,613</u>
CAPITAL AND RESERVES					
Called up share capital	14		705,040		705,040
Profit and loss account			<u>1,269,678</u>		<u>974,573</u>
SHAREHOLDERS' FUNDS			<u>1,974,718</u>		<u>1,679,613</u>

ON BEHALF OF THE BOARD:


N Joslin
DIRECTOR

Approved by the Board on



S Bishop
DIRECTOR

Approved by the Board on

26 June 2006

Re:Creation Group PLC
Cash Flow Statement
for the Year Ended 30 November 2005

	Notes	30.11.05 <u>£</u>	30.11.04 <u>£</u>
Net cash (outflow)/inflow from operating activities	1	£1,434,100	(1,724,810)
Returns on investments and servicing of finance	2	(465)	(58)
Taxation		(164,620)	1,237
Dividends		(154,920)	-
Capital expenditure	2	(44,345)	(31,283)
Aquisitions and disposals	4	-	-
Financing		-	-
(Decrease)/Increase in cash in the period		<u>£1,069,750</u>	<u>(1,754,914)</u>
<hr/>			
Reconciliation of net cash flows to movement in net funds			
Increase/(Decrease) in cash in the period		<u>£1,069,750</u>	<u>(1,754,914)</u>
Change in net funds resulting from cash flows		<u>£1,069,750</u>	<u>(1,754,914)</u>
Movement in net funds in the period		<u>£1,069,750</u>	<u>(1,754,914)</u>
Net funds at 1 December 2004		(1,963,196)	(208,282)
Net funds at 30 November 2005		<u>(893,446)</u>	<u>(1,963,196)</u>

The notes form part of these financial statements

Re:Creation Group PLC

Cash Flow Statement
for the Year Ended 30 November 2005

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	30.11.05 £	30.11.04 £
Operating profit/(loss)	810,055	552,052
Depreciation charges	30,194	17,463
Loss on sale of fixed assets	-	-
(Increase)/Decrease in stocks	543,939	(973,240)
(Increase)/Decrease in debtors	(1,972,554)	(3,737,713)
Increase/(Decrease) in creditors	2,022,466	2,416,628
Net cash (outflow)/inflow from operating activities	£1,434,100	(1,724,810)

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE
CASHFLOW STATEMENT**

	30.11.05 £	30.11.04 £
Returns on investments and servicing of finance		
Interest received	603	765
Interest paid	(1,068)	(823)
Net cash outflow for returns on investments and servicing of finance	(465)	(58)
Capital expenditure		
Purchase of tangible fixed assets	(44,345)	(31,283)
Net cash outflow for capital expenditure	(44,345)	(31,283)

The notes form part of these financial statements

Re:Creation Group PLC
Cash Flow Statement
for the Year Ended 30 November 2005

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.12.04 £	Cashflow £	At 30.11.05 £
Net cash:			
Cash at bank and in hand	415,207	147,304	562,511
Bank overdraft	(2,378,403)	922,446	(1,455,957)
	<u>(1,963,196)</u>	<u>1,069,750</u>	<u>(893,446)</u>
Total	<u>(1,963,196)</u>	<u>1,069,750</u>	<u>(893,446)</u>
Analysed in Balance Sheet			
Cash at bank and in hand	415,207		562,511
Bank overdraft	(2,378,403)		(1,455,957)
	<u>(1,963,196)</u>		<u>(893,446)</u>

The notes form part of these financial statements

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2005

1. ACCOUNTING POLICIES

Accounting Convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Basis of Preparation of Group Financial Statements

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 30 November 2005. Group accounts are prepared using the acquisition method of accounting. No profit or loss account is presented for Re:Creation Group Plc as permitted by Section 230(3) of the companies Act 1985.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer Equipment	- 50% on cost and 33% on cost
Motor Vehicles	- 50% on cost
Fixtures & Fittings	- 33% on cost and - 50% on cost

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred Taxation

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and Development

Expenditure on research and development is written off in the year in which it is incurred.

Hire purchases and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2005

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis by geographical market is given below:

	30.11.05	30.11.04
UK sales	14,944,085	9,968,316
European sales	818,000	211,000
US sales	271,597	174,000
Rest of the world	18,000	-
	<u>16,051,682</u>	<u>10,353,316</u>

3. STAFF COSTS

	30.11.05	30.11.04
	£	£
Wages and salaries	1,261,351	739,741
Social security costs	142,426	81,189
	<u>1,403,777</u>	<u>820,930</u>

The average monthly number of employees during the year was as follows

	30.11.05	30.11.04
Directors	4	4
Sales & Administration	21	13
	<u>25</u>	<u>17</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.11.05	30.11.04
	£	£
Depreciation - Owned Assets	30,194	17,463
Exchange (gains)/losses	(16,814)	17,060
Hire of other assets - operating leases	35,725	26,498
Auditors' remuneration	15,000	11,350
Auditors' remuneration for non audit work	2,488	7,665
	<u></u>	<u></u>

Details of Directors' Emoluments are as follows

	30.11.05	30.11.04
	£	£
Aggregate Emoluments	467,190	354,921
	<u>467,190</u>	<u>354,921</u>

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2005

4. OPERATING PROFIT - continued

Emoluments of the highest paid director:

	30.11.05 £	30.11.04 £
Aggregate Emoluments	183,855	115,509
Company pension contributions to money purchase scheme	-	-
	<u>183,855</u>	<u>115,509</u>

There are no directors to whom retirement benefits were accrued during the year.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	30.11.05 £	30.11.04 £
Bank Interest	<u>1,068</u>	<u>823</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	30.11.05 £	30.11.04 £
Current tax		
UK corporation tax	249,713	164,620
Under provision prior year	-	74
Tax on profit on ordinary activities	<u>249,713</u>	<u>164,694</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.11.05 £	30.11.04 £
Profit on ordinary activities before tax	<u>809,590</u>	<u>551,994</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	242,877	165,598
Effects of:		
Non deductible expenses	8,533	4,640
Depreciation in excess of capital allowances	369	(542)
Profits not incurring taxation	(857)	-
Marginal rate relief	(1,209)	(5,076)
Prior year under provision	-	74
Current tax charge	<u>249,713</u>	<u>164,694</u>

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2005

7. DIVIDENDS

	30.11.05	30.11.04
	£	£
Equity shares:		
Final	<u>279,938</u>	<u>154,920</u>

8. TANGIBLE FIXED ASSETS

Of the group and the company

	Computer Equipment	Motor Vehicles	Fixtures & fittings	Totals
	£	£	£	£
COST:				
At 1 December 2004	62,468	9,789	17,354	89,611
Additions	30,087	-	14,258	44,345
At 30 November 2005	<u>92,555</u>	<u>9,789</u>	<u>31,612</u>	<u>133,956</u>
DEPRECIATION:				
At 1 December 2004	44,827	2,447	11,981	59,255
Charge for year	17,614	4,894	7,686	30,194
At 30 November 2005	<u>62,441</u>	<u>7,341</u>	<u>19,667</u>	<u>89,449</u>
NET BOOK VALUE:				
At 30 November 2005	<u>30,114</u>	<u>2,448</u>	<u>11,945</u>	<u>44,507</u>
At 30 November 2004	<u>17,641</u>	<u>7,342</u>	<u>5,373</u>	<u>30,356</u>

9. FIXED ASSET INVESTMENTS

a) Of the Group

The group has no fixed asset investments.

b) Of the Company

COST:

As at 1 December 2004 and 30 November 2005

£

140,940

NET BOOK VALUE:

As at 1 December 2004 and 30 November 2005

140,940

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2005

9. FIXED ASSET INVESTMENTS - continued

The fixed asset investment relates to investments in subsidiary undertakings all of which are registered in England and Wales.

Holdings of 20% or more

The company holds 20% or more of the nominal value of the share capital of the following companies.

Company	Country of Incorporation	Holding	Proportion Held
Billy-Bob Teeth Limited	United Kingdom	Ordinary	100%
Leapfrog Business Development & Marketing Ltd.	United Kingdom	Ordinary	100%
Re:Creation USA Limited	United Kingdom	Ordinary	100%
Citybug UK Limited	United Kingdom	Ordinary	100%

The principal business activities of all the above companies are as follows:

Billy-Bob Teeth Limited	Non-store retail and wholesale
Leapfrog Business Development & Marketing Ltd.	Not trading, dormant throughout period.
Re:Creation USA Limited	Non-store retail and wholesale
Citybug UK Limited	Not trading, dormant throughout period.

10. STOCKS

	Group		Company	
	30.11.05	30.11.04	30.11.05	30.11.04
	£	£	£	£
Finished Goods	<u>2,038,803</u>	<u>2,582,742</u>	<u>2,038,803</u>	<u>2,536,158</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.11.05	30.11.04	30.11.05	30.11.04
	£	£	£	£
Trade debtors	5,790,837	5,502,731	5,756,038	5,502,731
Other Debtors	7,274	7,000	6,495	6,495
Amounts owed from group undertakings	-	-	49,625	74,601
Prepayments & accrued income	2,646,273	962,099	2,646,273	962,099
	<u>8,444,384</u>	<u>6,471,830</u>	<u>8,458,431</u>	<u>6,545,926</u>

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2005

**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	Group		Company	
	30.11.05	30.11.04	30.11.05	30.11.04
	£	£	£	£
Bank loans and overdrafts	1,455,957	2,378,403	1,455,957	2,378,403
Trade Creditors	2,290,195	2,107,062	2,290,195	2,107,062
Other creditors	13,966	26,549	13,931	26,549
Dividend proposed	279,938	154,920	279,938	154,920
V.A.T	268,293	201,188	268,293	201,188
Amounts owed to group undertakings	-	-	13,600	-
Social security & other taxes	35,758	28,087	35,758	28,087
Accrued expenses	4,707,964	2,930,824	4,651,591	2,928,033
Taxation	249,713	164,620	248,919	164,620
	<u>9,301,784</u>	<u>7,991,653</u>	<u>9,258,182</u>	<u>7,988,862</u>

The bank loans and overdrafts figure is the amount advanced by the factoring institution and is secured on the group's sales ledger.

13. OBLIGATIONS UNDER LEASING AGREEMENTS

The annual commitments under non-cancellable operating leases were as follows:-

	Group		Company	
	30.11.05	30.11.04	30.11.05	30.11.04
	£	£	£	£
Expiring:				
Within one year	-	8,262	-	8,262
Between two and five years	<u>39,900</u>	<u>-</u>	<u>39,900</u>	<u>-</u>

14. CALLED UP SHARE CAPITAL

Authorised:		Nominal	30.11.05	30.11.04
Number:	Class:	Value:	£	£
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:		Nominal	30.11.05	30.11.04
Number:	Class:	Value:	£	£
705,040	Ordinary	£1	<u>705,040</u>	<u>705,040</u>

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2005

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	30.11.05	30.11.04	30.11.05	30.11.04
	£	£	£	£
Profit/(Loss) for the financial year	559,877	387,300	575,043	405,189
Dividends	(279,938)	(154,920)	(279,938)	(154,920)
Net addition to shareholders' funds	<u>279,939</u>	<u>232,380</u>	<u>295,105</u>	<u>250,269</u>
Opening shareholders' funds	1,508,482	1,276,102	1,679,613	1,429,344
Closing shareholders' funds	<u><u>1,788,421</u></u>	<u><u>1,508,482</u></u>	<u><u>1,974,718</u></u>	<u><u>1,679,613</u></u>
 Equity interests	 <u><u>1,788,421</u></u>	 <u><u>1,508,482</u></u>	 <u><u>1,974,718</u></u>	 <u><u>1,679,613</u></u>

16 CONTROL

The company is under the control of the directors. There is not one ultimate controlling party.