

**MARKETING AND PROMOTIONAL SERVICES
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002



CLARKBLAIR

Chartered Accountants & Registered Auditors
Century House
19 High Street
Marlow
Buckinghamshire
SL7 1AU

MARKETING AND PROMOTIONAL SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholders	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7
The following pages do not form part of the financial statements	
Detailed profit and loss account	14
Notes to the detailed profit and loss account	15

MARKETING AND PROMOTIONAL SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The company's principal activity during the year was the design and supply of toys and novelties for promotional purposes.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2002	At 1 January 2002
R D Kiefer	250	250
G F Kiefer	<u>200</u>	<u>200</u>

I R Nunes-Mayo retired as a director on 20 November 2002.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

MARKETING AND PROMOTIONAL SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2002

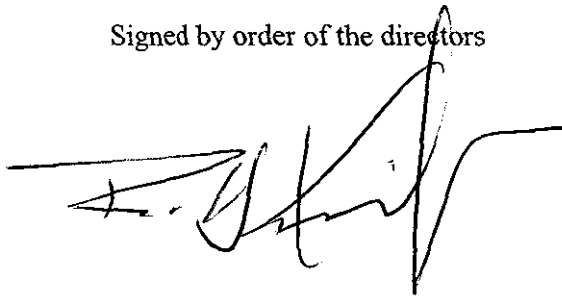
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SMALL COMPANY PROVISIONS

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

Registered office:
Century House
19 High Street
Marlow
Buckinghamshire
SL7 1AU

Signed by order of the directors



Serviced Property & Asset Management Limited
Company Secretary

Approved by the directors on

9 Sept 05

MARKETING AND PROMOTIONAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2002

We have audited the financial statements on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 1 to 2.

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 responsibilities do not extend to any other information.

MARKETING AND PROMOTIONAL SERVICES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*
YEAR ENDED 31 DECEMBER 2002

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.

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

Century House
19 High Street
Marlow
Buckinghamshire
SL7 1AU

10th September 2003



CLARKBLAIR
Chartered Accountants
& Registered Auditors

MARKETING AND PROMOTIONAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
Turnover		2,741,029	3,317,519
Cost of sales		2,051,411	2,628,720
Gross profit		<u>689,618</u>	<u>688,799</u>
Administrative expenses		589,863	676,986
Other operating income	2	(18)	(7,059)
Operating profit	3	<u>99,773</u>	<u>18,872</u>
Interest receivable and similar income		7,465	26,275
Interest payable		(5,962)	(14,494)
Profit on ordinary activities before taxation		<u>101,276</u>	<u>30,653</u>
Tax on profit on ordinary activities		21,103	8,588
Retained profit for the financial year		<u>80,173</u>	<u>22,065</u>
Balance brought forward		615,009	592,944
Balance carried forward		<u>695,182</u>	<u>615,009</u>

The notes on pages 7 to 12 form part of these financial statements.

MARKETING AND PROMOTIONAL SERVICES LIMITED

BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	5	9,749	19,289
Investments	6	11,270	-
		<u>21,019</u>	<u>19,289</u>
Current assets			
Stocks		34,063	5,213
Debtors	7	126,964	491,993
Cash at bank and in hand		889,124	440,306
		<u>1,050,151</u>	<u>937,512</u>
Creditors: Amounts falling due within one year	8	<u>374,988</u>	<u>340,792</u>
Net current assets		<u>675,163</u>	<u>596,720</u>
Total assets less current liabilities		<u>696,182</u>	<u>616,009</u>
Capital and reserves			
Called-up equity share capital	13	1,000	1,000
Profit and loss account		695,182	615,009
Shareholders' funds		<u>696,182</u>	<u>616,009</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 9 Sept 03 and are signed on their behalf by

R D Kiefer

The notes on pages 7 to 12 form part of these financial statements.

MARKETING AND PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover comprises the value of sales in the year excluding value added tax and trade discounts.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Straight line over lease
Fixtures & Fittings	-	25% Reducing Balance
Motor Vehicles	-	25% Reducing Balance

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

MARKETING AND PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. Accounting policies *(continued)*

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered more likely than not that a net asset or liability will arise.

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Other operating income

	2002 £	2001 £
Management charges receivable	—	7,000
Other operating income	18	59
	<u>18</u>	<u>7,059</u>

3. Operating profit

Operating profit is stated after charging:

	2002 £	2001 £
Directors' emoluments	99,752	117,565
Directors' pension contributions	31,094	31,094
Depreciation of owned fixed assets	3,249	8,080
Loss on disposal of fixed assets	4,926	—
Auditors' fees	<u>5,655</u>	<u>7,944</u>

4. Directors' pension schemes

Two directors are accumulating benefits under the company's defined contribution scheme arrangements (2001: two).

MARKETING AND PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

5. Tangible fixed assets

	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 2002	8,078	55,560	14,040	77,678
Additions	–	1,735	–	1,735
Disposals	–	(25,322)	(14,040)	(39,362)
At 31 December 2002	<u>8,078</u>	<u>31,973</u>	<u>–</u>	<u>40,051</u>
Depreciation				
At 1 January 2002	7,240	43,032	8,117	58,389
Charge for the year	209	3,040	–	3,249
On disposals	–	(23,219)	(8,117)	(31,336)
At 31 December 2002	<u>7,449</u>	<u>22,853</u>	<u>–</u>	<u>30,302</u>
Net book value				
At 31 December 2002	<u>629</u>	<u>9,120</u>	<u>–</u>	<u>9,749</u>
At 31 December 2001	<u>838</u>	<u>12,528</u>	<u>5,923</u>	<u>19,289</u>

6. Investments

	Total £
Cost	
Additions	11,270
At 31 December 2002	<u>11,270</u>
Net book value	
At 31 December 2002	<u>11,270</u>

MARKETING AND PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

6. Investments *(continued)*

The company owns 8% of the issued equity share capital of Promotional Cutting Edge Sdn Bhd which was incorporated in Malaysia on 19 June 2002, and which is involved in the business of sales promotion. That business is conducted through its' wholly owned subsidiary undertaking, Extra Sensory Promotion Sdn Bhd, which was incorporated in Malaysia on 25 July 2002.

The investment comprises 8 ordinary shares of 1 Malaysian Ringgit each, acquired at a cost of £2 together with an investment loan of US\$16,000 which, translated at the prevailing year end exchange rate, amounts to £11,268.

At the balance sheet date, the company was formally committed to increasing the investment loan to US\$36,000 which, translated at the prevailing year end exchange rate, amounts to £25,353.

7. Debtors

	2002 £	2001 £
Trade debtors	66,511	400,743
Directors current accounts	3,100	-
Other debtors	57,353	91,250
	<u>126,964</u>	<u>491,993</u>

Included in 'Other Debtors' are amounts totalling £22,391 which is owed by related undertakings (see note 12). Of this amount, £12,000 falls due in more than one year.

8. Creditors: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	288,173	263,337
Corporation tax	21,104	6,727
Other taxation and social security	13,111	19,277
Other creditors	52,600	51,451
	<u>374,988</u>	<u>340,792</u>

Included in Trade creditors are amounts totalling £2,927 due to a related undertaking (see note 12).

MARKETING AND PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

9. Deferred taxation

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

	2002 £	2001 £
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>(965)</u>

10. Commitments under operating leases

At 31 December 2002 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2002 £	2001 £
Operating leases which expire: Within 2 to 5 years	<u>6,008</u>	<u>6,008</u>

11. Transactions with the directors

During the year the company sold a motor vehicle, on normal credit terms, to G F Kiefer, a director. The outstanding amounts were as follows: end of year: £3,100; maximum during the year: £3,100.

MARKETING AND PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

12. Related party transactions

Controlling Party

In the opinion of the directors there is no one controlling party.

Saple International Limited

Mr William To owns 45% of the company's issued equity share capital and he is the majority shareholder of Saple International Limited, a principal supplier to the company.

In the opinion of the directors, purchases are made at the prevailing market price on normal commercial terms and at the balance sheet date the company owed £163,573 to Saple International Limited in respect of goods supplied.

Serviced Property and Asset Management Limited

The company leases equipment and office premises from Serviced Property and Asset Management Limited, a company in which R D Keifer and G F Keifer are directors and shareholders. At the balance sheet date, the company is owed £22,391 in respect of a rent deposit and a loan made available and owes £2,927 in respect of lease costs charged.

Marketing and Promotional Services New Zealand Limited

Marketing and Promotional Services New Zealand Limited is a company incorporated in New Zealand and in which R.D. Kiefer has a 15% equity interest.

13. Share capital

Authorised share capital:

	2002 £	2001 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2002 No	£	2001 No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>