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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003
FOR
MARKETING & PROMOTIONAL SERVICES LIMITED**

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MARKETING & PROMOTIONAL SERVICES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2003**

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MARKETING & PROMOTIONAL SERVICES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2003**

DIRECTORS:

R D Kiefer
Mrs G F Kiefer

SECRETARY:

Serviced Property & Asset Management Limited

REGISTERED OFFICE:

Unit 11
Manor Way
Old Woking
Surrey
GU22 9JX

REGISTERED NUMBER:

02660610

AUDITORS:

ClarkBlair
Chartered Accountants
Century House
19 High Street
Marlow
Buckinghamshire
SL7 1AU

MARKETING & PROMOTIONAL SERVICES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the design and supply of toys and novelties for promotional purposes.

DIRECTORS

The directors during the year under review were:

R D Kiefer
Mrs G F Kiefer

The beneficial interests of the directors holding office on 31 December 2003 in the issued share capital of the company were as follows:

	31.12.03	1.1.03
Ordinary £1 shares		
R D Kiefer	250	250
Mrs G F Kiefer	200	200

STATEMENT OF 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 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 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

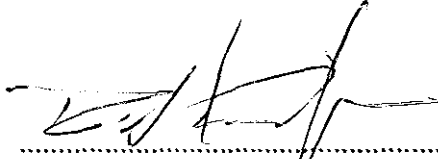
The auditors, ClarkBlair, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

MARKETING & PROMOTIONAL SERVICES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003**

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:



.....
Serviced Property & Asset Management Limited - Secretary

Date: 19 MAY 04.....

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MARKETING & PROMOTIONAL SERVICES LIMITED

We have audited the financial statements of Marketing & Promotional Services Limited for the year ended 31 December 2003 on pages six to fourteen. These financial statements 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 therein.

This report is made solely to the company's members, 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 members 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 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 on page two the company'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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements 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 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 TO THE SHAREHOLDERS OF
MARKETING & PROMOTIONAL SERVICES LIMITED**

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Clark Blair
Chartered Accountants
Century House
19 High Street
Marlow
Buckinghamshire
SL7 1AU

Date: 21/1/04

MARKETING & PROMOTIONAL SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £	2002 £
TURNOVER	2	1,231,447	2,741,029
Cost of sales		<u>929,550</u>	<u>2,051,411</u>
GROSS PROFIT		301,897	689,618
Administrative expenses		<u>490,338</u>	<u>589,863</u>
		(188,441)	99,755
Other operating income		<u>8,763</u>	<u>18</u>
OPERATING (LOSS)/PROFIT	3	(179,678)	99,773
Interest receivable and similar income		<u>8,503</u>	<u>7,465</u>
		(171,175)	107,238
Amounts written off investments	4	<u>18,836</u>	<u>-</u>
		(190,011)	107,238
Interest payable and similar charges		<u>957</u>	<u>5,962</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(190,968)	101,276
Tax on (loss)/profit on ordinary activities	5	<u>(31,999)</u>	<u>21,103</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(158,969)</u>	<u>80,173</u>
(DEFICIT)/RETAINED PROFIT FOR THE YEAR		<u><u>(158,969)</u></u>	<u><u>80,173</u></u>

The notes form part of these financial statements

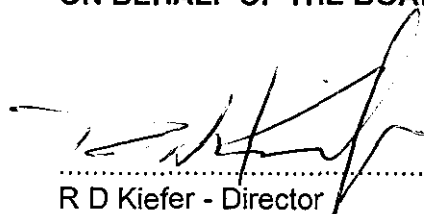
MARKETING & PROMOTIONAL SERVICES LIMITED

BALANCE SHEET 31 DECEMBER 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	6	8,730	9,749
Investments	7	1	11,270
		<u>8,731</u>	<u>21,019</u>
CURRENT ASSETS			
Stocks		132,887	34,063
Debtors	8	571,072	126,964
Cash at bank and in hand		245,316	889,124
		<u>949,275</u>	<u>1,050,151</u>
CREDITORS			
Amounts falling due within one year	9	420,792	374,988
		<u>528,483</u>	<u>675,163</u>
NET CURRENT ASSETS			
		<u>528,483</u>	<u>675,163</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>537,214</u>	<u>696,182</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account	12	536,214	695,182
		<u>537,214</u>	<u>696,182</u>
SHAREHOLDERS' FUNDS		<u>537,214</u>	<u>696,182</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 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


.....
R D Kiefer - Director

Approved by the Board on 19 May 04

The notes form part of these financial statements

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Accounting convention

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

Tangible fixed assets

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

Stocks

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

Deferred tax

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

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.

Hire purchase and leasing commitments

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

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and loss (2002 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2003	2002
United Kingdom	17.65%	37.38%
European Union	33.06%	16.71%
Other European	33.16%	45.91%
Far East and Asia	16.13%	0.00%
	<u>100.00%</u>	<u>100.00%</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2003**

3. OPERATING (LOSS)/PROFIT

The operating loss (2002 - operating profit) is stated after charging/(crediting):

	2003	2002
	£	£
Depreciation - owned assets	2,909	3,249
Loss on disposal of fixed assets	-	4,926
Auditors remuneration	4,500	5,655
Foreign exchange differences	(7,037)	33,046
Pension costs	-	31,094
	<u><u>65,768</u></u>	<u><u>99,752</u></u>
Directors' emoluments and other benefits etc	<u><u>65,768</u></u>	<u><u>99,752</u></u>

4. AMOUNTS WRITTEN OFF INVESTMENTS

	2003	2002
	£	£
Provision in the year	<u><u>18,836</u></u>	<u><u>-</u></u>

5. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2003	2002
	£	£
Current tax:		
UK corporation tax	(20,999)	21,103
Deferred tax	<u><u>(11,000)</u></u>	<u><u>-</u></u>
Tax on (loss)/profit on ordinary activities	<u><u>(31,999)</u></u>	<u><u>21,103</u></u>

At the balance sheet date the company had available unutilised tax losses sufficient to extinguish liability to taxation on future profits from the same trade amounting to approximately £56,000. This represents a deferred tax asset amounting to approximately £11,000 which has been recognised in the period.

MARKETING & PROMOTIONAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2003**

6. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2003	8,077	31,973	40,050
Additions	-	1,891	1,891
At 31 December 2003	8,077	33,864	41,941
DEPRECIATION			
At 1 January 2003	7,449	22,853	30,302
Charge for year	157	2,752	2,909
At 31 December 2003	7,606	25,605	33,211
NET BOOK VALUE			
At 31 December 2003	471	8,259	8,730
At 31 December 2002	628	9,120	9,748

7. FIXED ASSET INVESTMENTS

	Interest in joint venture £
COST	
At 1 January 2003	11,270
Additions	11,216
Exchange differences	(3,649)
At 31 December 2003	18,837
PROVISIONS	
Provision for year	18,836
At 31 December 2003	18,836
NET BOOK VALUE	
At 31 December 2003	1
At 31 December 2002	11,270

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

7. FIXED ASSET INVESTMENTS - continued

The company owns 8% of the issued equity share capital of Promotional Cutting Edge Sdn Bhd, a company incorporated in Malaysia and which is involved in the business of sales promotion. That business is conducted through its wholly owned subsidiary company, Extra Sensory Promotion Sdn Bhd which also is incorporated in Malaysia.

The investment comprises 8 ordinary shares of 1 Malaysian Ringgit each, acquired at a cost of £2, together with an investment loan of US\$33,500 which, translated at the prevailing year end exchange rate, amounts to £18,835.

In the opinion of the directors, in view of the minimal progress in market penetration achieved to date, the investment is of no value at the balance sheet date. Accordingly, provision has been made in full against the value of the investment.

8. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Trade debtors	469,892	66,511
Other debtors	90,180	60,453
	<u>560,072</u>	<u>126,964</u>
Amounts falling due after more than one year:		
Other debtors	11,000	-
	<u>11,000</u>	<u>-</u>
Aggregate amounts	<u>571,072</u>	<u>126,964</u>

Other debtors due in more than one year represents a deferred tax asset, see Note 4 above.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	391,252	288,173
Taxation and social security	10,715	34,215
Other creditors	18,825	52,600
	<u>420,792</u>	<u>374,988</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

10. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	2003 £	2002 £
Expiring:		
Within one year	4,500	-
Between one and five years	-	6,008
	<u>4,500</u>	<u>6,008</u>

11. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2003 £	2002 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

12. RESERVES

	Profit and loss account £
At 1 January 2003	695,183
Deficit for the year	(158,969)
At 31 December 2003	<u>536,214</u>

13. TRANSACTIONS WITH DIRECTORS

The following loan to a director subsisted during the year ended 31 December 2003:

	£
Mrs G F Kiefer	
Balance outstanding at start of year	3,100
Balance outstanding at end of year	-
Maximum balance outstanding during year	<u>3,100</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

14. RELATED PARTY DISCLOSURES

Controlling party

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

Saple International Limited

Mr W To owns 45% of the company's issued equity share capital and he is also the majority shareholder of Saple International Limited, incorporated in Hong Kong, which is a principal supplier to the company.

In the year under review the company purchased goods at a cost of £347,557 and consultancy services at a cost of £112,821 from Saple International Limited. Such goods and services were purchased on normal commercial terms at prevailing market prices. At the balance sheet date amounts due to Saple International Limited in these regards totalled £223,910.

Konborn Enterprises Limited

Mr W To has a minority interest in Konborn Enterprises Limited, incorporated in China, which is a supplier to the company. In the year under review the company purchased goods at a cost of £16,016 from Konborn Enterprises Limited. At the balance sheet date no amounts were outstanding in this regard.

Extra Sensory Promotions Limited

By virtue of its investment in Promotional Cutting Edge Sdn Bhd (see note x above) the company has an interest in Extra Sensory Promotion Sdn Bhd. Mr R D Kiefer also holds a minority interest in Promotional Cutting Edge Sdn Bhd.

In the year under review the company sold goods to a value of £39,008 to Extra Sensory Promotions Sdn Bhd. At the balance sheet date no amounts were outstanding in this regard.

Serviced Property and Asset Management Limited

The company leases equipment and office premises from Serviced Property & Asset Management Limited a company in which Mr R D Kiefer and Mrs G F Kiefer are directors and shareholders. In the year under review the company was charged amounts totalling £13,200, excluding VAT, for such services and at the balance sheet date amounts outstanding and due by the company in these regards totalled £2,410. The company has paid a lease deposit amounting to £12,000 to Serviced Property & Asset Management Limited and this amount is due to the company on expiry of the lease.

The company provides management services to Serviced Property & Asset Management Limited and in this respect charged amounts totalling £7,000 for such services in the year under review. That amount was outstanding and due to the company at the balance sheet date.

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

Marketing & Promotional Services New Zealand Limited

Marketing & Promotional Services New Zealand Limited is a company incorporated in New Zealand and in which R D Kiefer has a 15% equity interest. In past years the company provided management and support services to Marketing & Promotional Services New Zealand Limited and at the balance sheet date amounts totalling £16,000 were due to the company in this regard.

Finger Foods Limited

Finger Foods Limited is a company incorporated in England and in which Mr R D Kiefer has a 55% equity interest. In the year under review the company made a short term interest free loan amounting to £57,143 to Finger Foods Limited and this loan was repaid in full during the year.

The company also paid rent amounting to £3,265 for Finger Foods Limited and this remained due to the company at the balance sheet date. In addition, the company received monies totalling £5,598 on behalf of Finger Foods Limited and this remained due by the company at the balance sheet date.