

**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004
FOR
MARKETING & PROMOTIONAL SERVICES LIMITED 2660610**



MARKETING & PROMOTIONAL SERVICES LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Page
Company Information	1
Report of the Directors	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	6
Chartered Accountants' Report	14
Trading and Profit and Loss Account	15

MARKETING & PROMOTIONAL SERVICES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2004**

DIRECTORS:

R D Kiefer
Mrs G F Kiefer

SECRETARY:

Serviced Property And Asset Management
Limited

REGISTERED OFFICE:

Century House
19 High Street
Marlow
Buckinghamshire
SL7 1AU

REGISTERED NUMBER:

02660610

ACCOUNTANTS:

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 2004

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

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:

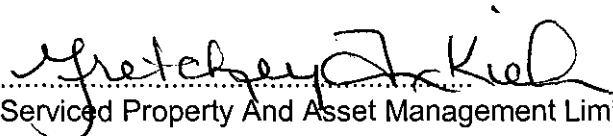
R D Kiefer
Mrs G F Kiefer

The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
Ordinary £1 shares		
R D Kiefer	250	250
Mrs G F Kiefer	200	200

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:


.....
Served Property And Asset Management Limited - Secretary

Date: 1 Sept 05.....

MARKETING & PROMOTIONAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
TURNOVER	2	3,379,375	1,231,447
Cost of sales		<u>2,600,373</u>	<u>776,549</u>
GROSS PROFIT		779,002	454,898
Administrative expenses		<u>713,399</u>	<u>643,339</u>
		65,603	(188,441)
Other operating income		<u>8,501</u>	<u>8,763</u>
OPERATING PROFIT/(LOSS)	3	74,104	(179,678)
Interest receivable and similar income		<u>1,480</u>	<u>8,503</u>
		75,584	(171,175)
Amounts written off investments	4	<u>3,743</u>	<u>18,836</u>
		71,841	(190,011)
Interest payable and similar charges		<u>7,810</u>	<u>957</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		64,031	(190,968)
Tax on profit/(loss) on ordinary activities	5	<u>13,596</u>	<u>(31,999)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		50,435	(158,969)
RETAINED PROFIT/(DEFICIT) FOR THE YEAR		<u>50,435</u>	<u>(158,969)</u>

The notes form part of these financial statements

MARKETING & PROMOTIONAL SERVICES LIMITED

BALANCE SHEET 31 DECEMBER 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	6	6,207	8,730
Investments	7	<u>128,262</u>	<u>1</u>
		134,469	8,731
CURRENT ASSETS			
Stocks		342,047	132,887
Debtors	8	1,220,036	571,072
Cash at bank and in hand		<u>308,864</u>	<u>245,316</u>
		1,870,947	949,275
CREDITORS			
Amounts falling due within one year	9	<u>1,309,142</u>	<u>420,792</u>
NET CURRENT ASSETS		<u>561,805</u>	<u>528,483</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		696,274	537,214
CREDITORS			
Amounts falling due after more than one year	10	<u>108,625</u>	<u>-</u>
		<u>587,649</u>	<u>537,214</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account	14	<u>586,649</u>	<u>536,214</u>
SHAREHOLDERS' FUNDS		<u>587,649</u>	<u>537,214</u>

The notes form part of these financial statements

MARKETING & PROMOTIONAL SERVICES LIMITED

**BALANCE SHEET - continued
31 DECEMBER 2004**

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 December 2004.

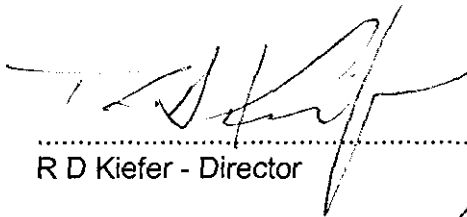
The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2004 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year 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 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 15/10/05

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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.

Plant and machinery etc - 25% on 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.

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.

Reclassification of costs

In the year under review the directors have reconsidered the classification of certain business development costs previously included in Cost of Sales and have concluded that they are more appropriately classified as Marketing costs. Accordingly, amounts totalling £170,960 (2003: £153,002) have been so classified and the comparative information has been restated to reflect the change.

2. TURNOVER

The turnover and profit (2003 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2004	2003
United Kingdom	33.96%	17.65%
European Union	2.32%	33.06%
Other	63.72%	49.29%
	<u>100.00%</u>	<u>100.00%</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2004

3. OPERATING PROFIT/(LOSS)

The operating profit (2003 - operating loss) is stated after charging/(crediting):

	2004 £	2003 £
Depreciation - owned assets	2,170	2,909
Loss on disposal of fixed assets	1,216	-
Auditors remuneration	-	4,500
Foreign exchange differences	<u>2,243</u>	<u>(7,037)</u>
Directors' emoluments and other benefits etc	<u>65,863</u>	<u>65,768</u>

4. AMOUNTS WRITTEN OFF INVESTMENTS

	2004 £	2003 £
Provision in the year	<u>3,743</u>	<u>18,836</u>

5. TAXATION

Analysis of the tax charge/(credit)

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

	2004 £	2003 £
Current tax:		
UK corporation tax	2,700	(20,999)
Adjustment for prior year	<u>(104)</u>	<u>-</u>
Total current tax	2,596	(20,999)
Deferred tax	<u>11,000</u>	<u>(11,000)</u>
Tax on profit/(loss) on ordinary activities	<u>13,596</u>	<u>(31,999)</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004**

6. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2004	8,077	33,864	41,941
Additions	-	686	686
Disposals	<u>(205)</u>	<u>(8,904)</u>	<u>(9,109)</u>
At 31 December 2004	<u>7,872</u>	<u>25,646</u>	<u>33,518</u>
DEPRECIATION			
At 1 January 2004	7,606	25,605	33,211
Charge for year	111	2,059	2,170
Eliminated on disposal	<u>(177)</u>	<u>(7,893)</u>	<u>(8,070)</u>
At 31 December 2004	<u>7,540</u>	<u>19,771</u>	<u>27,311</u>
NET BOOK VALUE			
At 31 December 2004	<u>332</u>	<u>5,875</u>	<u>6,207</u>
At 31 December 2003	<u>471</u>	<u>8,259</u>	<u>8,730</u>

7. FIXED ASSET INVESTMENTS

	Interest in associate undertakings £	Interest in joint venture £	Totals £
COST			
At 1 January 2004	-	18,836	18,836
Additions	<u>117,354</u>	<u>14,651</u>	<u>132,005</u>
At 31 December 2004	<u>117,354</u>	<u>33,487</u>	<u>150,841</u>
PROVISIONS			
At 1 January 2004	-	18,836	18,836
Provision for year	<u>-</u>	<u>3,743</u>	<u>3,743</u>
At 31 December 2004	<u>-</u>	<u>22,579</u>	<u>22,579</u>
NET BOOK VALUE			
At 31 December 2004	<u>117,354</u>	<u>10,908</u>	<u>128,262</u>
At 31 December 2003	<u>-</u>	<u>-</u>	<u>-</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2004

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 investment loans totalling US\$38,500, a total sterling equivalent investment of £21,649.

In view of the minimal progress in market penetration achieved to date the company was closed during the year under review. In the opinion of the directors, no recovery of the loans will be forthcoming and the investment is of no value at the balance sheet date. Accordingly, provision has been made in full against the value of the investment.

In the year under review the company made an investment loan of US\$21,053 to MAPS Asia, a company incorporated in Malaysia. Since the balance sheet, this loan has been converted to an 80% equity interest in the company.

Also in the year under review, the company acquired 287 Ordinary shares of £1 each in Serviced Property and Asset Management Limited, representing a 38.94% equity interest. That company is registered in England and trades as a lessor of property and equipment. At 31 December 2004 its total capital and reserves amounted to £13,731 and in the year then ended it achieved a post tax profit amounting to £19,495.

8. DEBTORS

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	1,187,655	469,892
Other debtors	<u>32,381</u>	<u>90,180</u>
	<u>1,220,036</u>	<u>560,072</u>
Amounts falling due after more than one year:		
Other debtors	<u>-</u>	<u>11,000</u>
Aggregate amounts	<u>1,220,036</u>	<u>571,072</u>

Other debtors due in more than one year represents a deferred tax asset.

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2004**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Bank loans and overdrafts	5,070	-
Trade creditors	1,225,142	391,252
Taxation and social security	43,590	10,715
Other creditors	<u>35,340</u>	<u>18,825</u>
	<u>1,309,142</u>	<u>420,792</u>

The bank loan represents amounts due to Barclays Bank PLC. The loan is payable over a 15 year period ending May 2019, by way of monthly instalments initially at the rate of £991 per month, and bears interest at 2.2% over Barclays Bank PLC Base Rate. Interest is charged quarterly and the periodic repayments are subject to annual review to take account of interest rate fluctuations.

The loan is secured by way of fixed and floating charges over the whole of the assets and undertaking of the company and by way of a cross guarantee and debenture provided by Serviced Property and Asset Management Limited.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Bank loans	<u>108,625</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>84,942</u>	<u>-</u>

11. OPERATING LEASE COMMITMENTS

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

	2004	2003
	£	£
Expiring:		
Within one year	<u>-</u>	<u>4,500</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	2004	2003
	£	£
Bank loans	<u>113,695</u>	<u>-</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2004**

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:		Nominal value:	2004	2003
Number:	Class:		£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

14. RESERVES

	Profit and loss account £
At 1 January 2004	536,214
Retained profit for the year	<u>50,435</u>
At 31 December 2004	<u>586,649</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2004

15. 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 £1,516,270 and consultancy services at a cost of £98,960 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 £718,139.

Extra Sensory Promotions Limited

By virtue of its investment in Promotional Cutting Edge Sdn Bhd (see note 7 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 settled expenditure totalling £519 in respect of services provided to Extra Sensory Promotions Sdn Bhd on behalf of that company. At the balance sheet date the amount had been written off in view of the company's closure.

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 £26,275 excluding VAT, for such services and at the balance sheet date amounts outstanding and due by the company in these regards totalled £11,205 including VAT. 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. Amounts totalling £2,056 were outstanding and due to the company in this respect at the balance sheet date.

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2004

15. RELATED PARTY DISCLOSURES (CONTINUED)

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 £690 were due to the company in this regard.

In the year under review the company bore expenditure totalling £3,934 in respect of services provided to Marketing & Promotional Services New Zealand Limited on behalf of that company.

Finger Foods Limited

In the year under review the company settled expenditure totalling £118 in respect of services provided to Finger Foods Limited, a company controlled by Mr R D Kiefer, on behalf of that company. At the balance sheet date that amount was outstanding and due to the company.