

**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
FOR
MARKETING & PROMOTIONAL SERVICES LIMITED 2660610**



MARKETING & PROMOTIONAL SERVICES LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

	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	13
Trading and Profit and Loss Account	14

MARKETING & PROMOTIONAL SERVICES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2005**

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 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

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 2005 in the issued share capital of the company were as follows:

	31.12.05	1.1.05
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:


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

Date: 12 Jan 2006
.....

MARKETING & PROMOTIONAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
TURNOVER	2	3,816,691	3,379,375
Cost of sales		<u>2,875,189</u>	<u>2,600,373</u>
GROSS PROFIT		941,502	779,002
Administrative expenses		<u>770,184</u>	<u>713,399</u>
		171,318	65,603
Other operating income		<u>2,000</u>	<u>8,501</u>
OPERATING PROFIT	4	173,318	74,104
Profit/loss on sale of invest		<u>750</u>	-
		174,068	74,104
Interest receivable and similar income		<u>9,677</u>	<u>1,480</u>
		183,745	75,584
Amounts written off investments	5	<u>-</u>	<u>3,743</u>
		183,745	71,841
Interest payable and similar charges		<u>7,770</u>	<u>7,810</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		175,975	64,031
Tax on profit on ordinary activities	6	<u>34,198</u>	<u>13,596</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		141,777	50,435
RETAINED PROFIT FOR THE YEAR		<u>141,777</u>	<u>50,435</u>

The notes form part of these financial statements

MARKETING & PROMOTIONAL SERVICES LIMITED

BALANCE SHEET 31 DECEMBER 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	10,919	6,207
Investments	8	124,171	128,262
		<u>135,090</u>	<u>134,469</u>
CURRENT ASSETS			
Stocks		193,416	342,047
Debtors	9	594,104	1,220,036
Cash at bank and in hand		620,434	308,864
		<u>1,407,954</u>	<u>1,870,947</u>
CREDITORS			
Amounts falling due within one year	10	708,848	1,309,142
NET CURRENT ASSETS		<u>699,106</u>	<u>561,805</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>834,196</u>	<u>696,274</u>
CREDITORS			
Amounts falling due after more than one year	11	(104,021)	(108,625)
PROVISIONS FOR LIABILITIES	13	(750)	-
NET ASSETS		<u><u>729,425</u></u>	<u><u>587,649</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Profit and loss account	15	728,425	586,649
SHAREHOLDERS' FUNDS		<u><u>729,425</u></u>	<u><u>587,649</u></u>

The notes form part of these financial statements

MARKETING & PROMOTIONAL SERVICES LIMITED

BALANCE SHEET - continued 31 DECEMBER 2005

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 December 2005.

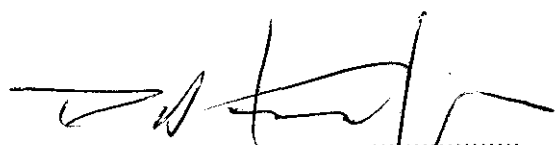
The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2005 in accordance with Section 249B(2) of the Companies Act 1985.

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 January 2005).

ON BEHALF OF THE BOARD:



.....
R D Kiefer - Director

Approved by the Board on 1st June 2006

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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 January 2005).

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.

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 profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2005	2004
United Kingdom	50.99%	33.96%
European Union	3.31%	2.32%
Other	45.70%	63.72%
	<u>100.00%</u>	<u>100.00%</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2005

3. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	318,725	315,870
Social security costs	32,087	30,483
Other pension costs	30,996	-
	<u>381,808</u>	<u>346,353</u>

In the year under review, the company made single premium contributions totalling £30,996 to the directors' money purchase pension scheme.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2005	2004
	£	£
Depreciation - owned assets	3,639	2,170
Loss on disposal of fixed assets	675	1,216
Foreign exchange differences	<u>75,577</u>	<u>2,243</u>
Directors' emoluments	<u>69,977</u>	<u>65,863</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>-</u>
------------------------	----------	----------

5. AMOUNTS WRITTEN OFF INVESTMENTS

	2005	2004
	£	£
Provision in the year	<u>-</u>	<u>3,743</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2005

6. TAXATION

Analysis of the tax charge

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

	2005 £	2004 £
Current tax:		
UK corporation tax	33,448	2,700
Adjustment for prior year	-	(104)
Total current tax	33,448	2,596
Deferred tax	750	11,000
Tax on profit on ordinary activities	34,198	13,596

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2005	7,872	25,645	33,517
Additions	-	9,028	9,028
Disposals	-	(3,930)	(3,930)
At 31 December 2005	7,872	30,743	38,615
DEPRECIATION			
At 1 January 2005	7,540	19,772	27,312
Charge for year	83	3,556	3,639
Eliminated on disposal	-	(3,255)	(3,255)
At 31 December 2005	7,623	20,073	27,696
NET BOOK VALUE			
At 31 December 2005	249	10,670	10,919
At 31 December 2004	332	5,873	6,205

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2005

8. FIXED ASSET INVESTMENTS

	Interest in associate undertakings £	Interest in joint venture £	Totals £
COST			
At 1 January 2005	117,354	33,487	150,841
Disposals	-	(4,091)	(4,091)
At 31 December 2005	117,354	29,396	146,750
PROVISIONS			
At 1 January 2005 and 31 December 2005	-	22,579	22,579
NET BOOK VALUE			
At 31 December 2005	117,354	6,817	124,171
At 31 December 2004	117,354	10,908	128,262

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 by the company it was closed in 2004. 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, in 2004 provision was made in full against the value of the investment.

In the preceding year the company made an investment loan of US\$21,053 to MAPS Asia, a company incorporated in Malaysia. In the year under review this loan was converted to an 80% equity interest in the company. Subsequently, following the sale in the year under review of a part of the company's interest, this investment was reduced to a 50% equity interest.

The company owns a 38.94% equity interest in the share capital of Serviced Property and Asset Management Limited. That company is registered in England and trades as a lessor of property and equipment. At 31 December 2005 its total capital and reserves amounted to £32,612 and in the year then ended it achieved a post tax profit amounting to £18,881.

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2005**

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade debtors	517,054	1,187,655
Other debtors	<u>77,050</u>	<u>32,381</u>
	<u>594,104</u>	<u>1,220,036</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Bank loans and overdrafts	5,487	5,070
Trade creditors	611,779	1,225,142
Taxation and social security	50,185	43,590
Other creditors	<u>41,397</u>	<u>35,340</u>
	<u>708,848</u>	<u>1,309,142</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.

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

	2005	2004
	£	£
Bank loans	<u>104,021</u>	<u>108,625</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instalments	<u>78,483</u>	<u>84,942</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	2005	2004
	£	£
Bank loans	<u>109,508</u>	<u>113,695</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2005

13. PROVISIONS FOR LIABILITIES

	2005 £	2004 £
Deferred tax	<u>750</u>	<u>-</u>
Accelerated capital allowances		<u>Deferred tax £ 750</u>
Balance at 31 December 2005		<u>750</u>

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2005 £	2004 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

15. RESERVES

	Profit and loss account £
At 1 January 2005	586,648
Retained profit for the year	<u>141,777</u>
At 31 December 2005	<u>728,425</u>

MARKETING & PROMOTIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2005

16. RELATED PARTY DISCLOSURES

Controlling party

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

Saple International Limited

Mr W To owns 46.5% 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 £1,140,282 and consultancy services at a cost of £86,548 from Saple International Limited. Such goods and services were purchased on normal commercial terms at prevailing market prices. The company is charged interest on late settlement of invoices for such matters and receives interest for early settlement. In the year under review the net amount of interest receivable totalled £2,465.

At the balance sheet date amounts due to Saple International Limited in these regards totalled £402,350.

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.

Serviced Property and Asset Management Limited

The company leases 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 £31,500 excluding VAT for such services and, at the balance sheet date, amounts outstanding and due by the company in these regards totalled £7,875. 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 £2,000 excluding VAT for such services in the year under review. At the balance sheet date this amount was outstanding and due to the company.

Finger Foods Limited

In the prior year 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 remained outstanding and due to the company.