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VIRGIN RECORDS LIMITED

ACCOUNTS

31 JULY 1988



VIRGIN RECORDS LIMITED
ANNUAL REPORT AND STATEMENT OF ACCOUNTS
for the year ended 31 July 1988

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VIRGIN RECORDS LIMITED

Report of the Directors

The Directors present their annual report and the audited accounts for the year ended 31 July 1988.

RESULTS

The results for the year are set out on page 4.

PRINCIPAL ACTIVITIES

The Company is engaged in the production of popular music by exploiting the copyright of recordings and videos relating to rights obtained through contracts made with artistes.

BUSINESS REVIEW

The Company's turnover was £56.1m for the year. This achievement was a result of establishing new artistes and continuing the development of existing signings. Both the level of business and the year end financial position were satisfactory and the Directors expect that the present level of activity will be sustained in the foreseeable future.

DIVIDENDS

Dividends paid and proposed were £7,137,709 (1987 - Nil).

DIRECTORS

The Directors of the company during the year were:

R C N Branson
K M Berry
J S Draper
S G Lewis
J Webster
T Lyster
S M Macleod
W R Richardson

/...

VIRGIN RECORDS LIMITEDReport of the Directors

DIRECTORS (contd...)

None of the directors had an interest in the shares of the Company during the period other than as a result of an interest in the shares of the then ultimate holding company Virgin Group Limited. The interests of Mr Branson, Mr Draper and Mr Berry are disclosed in that company's accounts. The holdings of other directors in Virgin Group Limited at 31 July 1988 including shares allocated under the Virgin Group Profit Share Scheme are indicated below:

S G Lewis	6697
J Webster	3000
T Lyster	5721
S M Macleod	6298
W R Richardson	889

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no contributions made for political or charitable purposes.

MOVEMENTS IN FIXED ASSETS

The movements in fixed assets during the period are set out in note 10 to the accounts.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution to reappoint the auditors, Peat Marwick McLintock, will be proposed at the annual general meeting.

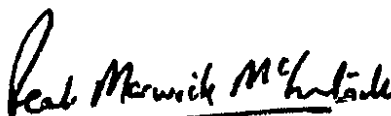
VIRGIN RECORDS LIMITED

REPORT OF THE AUDITORS
TO THE MEMBERS OF VIRGIN RECORDS LIMITED

We have audited the accounts set out on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the Company at 31 July 1988 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

1 Puddle Dock
Blackfriars
LONDON EC4V 3PD


Peat Marwick McLintock
Chartered Accountants

8 February 1989

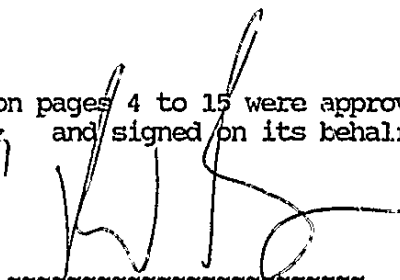
VIRGIN RECORDS LIMITEDProfit and loss accountfor the year ended 31 July 1988

	<u>Notes</u>	Year ended 31 July <u>1988</u> £	Year ended 31 July <u>1987</u> £
Turnover	1f) & 2	56,127,301	54,712,326
Cost of sales		(42,802,760)	(40,029,936)
		~~~~~	~~~~~
Gross profit		13,324,541	14,682,390
Distribution costs		(2,179,068)	(1,787,095)
Administrative expenses		(7,094,709)	(5,497,045)
		~~~~~	~~~~~
Operating profit		4,050,764	7,398,250
Interest receivable and similar income	3	130,784	238,207
Interest payable and similar charges	4	(2,217,904)	(1,105,791)
Income from shares in group companies		2,460,000	-
		~~~~~	~~~~~
Profit on ordinary activities before tax	5	4,423,644	6,530,666
Tax on profit on ordinary activities	6	(727,549)	(2,354,801)
		~~~~~	~~~~~
Profit for the financial period		3,696,095	4,175,865
Dividend	7	(7,137,709)	-
		~~~~~	~~~~~
Retained (loss)/profit for the financial period		(3,441,614)	4,175,865
Retained profit brought forward		7,728,045	3,552,180
		~~~~~	~~~~~
Retained profit carried forward		<u>4,286,431</u>	<u>7,728,045</u>

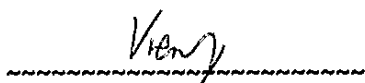
VIRGIN RECORDS LIMITEDBalance sheet at 31 July 1988

	<u>Notes</u>	£	31 July <u>1988</u> £	31 July <u>1987</u> £
FIXED ASSETS				
Tangible assets	10		1,022,456	819,272
Investments	11		331,133	181,133
			<u>1,353,589</u>	<u>1,000,405</u>
CURRENT ASSETS				
Stocks	12	1,329,380		1,693,284
Debtors	13	43,680,633		33,925,082
Cash at bank and in hand		3,319,340		29,179
		<u>48,329,353</u>		<u>35,647,545</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(45,380,403)		(28,492,440)
NET CURRENT ASSETS			<u>2,948,950</u>	<u>7,155,105</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,302,539	8,155,510
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	-	-	(414,303)
PROVISIONS FOR LIABILITIES AND CHARGES	16		(6,108)	(3,162)
			<u>4,296,431</u>	<u>7,738,045</u>
CAPITAL AND RESERVES				
Called up share capital	17		10,000	10,000
Profit & loss account			4,286,431	7,728,045
			<u>4,296,431</u>	<u>7,738,045</u>

The accounts on pages 4 to 15 were approved by the Board of Directors on
 7 February 1989 and signed on its behalf by:



~~~~~  
 DIRECTORS



VIRGIN RECORDS LIMITEDStatement of source and application of funds  
for the year ended 31 July 1988

|                                                                                  |           | Year ended<br>31 July<br>1988<br>£ | Year ended<br>31 July<br>1987<br>£ |
|----------------------------------------------------------------------------------|-----------|------------------------------------|------------------------------------|
| SOURCE OF FUNDS                                                                  |           |                                    |                                    |
| Profit before tax                                                                |           | 4,423,644                          | 6,530,666                          |
| Adjustments for items not involving<br>the movement of funds:-                   |           |                                    |                                    |
| Depreciation of tangible fixed assets                                            | 308,570   |                                    | 225,317                            |
| Loss on sale of tangible fixed assets                                            | 23,110    |                                    | 40,727                             |
| Hire purchase interest payable                                                   | 10,959    |                                    | 5,657                              |
|                                                                                  | ~~~~~     | 342,639                            | 271,701                            |
| Total generated from operations                                                  |           | 4,766,283                          | 6,802,367                          |
| Funds from other sources                                                         |           |                                    |                                    |
| Sale proceeds of fixed assets                                                    | 191,560   |                                    | 199,687                            |
| Increase in creditors due after more<br>than one year                            | -         |                                    | 400,000                            |
| Net increase in assets acquired under<br>hire purchase agreements                | -         |                                    | 28,311                             |
|                                                                                  | ~~~~~     | 191,560                            | 627,998                            |
|                                                                                  |           | 4,957,843                          | 7,430,365                          |
| APPLICATION OF FUNDS                                                             |           |                                    |                                    |
| Investments                                                                      | 150,000   |                                    | 80,100                             |
| Taxation paid and group relief                                                   | 1,745,813 |                                    | 4,943,989                          |
| Purchase of fixed assets                                                         | 726,424   |                                    | 706,314                            |
| Repayment of hire purchase creditors                                             | 91,089    |                                    | -                                  |
| Dividend paid                                                                    | 7,137,709 |                                    | -                                  |
| Decrease in creditors due after more<br>than one year                            | 400,000   |                                    | -                                  |
|                                                                                  | ~~~~~     | 10,251,035                         | 5,730,403                          |
| (DECREASE)/INCREASE IN WORKING CAPITAL                                           |           | (5,293,192)                        | 1,699,962                          |
| (DECREASE)/INCREASE IN WORKING CAPITAL                                           |           |                                    |                                    |
| Stocks                                                                           |           | (363,904)                          | 886,025                            |
| Debtors                                                                          |           | 9,755,551                          | 11,321,633                         |
| Creditors due within one year<br>excluding taxation, dividends<br>and overdrafts |           | (18,294,433)                       | (8,242,631)                        |
|                                                                                  |           | (8,902,786)                        | 3,965,027                          |
| Movements in net liquid funds:                                                   |           |                                    |                                    |
| Bank and cash balances                                                           |           | 3,609,594                          | (2,265,065)                        |
|                                                                                  |           | (5,293,192)                        | 1,699,962                          |



VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 1. ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts.

## a) Basis of accounting

The accounts have been prepared under the historical cost convention.

Group accounts have not been prepared as Virgin Records Limited is a wholly owned subsidiary of another U.K. company.

## b) Depreciation

Depreciation of fixed assets is provided on a straight line basis applied to original cost at rates estimated to write off each asset over its remaining useful life. For the purposes of calculating depreciation, the effective useful lives of the classes of assets currently held by the Company are as follows:

|                    |         |
|--------------------|---------|
| Motor vehicles     | 4 years |
| Plant and fixtures | 4 years |

## c) Stocks

Stocks are valued at the lower of cost and net realisable value.

## d) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities expressed in foreign currencies are translated to sterling at the exchange rate ruling at the balance sheet date.

## e) Deferred taxation

Deferred taxation, using the liability method, is provided at the rates of corporation tax which are expected to apply when the tax is estimated to be payable on all timing differences except those which are considered will continue for the foreseeable future.

## f) Turnover

Turnover represents royalties receivable and amounts receivable for goods and services supplied to outside customers, excluding value added tax.

VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 1. ACCOUNTING POLICIES (contd...)

## g) Royalties

Royalties receivable and payable are included on an accruals basis calculated on sales arising during the accounting year. Royalty advances paid are carried forward to the extent that it is estimated that sufficient future royalties or income will be earning for recoupment of such advances. Any unrecouped royalty advances received under licensee agreements are recognised as income in the period in which such agreements expire.

## h) Recording, production and developments costs

Recording, production and development costs in adding to the catalogue of recorded music are written off as incurred.

## i) Leased plant and equipment

Where plant and equipment is acquired by leasing arrangements and hire purchase agreements which give rights approximating to ownership the assets are capitalised at an amount representing the equivalent outright purchase price of such assets and included in tangible assets. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the leases in proportion to the balances outstanding.

## 2. TURNOVER

|                                               | Year ended<br>31 July 1988 | Year ended<br>31 July 1987 |
|-----------------------------------------------|----------------------------|----------------------------|
| Analysis of turnover by<br>geographical area: |                            |                            |
|                                               | £                          | £                          |
| United Kingdom                                | 37,923,052                 | 34,079,400                 |
| Other than U.K.                               | 18,204,249                 | 20,632,926                 |
|                                               | <u>56,127,301</u>          | <u>54,712,326</u>          |

VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 3. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable comprises the following:

|                                          | Year ended<br>31 July 1988<br>£ | Year ended<br>31 July 1987<br>£ |
|------------------------------------------|---------------------------------|---------------------------------|
| Interest receivable from Group companies | --                              | 68,131                          |
| Other interest                           | 130,784                         | 170,076                         |
|                                          | ~~~~~                           | ~~~~~                           |
|                                          | <u>130,784</u>                  | <u>238,207</u>                  |

## 4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable comprises the following:

|                                      | Year ended<br>31 July 1988<br>£ | Year ended<br>31 July 1987<br>£ |
|--------------------------------------|---------------------------------|---------------------------------|
| Interest on hire purchase agreements | 10,959                          | 5,657                           |
| Interest on other loans              | 110,264                         | 91,552                          |
| Group Interest                       | 2,096,681                       | 1,008,582                       |
|                                      | ~~~~~                           | ~~~~~                           |
|                                      | <u>2,217,904</u>                | <u>1,105,791</u>                |

## 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit on ordinary activities before tax  
is stated after charging:

|                                       | Year ended<br>31 July 1988<br>£ | Year ended<br>31 July 1987<br>£ |
|---------------------------------------|---------------------------------|---------------------------------|
| Depreciation of tangible fixed assets | 308,570                         | 225,317                         |
| Hire of plant and machinery           | 13,582                          | 25,817                          |
| Auditors' remuneration                | 40,400                          | 26,200                          |
| Directors' emoluments (see below)     | 342,199                         | 236,602                         |

VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is comprised of:

|                                                                    | Year ended<br>31 July 1988<br>£ | Year ended<br>31 July 1987<br>£ |
|--------------------------------------------------------------------|---------------------------------|---------------------------------|
| Corporation Tax @ 35% (1987 : 35%)<br>on the profit for the period | 724,603                         | 2,351,992                       |
| Overseas taxation                                                  | 267,539                         | 207,379                         |
| Double tax relief                                                  | (267,539)                       | (207,379)                       |
| Deferred taxation                                                  | 2,946                           | 2,809                           |
|                                                                    | ~~~~~                           | ~~~~~                           |
|                                                                    | <u>727,549</u>                  | <u>2,354,801</u>                |

## 7. DIVIDEND

|                         | Year ended<br>31 July 1988<br>£ | Year ended<br>31 July 1987<br>£ |
|-------------------------|---------------------------------|---------------------------------|
| Interim dividends paid  | 4,677,709                       | -                               |
| Final dividend proposed | 2,460,000                       | -                               |
|                         | ~~~~~                           | ~~~~~                           |
|                         | <u>7,137,709</u>                | <u>-</u>                        |

## 8. EMPLOYEE INFORMATION

a) The average number of persons employed by the Company during the year was as below:

|                | Year ended<br>31 July 1988 | Year ended<br>31 July 1987 |
|----------------|----------------------------|----------------------------|
| Selling        | 38                         | 34                         |
| Production     | 61                         | 58                         |
| Administration | 67                         | 56                         |
|                | ~~~~~                      | ~~~~~                      |
|                | <u>166</u>                 | <u>148</u>                 |

b) The aggregate payroll costs of these persons were as follows:

|                       | Year ended<br>31 July 1988<br>£ | Year ended<br>31 July 1987<br>£ |
|-----------------------|---------------------------------|---------------------------------|
| Wages and salaries    | 2,778,781                       | 2,280,612                       |
| Social security costs | 431,550                         | 224,892                         |
|                       | ~~~~~                           | ~~~~~                           |
|                       | <u>3,210,331</u>                | <u>2,505,504</u>                |

VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 8. EMPLOYEE INFORMATION (contd...)

The number of employees of the Company, excluding directors, whose emoluments, excluding pension contributions, exceeded £30,000 in the year were as follows:

|                   | Year ended<br>31 July 1988 | Year ended<br>31 July 1987 |
|-------------------|----------------------------|----------------------------|
| £30,001 - £35,000 | 3                          | 8                          |
| £35,001 - £40,000 | 4                          |                            |

## 9. DIRECTORS' EMOLUMENTS

The emoluments of the directors, including pension contributions, were as follows:

|                         | Year ended<br>31 July 1988<br>£ | Year ended<br>31 July 1987<br>£ |
|-------------------------|---------------------------------|---------------------------------|
| For management services | <u>342,199</u>                  | <u>236,602</u>                  |

Directors' emoluments, excluding pension contributions, were as follows:

|                                         |        |        |
|-----------------------------------------|--------|--------|
| Emoluments of the Chairman              | Nil    | Nil    |
| Emoluments of the highest paid director | 87,500 | 75,000 |

The emoluments of the other directors were within the following ranges:

|                    |   |   |
|--------------------|---|---|
| £ 0 to £ 5,000     | 3 | 3 |
| £ 5,001 to £10,000 | - | 1 |
| £15,001 to £20,000 | 1 | 2 |
| £20,001 to £25,000 | 1 | - |
| £25,001 to £30,000 | - | - |
| £30,001 to £35,000 | - | 1 |
| £35,001 to £40,000 | - | - |
| £40,001 to £45,000 | 2 | - |
| £45,001 to £50,000 | - | - |

VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 10. TANGIBLE FIXED ASSETS

|                       | Motor<br>vehicles<br>£ | Plant &<br>fixtures<br>£ | Total<br>£       |
|-----------------------|------------------------|--------------------------|------------------|
| <b>COST</b>           |                        |                          |                  |
| 1 August 1987         | 712,957                | 489,253                  | 1,202,210        |
| Additions             | 418,951                | 291,086                  | 710,037          |
| Intragroup additions  | 13,468                 | 17,337                   | 30,805           |
| Disposals             | (336,278)              | -                        | (336,278)        |
|                       | ~~~~~                  | ~~~~~                    | ~~~~~            |
| 31 July 1988          | <u>809,098</u>         | <u>797,676</u>           | <u>1,606,774</u> |
| <b>DEPRECIATION</b>   |                        |                          |                  |
| 1 August 1987         | 143,836                | 239,102                  | 382,938          |
| Charge for period     | 176,909                | 131,661                  | 308,570          |
| Intragroup additions  | 4,505                  | 9,913                    | 14,418           |
| Disposals             | (121,608)              | -                        | (121,608)        |
|                       | ~~~~~                  | ~~~~~                    | ~~~~~            |
| 31 July 1988          | <u>203,642</u>         | <u>380,676</u>           | <u>584,318</u>   |
| <b>NET BOOK VALUE</b> |                        |                          |                  |
| 31 July 1988          | <u>605,456</u>         | <u>417,000</u>           | <u>1,022,456</u> |
| 31 July 1987          | <u>569,121</u>         | <u>250,151</u>           | <u>819,272</u>   |

|                                                                                                  | 1988<br>£     | 1987<br>£      |
|--------------------------------------------------------------------------------------------------|---------------|----------------|
| Included in tangible fixed assets are assets acquired under hire purchase agreements as follows: |               |                |
| Cost                                                                                             | 98,099        | 197,996        |
| Depreciation                                                                                     | 51,206        | 62,480         |
|                                                                                                  | ~~~~~         | ~~~~~          |
| Net book value                                                                                   | <u>46,893</u> | <u>135,516</u> |
| Depreciation charge for the period                                                               | <u>33,064</u> | <u>63,591</u>  |

VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 11. INVESTMENTS

## a) SHARES IN GROUP COMPANIES

|                                                     | £              |
|-----------------------------------------------------|----------------|
| Cost less amounts written<br>off at 1st August 1987 | 181,133        |
| Additions                                           | 150,000        |
|                                                     | ~~~~~          |
| Cost less amounts written<br>off at 31st July 1988  | <u>331,133</u> |

## b) PRINCIPAL SUBSIDIARIES

The principal subsidiaries of Virgin Records Limited are as follows:

| Subsidiary                      | Interest % | Nature of Business                                             |
|---------------------------------|------------|----------------------------------------------------------------|
| 10 Records Limited              | 100        | The production of popular music                                |
| Charisma Records Limited        | 100        | The production of popular music                                |
| Circa Records Limited           | 75         | The production of popular music                                |
| Siren Records Limited           | 80         | The production of popular music                                |
| Virgin Classics Limited         | 100        | The production of classical music                              |
| Virgin Music Publishers Limited | 100        | The publishing of popular music                                |
| Virgin Overseas Limited         | 100        | Holding company of overseas<br>record and publishing companies |
| Virgin Studios Limited          | 100        | Recording studios                                              |

All the above companies are incorporated in Great Britain.

The principal subsidiaries of Virgin Overseas Limited are detailed in that company's accounts.

## 12. STOCKS

|                                     | 31 July 1988     | 31 July 1987     |
|-------------------------------------|------------------|------------------|
|                                     | £                | £                |
| Finished goods and goods for resale | <u>1,329,380</u> | <u>1,693,284</u> |

## 13. DEBTORS

All amounts fall due within one year\*

|                                  | 31 July 1988      | 31 July 1987      |
|----------------------------------|-------------------|-------------------|
|                                  | £                 | £                 |
| Trade debtors                    | 22,744,964        | 18,214,152        |
| Amounts due from group companies | 19,148,270        | 14,136,905        |
| Other debtors                    | 1,787,399         | 1,553,841         |
| Prepayments and accrued income   | -                 | 20,184            |
|                                  | ~~~~~             | ~~~~~             |
|                                  | <u>43,680,633</u> | <u>33,925,082</u> |

\*Trade debtors include amounts relating to artiste advances which may not be fully recoverable within one year. It is not possible to quantify accurately such amounts.

VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                            | 31 July 1988<br>£ | 31 July 1987<br>£ |
|--------------------------------------------|-------------------|-------------------|
| Debenture loans                            | 400,000           | -                 |
| Bank loans and overdrafts                  | 344,054           | 663,487           |
| Trade creditors                            | 11,629,371        | 7,558,940         |
| Amounts due to group companies             | 32,258,346        | 18,477,255        |
| Other creditors                            | 941               | 32,030            |
| Obligations under hire purchase agreements | 6,376             | 72,203            |
| Corporation Tax                            | 555,315           | 1,576,525         |
| Accruals and deferred income               | 186,000           | 112,000           |
|                                            | <u>45,380,403</u> | <u>28,492,440</u> |

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                                            | 31 July 1988<br>£ | 31 July 1987<br>£ |
|--------------------------------------------|-------------------|-------------------|
| Obligations under hire purchase agreements | -                 | 14,303            |
| Other creditors                            | -                 | 400,000           |
|                                            | <u>-</u>          | <u>414,303</u>    |

Payments under hire purchase agreements  
are due as follows:

|      |              |               |
|------|--------------|---------------|
| 1988 | 7,321        | 82,139        |
| 1989 | -            | 16,271        |
|      | <u>7,321</u> | <u>98,410</u> |

Included in the above payments are amounts  
relating to finance charges of

|              |              |
|--------------|--------------|
| 945          | 11,904       |
| <u>~~~~~</u> | <u>~~~~~</u> |



VIRGIN RECORDS LIMITEDNotes to the accountsfor the year ended 31 July 1988

## 16. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation being the full potential liability are as follows:

|                                | 31 July 1988<br>£ | 31 July 1987<br>£ |
|--------------------------------|-------------------|-------------------|
| Accelerated capital allowances | <u>6,108</u>      | <u>3,162</u>      |

## 17. SHARE CAPITAL

|                                                                                        | 31 July 1988<br>£ | 31 July 1987<br>£ |
|----------------------------------------------------------------------------------------|-------------------|-------------------|
| Authorised, allotted, called up<br>and fully paid<br>10,000 ordinary shares of £1 each | <u>10,000</u>     | <u>10,000</u>     |

## 18. CAPITAL EXPENDITURE APPROVED

No capital expenditure had been contracted for or approved by the Directors for the Company (1987 - Nil).

However, the company, in the normal course of business enters into contracts relating to product delivery from recording artistes.

## 19. CONTINGENT LIABILITY

The company has given guarantees in respect of certain credit facilities held by Virgin Group Limited.

## 20. HOLDING COMPANY

The ultimate holding company at 31 July 1988 was Virgin Group Limited (formerly Virgin Group plc) a company incorporated in Great Britain, which was subsequently acquired by Glowtrack Limited which is the present ultimate holding company.

For Directors use only  
Not for publication

VIRGIN RECORDS LIMITED

Profit and Loss Account for the year ended 31 July 1988

|                            | Year ended<br>31 July 1988<br>£ | Year ended<br>31 July 1987<br>£ |
|----------------------------|---------------------------------|---------------------------------|
| Sales                      | 56,127,301                      | 54,712,326                      |
| Cost of sales              | (42,802,760)                    | (40,029,936)                    |
| Gross Profit               | 13,324,541                      | 14,682,390                      |
| Distribution costs         | (2,179,068)                     | (1,787,095)                     |
| Administrative expenses    |                                 |                                 |
| Salaries )                 |                                 |                                 |
| Casual wages )             | 3,210,331                       | 2,505,504                       |
| Employers NIC )            |                                 |                                 |
| Rent & rates               | 98,417                          | 81,593                          |
| Light, heat & power        | 22,190                          | 15,853                          |
| Printing & stationery      | 77,211                          | 69,708                          |
| Telephone & postage        | 761,228                         | 684,213                         |
| Repairs and renewals       | 77,601                          | 80,493                          |
| Legal & professional fees  | 497,871                         | 231,147                         |
| Audit & accountancy fees   | 40,400                          | 26,200                          |
| Insurance                  | 110,754                         | 67,923                          |
| Bad debts                  | 53,085                          | (145,757)                       |
| Bank charges               | 7,240                           | 5,919                           |
| Equipment hire             | 13,582                          | 25,871                          |
| Sundry expenses            | 405,676                         | 519,119                         |
| Exchange translation       | 365,570                         | 83,305                          |
| Motor expenses             | 263,620                         | 210,938                         |
| Travelling & entertainment | 481,363                         | 347,830                         |
| Depreciation               | 308,570                         | 225,317                         |
| Group service charge       | 300,000                         | 461,869                         |
|                            | (7,094,709)                     | (5,497,045)                     |
| Interest payable           | 4,050,764                       | 7,398,250                       |
| Interest receivable        | (2,217,904)                     | (1,105,791)                     |
|                            | 130,784                         | 238,207                         |
| Profit before tax          | 1,963,644                       | 6,530,666                       |