

Company Registration No. 1523936 (England and Wales)

BROGLIA PRESS 86 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005



BROGLIA PRESS 86 LIMITED

COMPANY INFORMATION

| | | |
|--------------------------|--|--------------------------|
| Directors | S Wye G Storey | (Appointed 1 April 2005) |
| Secretary | P Unadkat | |
| Company number | 1523936 | |
| Registered office | Gold Group House Godstone Road Whyteleafe Surrey CR3 0GG | |
| Auditors | MRI Moores Rowland LLP 3 Sheldon Square London W2 6PS | |

BROGLIA PRESS 86 LIMITED

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BROGLIA PRESS 86 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

The directors present their report and financial statements for the year ended 30 June 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of printing and publishing.

The results for the year and the financial position at the year end were considered satisfactory by the directors who anticipate the company to be profitable in the future.

Results and dividends

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

The directors do not propose the payment of a dividend (2004 - £nil).

Directors

The following directors have held office since 1 July 2004:

| | |
|------------|--------------------------|
| S Wye | (Appointed 1 April 2005) |
| G Storey | |
| A McIntyre | (Resigned 1 April 2005) |
| B Gold | (Resigned 1 April 2005) |

Directors' interests

The directors' held no direct interests in the company at any point during this or the preceeding year.

Charitable donations

During the year the company made charitable donations of £955 (2004 - £462).

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, MRI Moores Rowland LLP, will be deemed to be reappointed for each succeeding financial year.

BROGLIA PRESS 86 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

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 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.

On behalf of the board



S Wye

Director

19-04-06

BROGLIA PRESS 86 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BROGLIA PRESS 86 LIMITED

We have audited the financial statements of Broglia Press 86 Limited on pages 4 to 14 for the year ended 30 June 2005. These financial statements have been prepared 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 auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the 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 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.

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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuing availability of the financial support provided by the ultimate parent undertaking. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MM Moores Rowland LLP
MRI Moores Rowland LLP
Chartered Accountants
Registered Auditor

21.iv.06
3 Sheldon Square
W2 6PS
London

BROGLIA PRESS 86 LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005

| | Notes | 2005 £ | 2004 £ |
|---|-----------|------------------|------------------|
| Turnover | 2 | 6,785,290 | 7,744,064 |
| Cost of sales | | (4,912,334) | (5,281,028) |
| Gross profit | | 1,872,956 | 2,463,036 |
| Distribution costs | | (334,009) | (273,487) |
| Administrative expenses | | (1,647,976) | (2,049,110) |
| Other operating income | | 35,640 | 30,677 |
| Operating (loss)/profit | 3 | (73,389) | 171,116 |
| Interest payable and similar charges | 4 | (84,250) | (112,795) |
| (Loss)/profit on ordinary activities before taxation | | (157,639) | 58,321 |
| Tax on (loss)/profit on ordinary activities | 5 | 27,821 | (25,452) |
| (Loss)/profit on ordinary activities after taxation | 14 | (129,818) | 32,869 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 6 to 14 form an integral part of these financial statements.

BROGLIA PRESS 86 LIMITED

BALANCE SHEET AS AT 30 JUNE 2005

| | Notes | 2005 £ | £ | 2004 £ | £ |
|--|-------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 6 | 851,011 | | 1,183,030 | |
| Current assets | | | | | |
| Stocks | 8 | 260,217 | | 227,977 | |
| Debtors | 9 | 1,399,228 | | 1,671,312 | |
| Cash at bank and in hand | | 265 | | 139 | |
| | | <u>1,659,710</u> | | <u>1,899,428</u> | |
| Creditors: amounts falling due within one year | 10 | <u>(3,233,129)</u> | | <u>(3,523,632)</u> | |
| Net current liabilities | | <u>(1,573,419)</u> | | <u>(1,624,204)</u> | |
| Total assets less current liabilities | | <u>(722,408)</u> | | <u>(441,174)</u> | |
| Creditors: amounts falling due after more than one year | 11 | <u>-</u> | | <u>(151,416)</u> | |
| | | <u>(722,408)</u> | | <u>(592,590)</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 13 | 500,240 | | 500,240 | |
| Profit and loss account | 14 | <u>(1,222,648)</u> | | <u>(1,092,830)</u> | |
| Shareholders' funds | 15 | <u>(722,408)</u> | | <u>(592,590)</u> | |
| Equity interests | | <u>(1,222,408)</u> | | <u>(1,092,590)</u> | |
| Non-equity interests | | <u>500,000</u> | | <u>500,000</u> | |
| | | <u>(722,408)</u> | | <u>(592,590)</u> | |

The financial statements were approved by the Board on 19-04-06



S Wye
Director

The notes on pages 6 to 14 form an integral part of these financial statements.

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The company has taken advantage of the exemption provided by Financial Reporting Standard 1 Cash Flow Statements (revised) for wholly owned subsidiaries where the parent company's financial statements include a consolidated cash flow statement. Consequently the company has not prepared a cash flow statement for the year.

The financial statements have been prepared on a going concern basis. Due to the financial position of the company, the validity of this basis is conditional upon the continued support of the company's ultimate parent undertaking Gold Group International Limited.

The directors of the company have received assurances from the parent undertaking, Gold Group International Limited, that it will continue to support the company to enable it to meet its liabilities as they fall due for at least the next 12 months from the date of approval of these accounts. The parent undertaking is not however legally bound by these assurances.

Should the company be unable to continue trading as a result of the withdrawal of support of the parent undertaking, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|--------------------------|
| Plant and machinery | 10% to 25% straight line |
| Fixtures, fittings & equipment | 25% straight line |
| Motor vehicles | 25% straight line |

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads, depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

1 Accounting policies (continued)

1.6 Pensions

The company contributes to defined contribution pension policies individually held by directors and staff. Contributions to these funds are charged to the profit and loss account as and when they fall due.

1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.8 Consolidation

As an intermediate parent company whose securities are not listed anywhere in the European community and whose immediate parent company is incorporated under the law of an EC member country, the company is exempt from the requirement to prepare group financial statements. The results of the company and of its subsidiaries are included in the consolidated financial statements prepared by the parent company, Gold Group International Limited.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

| 3 Operating (loss)/profit | 2005 £ | 2004 £ |
|---|-----------|-----------|
| Operating (loss)/profit is stated after charging: | | |
| Depreciation of tangible assets | | |
| - Owned assets | 197,870 | 330,930 |
| - Leased assets | 187,014 | 211,308 |
| Operating lease rentals - land and buildings | 147,776 | 134,738 |
| Auditors' remuneration | 6,100 | 12,721 |
| and after crediting: | | |
| Profit on disposal of tangible assets | (2,402) | (19,923) |

| 4 Interest payable | 2005 £ | 2004 £ |
|------------------------------|-----------|-----------|
| On bank loans and overdrafts | 65,021 | 63,604 |
| Hire purchase interest | 19,229 | 49,191 |
| | 84,250 | 112,795 |

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

| 5 | Taxation | 2005 £ | 2004 £ |
|---|---|-----------|-----------|
| | Domestic current year tax | | |
| | U.K. corporation tax | - | 2,192 |
| | Payment in respect of group relief | - | 64,046 |
| | Receipt in respect of group relief | (27,821) | (1,500) |
| | | <hr/> | <hr/> |
| | Current tax charge | (27,821) | 64,738 |
| | Deferred tax | | |
| | Deferred tax charge/credit current year | - | (39,286) |
| | | <hr/> | <hr/> |
| | | (27,821) | 25,452 |
| | | <hr/> | <hr/> |
| | Factors affecting the tax charge for the year | | |
| | (Loss)/profit on ordinary activities before taxation | (157,639) | 58,321 |
| | | <hr/> | <hr/> |
| | (Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%) | (47,292) | 17,496 |
| | | <hr/> | <hr/> |
| | Effects of: | | |
| | Non deductible expenses | 2,036 | 23,784 |
| | Depreciation add back | 77,469 | 162,671 |
| | Capital allowances | (59,313) | (110,797) |
| | Adjustments to previous periods | - | (1,500) |
| | Chargeable disposals | (721) | (1,403) |
| | Marginal relief | - | (1,268) |
| | Other tax adjustments | - | (24,245) |
| | | <hr/> | <hr/> |
| | | 19,471 | 47,242 |
| | | <hr/> | <hr/> |
| | Current tax charge | (27,821) | 64,738 |
| | | <hr/> | <hr/> |

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

6 Tangible fixed assets

| | Plant and machinery | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|------------------------|--------------------------------------|-------------------|-----------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 July 2004 | 5,140,627 | 872,940 | 143,408 | 6,156,975 |
| Additions | 33,282 | 15,925 | 13,829 | 63,036 |
| Disposals | - | - | (46,957) | (46,957) |
| At 30 June 2005 | 5,173,909 | 888,865 | 110,280 | 6,173,054 |
| Depreciation | | | | |
| At 1 July 2004 | 4,077,191 | 804,779 | 91,975 | 4,973,945 |
| On disposals | - | - | (36,786) | (36,786) |
| Charge for the year | 304,187 | 52,834 | 27,863 | 384,884 |
| At 30 June 2005 | 4,381,378 | 857,613 | 83,052 | 5,322,043 |
| Net book value | | | | |
| At 30 June 2005 | 792,531 | 31,252 | 27,228 | 851,011 |
| At 30 June 2004 | 1,063,436 | 68,161 | 51,433 | 1,183,030 |

The net book value of fixed assets above includes £714,921 (2004 - £845,866) in respect of assets held under finance leases and hire purchase contracts, the depreciation on which is disclosed in note 3.

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

7 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|---|--|
| Cost | |
| At 1 July 2004 | 500,000 |
| Disposals | (500,000) |
| | <hr/> |
| At 30 June 2005 | - |
| | <hr/> |
| Provisions for diminution in value | |
| At 1 July 2004 | 500,000 |
| On disposals | (500,000) |
| | <hr/> |
| At 30 June 2005 | - |
| | <hr/> |
| Net book value | |
| At 30 June 2005 | - |
| | <hr/> |
| At 30 June 2004 | - |
| | <hr/> |

Drogher Limited ceased its trade in the year ended 30 June 2002 and was dissolved on 22 November 2005. Consequently the investment, along with the full provision against it, has been treated as disposed of at the year end.

| 8 Stocks and work in progress | 2005 £ | 2004 £ |
|-------------------------------|-----------|-----------|
| Raw materials and consumables | 131,144 | 122,335 |
| Work in progress | 129,073 | 105,642 |
| | <hr/> | <hr/> |
| | 260,217 | 227,977 |
| | <hr/> | <hr/> |

| 9 Debtors | 2005 £ | 2004 £ |
|------------------------------------|-----------|-----------|
| Trade debtors | 922,767 | 1,221,888 |
| Amounts owed by group undertakings | 284,859 | 287,964 |
| Other debtors | 19,552 | 36,798 |
| Prepayments and accrued income | 172,050 | 124,662 |
| | <hr/> | <hr/> |
| | 1,399,228 | 1,671,312 |
| | <hr/> | <hr/> |

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

| 10 Creditors: amounts falling due within one year | 2005 £ | 2004 £ |
|---|------------------|------------------|
| Bank loans and overdrafts | 1,446,238 | 1,118,804 |
| Net obligations under finance lease and hire purchase contracts | 157,276 | 470,807 |
| Trade creditors | 1,034,104 | 1,159,665 |
| Amounts owed to group undertakings | 376,177 | 412,722 |
| Corporation tax | - | 2,192 |
| Other taxes and social security costs | 69,704 | 69,862 |
| Accruals and deferred income | 149,630 | 289,580 |
| | <u>3,233,129</u> | <u>3,523,632</u> |

The bank overdraft is secured by a cross guarantee (see note 16).

| 11 Creditors: amounts falling due after more than one year | 2005 £ | 2004 £ |
|--|----------------|----------------|
| Net obligations under hire purchase contracts | - | 151,416 |
| Net obligations under hire purchase contracts | | |
| Repayable within one year | 157,276 | 470,807 |
| Repayable between one and five years | - | 151,416 |
| | <u>157,276</u> | <u>622,223</u> |
| Included in liabilities falling due within one year | (157,276) | (470,807) |
| | <u>-</u> | <u>151,416</u> |

12 Pension costs

The company contributes to defined contribution pension policies held individually by directors and staff. The pension cost charge represents contributions payable by the company in the year to these policies and amounted to £22,770 (2004 - £26,181).

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

| 13 Share capital | 2005 £ | 2004 £ |
|---|----------------|----------------|
| Authorised | | |
| 500 Ordinary 'A' shares of £1 each | 500 | 500 |
| 500 Ordinary 'B' shares of £1 each | 500 | 500 |
| 500,000 6% Cumulative redeemable preference shares of £1 each | 500,000 | 500,000 |
| | <u>501,000</u> | <u>501,000</u> |
| Allotted, called up and fully paid | | |
| 120 Ordinary 'A' shares of £1 each | 120 | 120 |
| 120 Ordinary 'B' shares of £1 each | 120 | 120 |
| 500,000 6% Cumulative redeemable preference shares of £1 each | 500,000 | 500,000 |
| | <u>500,240</u> | <u>500,240</u> |

As at 30 June 2005 there were arrears on the payment of the dividends on the 500,000 Cumulative redeemable preference shares of £270,000 (2004 - £240,000). The company does not consider that it has sufficient reserves to make the payment and will account for the dividend when it is paid.

The company has the option at any time to redeem the whole or any number of the preference shares in issue. The holders of the shares must be given not less than one month's prior notice of the proposed redemption date. On redemption all arrears and accruals of the fixed preference dividend must be paid or satisfied in full, together with an amount calculated on a pro rata basis from the beginning of the financial period to the date of redemption.

14 Statement of movements on profit and loss account

| | Profit and loss account £ |
|----------------------------|------------------------------------|
| Balance at 1 July 2004 | (1,092,830) |
| Retained loss for the year | <u>(129,818)</u> |
| Balance at 30 June 2005 | <u>(1,222,648)</u> |

15 Reconciliation of movements in shareholders' funds

| | 2005 £ | 2004 £ |
|--------------------------------------|------------------|------------------|
| (Loss)/Profit for the financial year | (129,818) | 32,869 |
| Opening shareholders' funds | <u>(592,590)</u> | <u>(625,459)</u> |
| Closing shareholders' funds | <u>(722,408)</u> | <u>(592,590)</u> |

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

16 Contingent liabilities

The company has given a cross guarantee to secure the banking arrangements of the group. At the balance sheet date the group's indebtedness to its bankers under this arrangement was £nil (2004 - £nil).

17 Financial commitments

At 30 June 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2006:

| | Land and buildings | | | Other |
|--------------------------------|--------------------|---------|-------|-------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within one year | 159,776 | 155,241 | 7,600 | 7,644 |

18 Directors' emoluments

| | 2005 | 2004 |
|------------------------------------|--------|---------|
| | £ | £ |
| Emoluments for qualifying services | 49,282 | 130,668 |
| Compensation for loss of office | - | 75,000 |
| | 49,282 | 205,668 |

Emoluments disclosed above include the following amounts paid to the highest paid director:

| | | |
|------------------------------------|--------|---------|
| Emoluments for qualifying services | 49,282 | 122,844 |
|------------------------------------|--------|---------|

BROGLIA PRESS 86 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

| | 2005 Number | 2004 Number |
|-----------------------|----------------|----------------|
| Production staff | 67 | 82 |
| Office and management | 23 | 18 |
| | <u>90</u> | <u>100</u> |

Employment costs

| | £ | £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,139,169 | 2,327,776 |
| Social security costs | 251,612 | 259,532 |
| Other pension costs | 22,770 | 26,181 |
| | <u>2,413,551</u> | <u>2,613,489</u> |

20 Control

The ultimate parent undertaking and immediate controlling party at the balance sheet date continued to be Gold Group International Limited, a company registered in England and Wales.

The company's ultimate controlling parties continued to be David Gold and Ralph Gold, majority shareholders of Gold Group International Limited.

21 Related party transactions

The company is a wholly owned subsidiary of Gold Group International Limited and utilises the exemption contained in Financial Reporting Standard 8 Related Party Disclosures not to disclose any transactions with entities that are part of the Gold Group International group. The address at which the consolidated financial statements are publicly available is Gold Group House, Godstone Road, Whyteleafe, Surrey, CR3 0GG.