

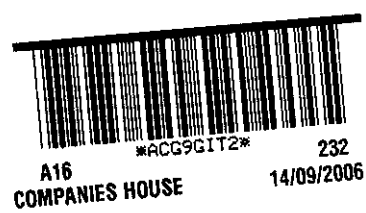
Company Registration Number: 1828734

brandRapport Limited

(formerly The GEM Group (Europe) Limited)

REPORT AND FINANCIAL STATEMENTS

31st December 2005



brandRapport Limited

(formerly The GEM Group (Europe) Limited)

REPORT AND FINANCIAL STATEMENTS 2005

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brandRapport Limited

(formerly The GEM Group (Europe) Limited)

REPORT AND FINANCIAL STATEMENTS 2005

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

M C Robertson
C M Hill
D N Currie
M I J Still
C Young
A P Dwyer
A D Kenny
M W Bullingham
R D Pope

Secretary

M I J Still

Registered Office

Oakleigh House
High Street
Hartley Witney
Hampshire
RG27 8PE

Auditors

BDO Stoy Hayward LLP
Connaught House
Alexandra Terrace
Guildford
Surrey
GU1 3DA

Bankers

Barclays Bank plc
The Little Green
Richmond
Surrey
TW9 1WB

brandRapport Limited
(formerly The GEM Group (Europe) Limited)
DIRECTORS' REPORT

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The Directors present their annual report and the audited financial statements for the year ended 31st December 2005.

1. Activities

The principal activity of the company is Public Relations and Sports Marketing Consultancy.

2. Review of Developments

(a) Results

The Company's results are set out on page 6. The Company achieved a profit before taxation of £214,588 (2004 : £57,580). The company paid dividends of £298,478 (2004 : £400,000) during the year.

(b) Business Activities

The Company had a satisfactory year of trading.

(c) Future Prospects

The Company had an encouraging start to the year.

3. Directors

The directors of the company during the year were:

K G Rose	Resigned 04.10.2005
A K McCracken	Resigned 19.08.2005
C B Carroll	Resigned 11.07.2005
G D Morgan	Resigned 31.01.2005
M C Robertson	
C M Hill	
D N Currie	
M I J Still	
C Young	Appointed 04.10.2005
A P Dwyer	Appointed 04.10.2005
A D Kenny	Appointed 04.10.2005
M W Bullingham	Appointed 04.10.2005
R D Pope	Appointed 04.10.2005

None of the Directors had an interest in the "A" and "B" Ordinary shares of £1 each at 1st January 2005 or 31st December 2005.

The interests of the Directors who are also Directors of the parent undertaking are disclosed in that company's financial statements.

brandRapport Limited

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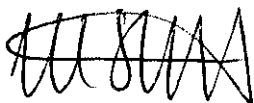
DIRECTORS' REPORT (Continued)

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4. Auditors

During the year Grant Thornton UK LLP resigned as auditors and BDO Stoy Hayward LLP were appointed in their place.

On behalf of the Board



M I J STILL

21 August 2006

brandRapport Limited

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(formerly The GEM Group (Europe) Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year. 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;
- * State whether applicable accounting standards have been followed, subject to any material departures disclosed, and explained in the Financial Statements;
- * Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

brandRapport Limited

(formerly The GEM Group (Europe) Limited)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF brandRapport Limited

We have audited the financial statements of brandRapport Limited for the year ended 31st December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

OPINION

In our opinion the financial statements:

- give a true and fair, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

25 August 2006

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Guildford

brandRapport Limited
 (formerly The GEM Group (Europe) Limited)
PROFIT AND LOSS ACCOUNT

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Year ended 31st December 2005

	Notes	2005	2004
		£	£
Turnover	1b	5,175,106	5,233,738
Cost of Sales		<u>(2,546,767)</u>	<u>(2,336,318)</u>
Gross Profit		2,628,339	2,897,420
Administration expenses		<u>(2,395,513)</u>	<u>(2,823,131)</u>
Operating profit		232,826	74,289
Interest receivable	3	2,005	119
Interest payable	4	<u>(20,243)</u>	<u>(16,828)</u>
Profit on ordinary activities before taxation	5	214,588	57,580
Tax on profit on ordinary activities	6	<u>(74,347)</u>	<u>(22,179)</u>
Profit on ordinary activities after taxation		<u>140,241</u>	<u>35,401</u>

There were no recognised gains or losses other than the profit for the financial year.

All transactions arose from continuing operations.

The notes on pages 8-13 form part of these Financial Statements

brandRapport Limited
(formerly The GEM Group (Europe) Limited)
BALANCE SHEET

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Year ended 31st December 2005

		2005		2004	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible Assets	8		<u>178,655</u>		<u>218,889</u>
CURRENT ASSETS					
Debtors	9	564,609		880,019	
Cash at bank and in hand		<u>1,110,204</u>		<u>703,636</u>	
		<u>1,674,813</u>		<u>1,583,655</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(1,740,928)</u>		<u>(1,535,341)</u>	
Net Current (Liabilities)/Assets			<u>(66,115)</u>		<u>48,314</u>
Total Assets less Current Liabilities			112,540		267,203
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12		<u>(24,118)</u>		<u>(20,544)</u>
			<u>88,422</u>		<u>246,659</u>
CAPITAL AND RESERVES					
Called up share capital	13		4,828		4,828
Capital redemption reserve	13		625		625
Profit and loss account	14		<u>82,969</u>		<u>241,206</u>
Equity shareholders' funds	15		<u>88,422</u>		<u>246,659</u>

These financial statements were approved by the Board of Directors on 21st August 2006


C M HILL


M C ROBERTSON

The notes on pages 8-13 form part of these Financial Statements

brandRapport Limited

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(formerly The GEM Group (Europe) Limited)

NOTES TO THE FINANCIAL INFORMATION

Year ended 31st December 2005

1. Accounting Policies

The financial statements are prepared in accordance with applicable accounting standards. The principal accounting policies of the Company are set out below. These policies have remained unchanged throughout the year.

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the exemptions in FRS 1: "Cash Flow Statements", from the requirement to produce a cash flow statement on the grounds that it is included with the consolidated financial statements of its ultimate parent undertaking which are publicly available.

(b) Turnover

Turnover represents sales invoiced to third parties.

Revenues are recognised when the services are performed in accordance with contractual arrangements.

Turnover excludes value added tax.

(c) Depreciation

Provision for depreciation of tangible assets is made on a straight line basis at rates calculated to write off the cost of the assets, less their estimated residual values, over their expected working lives as follows:

Motor vehicles	25% per annum
Office equipment	25%-20% per annum
Furniture and fittings	10% per annum

(d) Leases

Assets held under finance leases (including hire purchase agreements) and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

(e) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

brandRapport Limited

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(formerly The GEM Group (Europe) Limited)

NOTES TO THE FINANCIAL INFORMATION (continued)

Year ended 31st December 2005

(f) Pensions

The Company makes payments to certain employees to enable them to contribute to their own personal pension plans. The amounts charged to the profit and loss account represent amounts payable in respect of the period.

(g) Deferred Taxation

The provisions of FRS 19: "Accounting for Deferred Tax" have been adopted. Full provision without discounting is made, at current rates, for all timing differences that have arisen but not reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. Information regarding Directors and Employees

	2005 £	2004 £
Employee costs, including directors, during the year:		
Wages and salaries	1,387,692	1,634,002
Social Security costs	159,626	183,189
Other pension costs	34,037	34,109
	<u>1,581,355</u>	<u>1,851,300</u>
Average number of persons including directors employed:	Number	Number
Servicing	37	43
Sales	0	1
Administration	5	7
	<u>42</u>	<u>51</u>
	£	£
Directors' emoluments:		
Emoluments	400,689	476,702
Pension costs	21,810	14,680
	<u>422,499</u>	<u>491,382</u>
The amounts set out above include remuneration in respect of the highest paid director as follows:		
Remuneration	<u>71,477</u>	<u>103,716</u>
	Number	Number
Number of directors in money purchase pension schemes	<u>6</u>	<u>4</u>
Included in directors' emoluments are the following amounts charged by entities for the services of directors:		
	£	£
Bryherley Limited - M C Robertson is a director and shareholder	52,084	37,500
The GEM Group Inc	<u>0</u>	<u>64,112</u>

brandRapport Limited

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(formerly The GEM Group (Europe) Limited)

NOTES TO THE FINANCIAL INFORMATION (continued)

Year ended 31st December 2005

	2005 £	2004 £
3. Interest Receivable		
Bank interest	<u>2,005</u>	<u>119</u>
4. Interest Payable		
Bank interest and similar charges	14,789	5,013
Hire purchase agreements	<u>5,454</u>	<u>11,815</u>
	<u>20,243</u>	<u>16,828</u>
5. Profit on Ordinary Activities before Taxation		
Profit on ordinary activities before taxation is after charging:		
Depreciation of tangible fixed assets:		
Owned assets	43,537	49,736
Assets under hire purchase agreements	39,253	43,953
Operating lease rentals - other assets	3,402	6,721
Operating lease rentals - premises	125,000	115,000
Auditors' remuneration	8,250	10,000
Fees to auditors for other services	<u>1,750</u>	<u>2,779</u>
6. Tax on Profit on Ordinary Activities		
Analysis of charge in year		
Current tax		
UK corporation tax	74,347	0
Payment for Group Relief	<u>0</u>	<u>26,588</u>
	74,347	26,588
Adjustments in respect of previous periods	<u>0</u>	<u>0</u>
	<u>74,347</u>	<u>26,588</u>
Deferred Tax		
Deferred tax	<u>0</u>	<u>(4,409)</u>
Charge for the year	<u>74,347</u>	<u>22,179</u>
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Tax charge reconciliation		
Profit on ordinary activities before taxation	<u>214,588</u>	<u>57,580</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax (30%)	64,376	17,274
Expenses not deductible for tax purposes	6,799	4,905
Depreciation for period in excess of capital allowances	<u>3,172</u>	<u>4,409</u>
Current tax charge for the year	<u>74,347</u>	<u>26,588</u>

brandRapport Limited

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(formerly The GEM Group (Europe) Limited)

NOTES TO THE FINANCIAL INFORMATION (continued)

Year ended 31st December 2005

	2005 £	2004 £
7. Dividend		
Equity dividends - Ordinary shares of £1 each:		
Final dividend	<u>298,478</u>	<u>400,000</u>

8. Tangible Fixed Assets

	Motor Vehicles £	Furniture & Equipment £	Total £
Cost:			
1 January 2005	139,537	304,872	444,409
Additions	36,147	25,908	62,055
Disposals	(71,716)	(8,854)	(80,570)
At 31 December 2005	<u>103,968</u>	<u>321,926</u>	<u>425,894</u>
Accumulated depreciation:			
1 January 2005	76,731	148,789	225,520
Charge for year	25,037	57,753	82,790
Disposals	(57,540)	(3,531)	(61,071)
At 31 December 2005	<u>44,228</u>	<u>203,011</u>	<u>247,239</u>
Net book value			
At 31 December 2005	<u>59,740</u>	<u>118,915</u>	<u>178,655</u>
Net book value:			
At 31 December 2004	<u>62,806</u>	<u>156,083</u>	<u>218,889</u>

The net book value of the Company's fixed assets includes £89,315 (2004: £138,839) in respect of assets held under hire purchase and finance lease agreements.

	2005 £	2004 £
9. Debtors		
Trade debtors	369,972	707,963
Other debtors	16,991	4,784
Amounts owed by Group Undertakings	0	82,230
Prepayments and accrued income	<u>177,646</u>	<u>85,042</u>
	<u>564,609</u>	<u>880,019</u>

10. Creditors: amounts falling due within one year

Trade Creditors	400,588	219,145
Other Creditors including taxation and Social Security (Note 11)	354,800	514,444
Amount owed to Group Undertakings	0	170,570
Accruals and deferred income	<u>985,540</u>	<u>631,182</u>
	<u>1,740,928</u>	<u>1,535,341</u>

brandRapport Limited

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(formerly The GEM Group (Europe) Limited)

NOTES TO THE FINANCIAL INFORMATION (continued)

Year ended 31st December 2005

	2005 £	2004 £
11. Other Creditors including Taxation and Social Security		
Corporation tax	74,347	181,244
Social security and other taxes	112,549	134,607
Hire purchase agreements	27,499	50,272
Other creditors	140,405	148,321
	<u>354,800</u>	<u>514,444</u>
12. Creditors: Amounts falling due after more than one year		
Hire purchase agreements	<u>24,118</u>	<u>20,544</u>
13. Called Up Share Capital		
Authorised:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
500 "B" Ordinary shares of £1 each	<u>500</u>	<u>500</u>
Allotted, called-up and fully paid		
4,425 Ordinary shares of £1 each	4,425	4,425
403 "B" Ordinary shares of £1 each	403	403
	<u>4,828</u>	<u>4,828</u>
Capital redemption reserve		
At 1st January 2005 and 31st December 2005	<u>625</u>	<u>625</u>

Ordinary shares give the holder a right to dividends and to receive notice of, attend and vote at general meetings; whereas the "B" Ordinary shareholders do not have these rights. With respect to winding up the company, with capital, this is first repaid to holders of Ordinary Shares per share equal to the price paid, secondly paid to holders of "B" Ordinary Shares per share equal to the price paid, and the balance paid to holders of Ordinary Shares pro rata to the number of shares. In event of a sale, proceeds as initial consideration are paid to holders of Ordinary Shares pro rata to the number of shares. Then any proceeds as deferred or earn-out consideration are paid to holders of Ordinary and "B" Ordinary Shares pro rata to the number of shares, treated as a single class.

14. Profit and Loss Account	2005 £	2004 £
Profit for the financial year	140,241	35,401
Dividend paid	(298,478)	(400,000)
At the beginning of the year	<u>241,206</u>	<u>605,805</u>
At the end of the year	<u>82,969</u>	<u>241,206</u>

brandRapport Limited

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(formerly The GEM Group (Europe) Limited)

NOTES TO THE FINANCIAL INFORMATION (continued)

Year ended 31st December 2005

	2005 £	2004 £
15. Reconciliation of Movements in Shareholders' Funds		
Profit for the financial year	140,241	35,401
Dividends	(298,478)	(400,000)
Increase / (decrease) in shareholders' funds	(158,237)	(364,599)
Opening shareholders' funds	246,659	611,258
Closing shareholders' funds	88,422	246,659

16. Capital Commitments

There were no Capital Commitments authorised and contracted for at 31st December 2005 (2004 : £nil)

17. Financial Commitments

The company had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	Office Equipment £	Property £	Office Equipment £	Property £
Operating leases which expire:				
In one year or less				
Within two to five years	2,688	150,400	3,989	115,000
After more than five years				

18. Contingent Liabilities

There are no contingent liabilities at 31st December 2005 or 31st December 2004.

19. Related Parties

The Company has taken advantage of the exemption conferred by FRS8 paragraph 39(c) not to disclose transactions with other members of the Group which have been eliminated on consolidation where 90% of the equity is controlled within the Group.

20. Related Party Transactions

Company	Sales £	Purchases £	Balances 31 December 2005 Owed From £	Nature of Transaction	Directors Involved
Craigie Robertson Limited	0	125,000	0	Rent	MC Robertson
Bryherley Limited	19,708	837	0	Expenses	MC Robertson
Bryherley Limited	0	52,084	808	Consultancy	CM Hill GD Morgan DN Currie

21. Ultimate Parent Company and Controlling Party

The Company's parent company is Passhold Limited a company registered in England and Wales.