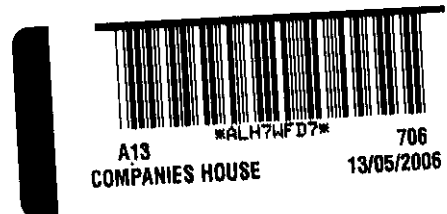


**Armourvale Limited**

**Directors' report and financial statements**

31 August 2005

Registered number 2776712



## **Directors' report and financial statements**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2005.

### Principal activities

The company did not trade during the year and is unlikely to do so in the coming year.

### Results and dividends

The result for the year (2004: *loss of £525 and transfer to reserves*) are set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend for the year under review (2004: *4.69 pence per share*).

### Directors and directors' interests

The directors who held office during the year were as follows:

CN Wright  
NRA Butterfield (resigned 31 December 2005)  
MD Connole (appointed 1 January 2006)  
N R Fenton

At 31 August 2005 and 31 August 2004, CN Wright had a beneficial interest in the ordinary share capital via his interest in Chrysalis Group PLC.

The other directors who held office at the end of the financial year did not have any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the year.

At 31 August 2005 and 31 August 2004 CN Wright and NRA Butterfield were also directors of Chrysalis Group PLC, the ultimate parent company and their share interests are stated in the directors' report of that company.

At 31 August 2005 and 31 August 2004 NR Fenton held 6,855 ordinary shares of 2p each in Chrysalis Group PLC and had an interest in a further 6,855 ordinary shares of 2p each held by Mrs Fenton.

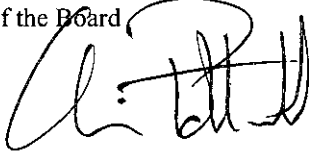
As at 31 August 2005, MD Connole held 6,956 (2004: 6,956) ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC. On 25 January 1999, MD Connole was granted options over 50,000 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £1.271 per share. On 8 December 2000, MD Connole was granted options over 50,000 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £3.20 per share. On 23 November 2001, MD Connole was granted options over 50,000 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £2.30 per share. In December 2001, MD Connole was granted options over 8,871 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC. On 1 August 2003, MD Connole was granted options over 39,473 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £2.09 per share. On 18 November 2003, MD Connole was granted options over 40,778 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £2.185 per share. On 1 August 2003, a conditional award of 14,952 Performance Shares was made to MD Connole. On 18 November 2003, a conditional award of 15,446 Performance Shares was made to MD Connole. On 29 August 2003, a conditional award of 15,022 Matching Shares was made to MD Connole. On 17 December 2003, a conditional award of 14,445 Matching Shares was made to MD Connole. On 3 December 2004, MD Connole was granted options over 53,389 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £1.7925 per share. On 3 December 2004, a conditional award of 20,223 Performance Shares was made to MD Connole. On 29 November 2005, MD Connole was granted options over 127,281 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £1.455 per share. On 29 November 2005, a conditional award of 42,084 Performance Shares was made to MD Connole.

**Directors' report** *(continued)*

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**CR Potterell**  
*Secretary*

The Chrysalis Building  
Bramley Road  
London  
W10 6SP

24 April 2006

## **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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

PO Box 695  
8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

### **Report of the independent auditors to the members of Armourvale Limited**

We have audited the financial statements on pages 5 to 12.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our 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 directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

#### **Basis of audit opinion**

We conducted our audit in accordance with 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.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

24 April 2006

## **Profit and loss account**

*for the year ended 31 August 2005*

	<i>Note</i>	<b>2005</b> £	2004 £
Administrative expenses		-	(132)
<b>Operating result/(loss)</b>		-	(132)
Interest receivable and similar income	4	-	76
<b>Result/(loss) on ordinary activities before and after taxation</b>	5	-	(56)
Dividends payable		-	(469)
Retained result/(loss) for the year		-	(525)
Retained profit brought forward		-	525
<b>Retained profit carried forward</b>		-	-

There is no difference between the historical cost (loss)/result and that reported in the profit and loss account.

The notes on pages 8 to 12 form part of these financial statements.

## **Statement of total recognised gains and losses**

*for the year ended 31 August 2005*

There were no recognised gains or losses in the current or the previous year other than the result/(loss) for those years.

## **Reconciliation of movements in shareholders' funds**

*for the year ended 31 August 2005*

	2005 £	2004 £
<b>Shareholders' funds brought forward</b>	<b>1,000</b>	<b>1,525</b>
Result/(loss) retained in the year	-	(525)
	<hr/>	<hr/>
<b>Shareholders' funds carried forward</b>	<b>1,000</b>	<b>1,000</b>
	<hr/>	<hr/>



## Balance sheet

*at 31 August 2005*

	<i>Note</i>	<b>2005</b> £	<b>2005</b> £	2004 £	2004 £
<b>Fixed assets</b>					
Investments	6		-		700
<b>Current assets</b>					
Debtors : amounts falling due within one year	7	<b>1,000</b>		769	
<b>Creditors:</b> amounts falling due within one year	8	-		(469)	
<b>Net current assets</b>			<b>1,000</b>		300
<b>Net assets</b>			<b>1,000</b>		<b>1,000</b>
<b>Capital and reserves</b>					
Called up share capital	10		<b>1,000</b>		1,000
Profit and loss account			-		-
<b>Shareholders' funds – equity</b>			<b>1,000</b>		<b>1,000</b>

These financial statements were approved by the Board of directors on 24 April 2006 and were signed on its behalf by:



**NR Fenton**  
*Director*

The notes on pages 8 to 12 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### ***Group accounts***

The company is exempt by virtue of S 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about the group. The company's results are included in the consolidated accounts of Chrysalis Group PLC, registered in England and Wales.

#### ***Investments***

Investments in subsidiary undertakings are stated at cost. Any permanent diminutions in the value of investments are fully provided for and written off through the profit and loss account for the year.

Current asset investments are held at the lower of cost and net realisable value.

#### ***Interest***

Interest receivable is accounted for on an accruals basis.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Chrysalis Group PLC entities are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of the group that such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

## Notes (continued)

### 2 Directors' and employees' remuneration

The directors received no remuneration from the company for services during the year (2004: £nil). Messrs CN Wright and N Butterfield received remuneration from Chrysalis Group PLC which is disclosed in the financial statements of that company.

The company did not have any other employees and as a result incurred no staff costs (2004: £nil).

### 3 Result/(loss) on ordinary activities before taxation

*Result/(loss) on ordinary activities before taxation  
is stated after charging:*

	2005 £	2004 £
Loss on disposal of current asset investment	-	126
	<hr/>	<hr/>

The audit fee is borne by Chrysalis Group PLC, the ultimate parent company.

### 4 Interest receivable and similar income

	2005 £	2004 £
Interest on conversion stock	-	76
	<hr/>	<hr/>

## Notes (continued)

### 5 Taxation

Analysis of charge in the year

	2005 £	2004 £
UK Corporation tax on profit on ordinary activities	-	-

*Factors affecting the tax charge for the current year*

The tax charge for the year is lower than the standard rate of corporation tax in the UK at 30% (2004: 30%). The differences are explained below.

	2005 £	2004 £
<b>Result /(loss) on ordinary activities before tax</b>	-	(56)
Current tax charge/(credit) at 30% (2004: 30%)	-	(17)
<i>Effects of:</i>		
Use of group losses	-	-
Other tax adjustments	-	17
<b>Current tax charge for the year</b>	-	-

### 6 Fixed asset investments

	Shares in group undertakings £
<i>Cost and net book value</i>	
At the beginning of year	700
Disposals	(700)
At the end of the year	-

On 26<sup>th</sup> August 2005 the company transferred its shares in The Echo Label Limited to Chrysalis Holdings Limited.

## Notes (continued)

### 7 Debtors

	2005 £	2004 £
Amounts due from group undertakings	1,000	769

### 8 Creditors

	2005 £	2004 £
Amounts owed to group undertakings	-	469

### 9 Deferred tax

Deferred tax has not been provided for at 31 August 2005 or 31 August 2004 on the basis that there are no timing differences at the end of either year.

### 10 Called up share capital

<i>Equity</i>	2005 £	2004 £
<i>Authorised, allotted called up and fully paid</i> 10,000 ordinary shares of 10p each	1,000	1,000

### 11 Cash flow statement

The company is exempt from the requirement of FRS 1 'Cash Flow Statement' (revised 1996) on the grounds that its parent undertaking, Chrysalis Group PLC, includes the company in its own published consolidated financial statements.

### 12 Related Parties

As the company is a wholly owned subsidiary of Chrysalis Group PLC, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 Related Party Disclosure and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Chrysalis Group PLC, within which the company is included, can be obtained from the address given in note 13 below. There were no other related party transactions.

## **Notes (continued)**

### **13 Immediate and ultimate parent company**

The immediate parent company is Chrysalis Holdings Limited, a company registered in England and Wales.

The ultimate parent company is Chrysalis Group PLC, which is registered in England and Wales, for which consolidated accounts are prepared. The consolidated accounts of this company may be obtained from The Secretary, Chrysalis Group PLC, The Chrysalis Building, Bramley Road, London, W10 6SP.