

## Contents

Financial statements for  
the year ended 28 February 2001

# Aura Books Limited

|                                   |   |
|-----------------------------------|---|
| Directors' report                 | 1 |
| Auditors' report                  | 3 |
| Profit and loss account           | 4 |
| Balance sheet                     | 5 |
| Notes to the financial statements | 6 |



# Aura Books Limited

## Company information

---

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Charles C. Tillinghast III (US citizen)<br>Michael Nicita (US citizen)<br>Adam Zoldan (US citizen)<br>Michael Kidd<br>Gareth Powell |
| <b>Secretary</b>         | Gareth Powell   |
| <b>Company number</b>    | 2858623   |
| <b>Registered office</b> | Unit B Bicester Park, Charbridge Way<br>Bicester<br>Oxfordshire<br>OX26 4ST   |
| <b>Auditors</b>          | Mazars Neville Russell<br>Sovereign Court, Witan Gate<br>Central Milton Keynes<br>Buckinghamshire<br>MK9 2HP                        |
| <b>Business address</b>  | Unit B Bicester Park, Charbridge Way<br>Bicester<br>Oxfordshire<br>OX26 4ST   |

# Aura Books Limited

## Directors' report For the year ended 28 February 2001

---

The directors present their report and financial statements for the year ended 28 February 2001.

### 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 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.

### Directors

The following directors have held office since 1 March 2000:

|   |                            |
|---|----------------------------|
| Charles C. Tillinghast III (US citizen) |                            |
| Tony Pickup                             | (Resigned 31 January 2001) |
| Michael Nicita (US citizen)             |                            |
| Adam Zoldan (US citizen)                |                            |
| Michael Kidd                            | (Appointed 3 April 2000)   |
| Gareth Powell                           | (Appointed 1 August 2000)  |

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

|   | Ordinary shares of £ 1 each |              |
|---|-----------------------------|--------------|
|   | 28 February 2001            | 1 March 2000 |
| Charles C. Tillinghast III (US citizen) | -                           | -            |
| Michael Nicita (US citizen)             | -                           | -            |
| Adam Zoldan (US citizen)                | -                           | -            |
| Michael Kidd                            | -                           | -            |
| Gareth Powell                           | -                           | -            |

No other directors held any interest in the share capital of the company during the year.

### Principal activities

From 1 August 1999 the company has not traded, made profits or losses, and has not incurred any liabilities. In the opinion of the directors the company has become dormant.

# Aura Books Limited

## Directors' report (continued) For the year ended 28 February 2001

---

### Auditors

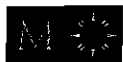
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mazars Neville Russell be reappointed as auditors of the company will be put to the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on ..... 28/11/01 .....  
and signed on its behalf by



Gareth Powell  
Director



MAZARS

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AURA BOOKS LIMITED

MAZARS NEVILLE RUSSELL  
Chartered Accountants

We have audited the financial statements on pages 4 to 8. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of 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. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company had 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

### 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2001 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Mazars Neville Russell*

MAZARS NEVILLE RUSSELL  
CHARTERED ACCOUNTANTS  
and Registered Auditors

*3 December 2001*

SOVERIGN COURT - WITAN GATE - MILTON KEYNES - MK9 2HP - TEL : +44 (0)1908 664466 - FAX : +44 (0)1908 690567  
www.mazars-nr.co.uk

-3-

MAZARS NEVILLE RUSSELL IS THE UK FIRM OF MAZARS, AN INTERNATIONAL ACCOUNTANCY AND CONSULTANCY GROUP.  
A LIST OF PARTNERS IS AVAILABLE AT EACH MAZARS NEVILLE RUSSELL OFFICE: ABERDEEN, BEDFORD, BIRMINGHAM, BRIGHTON, BRISTOL, DUDLEY,  
EDINBURGH, GLASGOW, HUDDERSFIELD, ILFORD, LEEDS, LONDON, LUTON, MILTON KEYNES, NOTTINGHAM, OXFORD, POOLE, SOUTHAMPTON,  
STOCKPORT AND SUTTON.  
REGISTERED TO CARRY ON AUDIT WORK BY THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES.

# Aura Books Limited

## Profit and loss account For the year ended 28 February 2001

|  | Notes    | 2001<br>£ | 2000<br>£   |
|--|----------|-----------|-------------|
| <b>Turnover</b>                                    |          | -         | 2,667,236   |
| Cost of sales                                      |          | -         | (2,202,514) |
| <b>Gross (loss)/profit</b>                         |          | -         | 464,722     |
| Distribution costs                                 |          | -         | (170,927)   |
| Administrative expenses                            |          | -         | (374,887)   |
| <b>Operating loss</b>                              | <b>2</b> | -         | (81,092)    |
| Interest payable and similar charges               |          | -         | (57)        |
| <b>Loss on ordinary activities before taxation</b> |          | -         | (81,149)    |
| Tax on loss on ordinary activities                 |          | -         | -           |
| <b>Loss on ordinary activities after taxation</b>  | <b>6</b> | -         | (81,149)    |

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

# Aura Books Limited

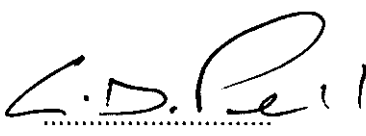
## Balance sheet As at 28 February 2001

|   | Notes | 2001<br>£ | £              | 2000<br>£ | £              |
|---|-------|-----------|----------------|-----------|----------------|
| <b>Current assets</b>                         |       |           |                |           |                |
| Debtors                                       | 4     | 533,496   |                | 533,496   |                |
| <b>Total assets less current liabilities</b>  |       |           | <u>533,496</u> |           | <u>533,496</u> |
| <b>Capital and reserves</b>                   |       |           |                |           |                |
| Called up share capital                       | 5     |           | 428,922        |           | 428,922        |
| Profit and loss account                       | 6     |           | <u>104,574</u> |           | <u>104,574</u> |
| <b>Shareholders' funds - equity interests</b> | 7     |           | <u>533,496</u> |           | <u>533,496</u> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on ..... 28/11/01 .....  
and signed on its behalf by

  
.....  
Michael Kidd  
Director

  
.....  
Gareth Powell  
Director

# Aura Books Limited

## Notes to the financial statements For the year ended 28 February 2001

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

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

#### 1.4 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            | 20% straight line |
| Fixtures, fittings & equipment | 20% straight line |
| Warehouse equipment            | 20% straight line |

#### 1.5 Leasing

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

#### 1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

#### 1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

### 2 Operating loss

|  | 2001  | 2000   |
|--|-------|--------|
|  | £     | £      |
| Operating loss is stated after charging: |       |        |
| Depreciation of tangible assets          | -     | 2,584  |
| Operating lease rentals                  | -     | 60,172 |
| Auditors' remuneration                   | -     | 4,000  |
|  | <hr/> | <hr/>  |

### 3 Directors' emoluments

|                       | 2001  | 2000   |
|-----------------------|-------|--------|
|                       | £     | £      |
| Directors' emoluments | -     | 22,500 |
|                       | <hr/> | <hr/>  |



# Aura Books Limited

## Notes to the financial statements (continued) For the year ended 28 February 2001

| 4 Debtors   | 2001<br>£      | 2000<br>£      |
|---|----------------|----------------|
| Amounts owed by group undertakings and undertakings in which the company has a participating interest | <u>533,496</u> | <u>533,496</u> |

| 5 Share capital  | 2001<br>£      | 2000<br>£      |
|--|----------------|----------------|
| <b>Authorised</b><br>500,000 Ordinary shares of £ 1 each                         | <u>500,000</u> | <u>500,000</u> |
| <b>Allotted, called up and fully paid</b><br>428,922 Ordinary shares of £ 1 each | <u>428,922</u> | <u>428,922</u> |

### 6 Statement of movements on profit and loss account

|                             | Profit and<br>loss account<br>£ |
|-----------------------------|---------------------------------|
| Balance at 1 March 2000     | <u>104,574</u>                  |
| Balance at 28 February 2001 | <u>104,574</u>                  |

| 7 Reconciliation of movements in shareholders' funds | 2001<br>£      | 2000<br>£      |
|--|----------------|----------------|
| Loss for the financial year                          | -              | (81,149)       |
| Opening shareholders' funds                          | <u>533,496</u> | <u>614,645</u> |
| Closing shareholders' funds                          | <u>533,496</u> | <u>533,496</u> |

### 8 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £Nil (2000 - £4,427). Contributions totalling £Nil (2000 - £Nil) were payable to the fund at the year end and are included in creditors.

## **Aura Books Limited**

### **Notes to the financial statements (continued)** **For the year ended 28 February 2001**

---

#### **9 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

#### **10 Control**

The immediate parent company is Advanced Marketing (Europe) Limited, a company incorporated in England and Wales. The ultimate parent company is Advanced Marketing Services Inc. a company incorporated in USA. The consolidated accounts of Advanced Marketing Services Inc. are available to the public and may be obtained from Advanced Marketing Services Inc., 5880 Oberlin Drive, Suite 400, San Diego, California 92121-9653.