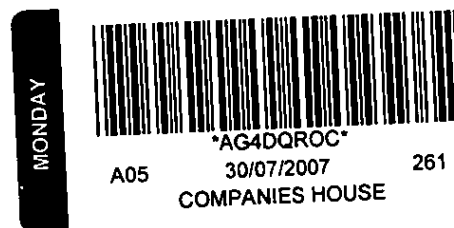


MGH INVESTMENTS LIMITED  
REPORT OF THE DIRECTOR AND  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2006



MGH INVESTMENTS LIMITED

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For the Year Ended 30 September 2006

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**MGH INVESTMENTS LIMITED**

**COMPANY INFORMATION**  
**For the year ended 30 September 2006**

<b>DIRECTORS</b>	A T Craig
<b>SECRETARY</b>	T Eustace
<b>REGISTERED OFFICE</b>	West Barn Manor Lane Oare Hermitage Berkshire RG18 9SE
<b>REGISTERED NUMBER</b>	03550286 (England and Wales)

# MGH INVESTMENTS LIMITED

## REPORT OF THE DIRECTOR For the year ended 30 September 2006

The director presents his report with the financial statements of the company for the year ended 30 September 2006

### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of being a holding company for group companies and investments. It also actively seeks to acquire businesses within the media and entertainment industries with intellectual property, for the purpose of enhancing the value of those businesses by providing in house expertise and, as and when appropriate, sell those businesses on.

The Company has a number of subsidiary undertakings whose activities are described in note 5.

### DIRECTORS

A T Craig was the sole director during the period under review.

The director holding office at 30 September 2006 did not hold any beneficial interest in the issued share capital of the company at 1 October 2005 or 30 September 2006.

A T Craig's interest in the ultimate parent company is described in note 11.

### STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

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

ON BEHALF OF THE BOARD

  
A T Craig - DIRECTOR

Dated 29 JULY 2007

MGH INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT  
For the year ended 30 September 2006

	Notes	2006	2005
TURNOVER		267,865	(829)
Cost of Sales		41,360	-
GROSS PROFIT		226,505	(829)
Administrative Expenses		10,233	13,568
Other Operating Income		-	12,476
OPERATING PROFIT/ LOSS		216,272	( 1,921)
Interest Receivable and similar income		63	56
PROFIT / LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	216,335	( 1,865)
Tax on profit on ordinary activities	3	-	-
PROFIT/LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		216,335	( 1,865)

The notes form part of these financial statements

MGH INVESTMENTS LIMITED

BALANCE SHEET  
As at 30 September 2006

	Notes	2006	2005
<b>FIXED ASSETS</b>			
Tangible Assets	4	-	-
Investments	5	117,981	158,690
<b>CURRENT ASSETS</b>			
Debtors	6	26,098	10,797
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>200,171</u>	<u>441,914</u>
<b>NET CURRENT LIABILITIES</b>		(174,073)	(431,117)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>( 56,092)</u>	<u>(271,427)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	100,000	100,000
Profit and loss account	10	(156,092)	(372,427)
<b>SHAREHOLDERS FUNDS</b>		<u>( 56,092)</u>	<u>(271,427)</u>

For the year ended 30 September 2006 the company was entitled to exemption from audit under Section 249A(1) of the Companies Act 1985. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2). The directors acknowledge their responsibility for (i) Ensuring the company keeps accounting records which comply with section 221, and (ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226 and which otherwise comply with the requirements of the Companies Act relating to the accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD

  
A T Craig - DIRECTOR

Approved by the Board on 29 JULY 2007

The notes form part of these financial statements

# MGH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 September 2006

### 1 ACCOUNTING POLICIES

#### Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002)

#### Turnover and income recognition

Turnover represents income derived from the sale of business acquisitions and incidental goods and services. Income is recognised in the accounts when a contract is signed and is irreversible.

#### Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Technical Equipment                      - 20% straight line

#### Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### Group Accounting

The accounts present information about the company as an individual undertaking on the grounds that the company is exempt from preparing consolidated accounts as a small group.

#### Going Concern

The director is also a 95% shareholder in the ultimate parent company, Owlport Limited. The Director has provided £377,683 of funding to the company to the balance sheet date and has indicated that this will not be withdrawn unless other funding is available and that he will continue to financially support the company. On this basis, he considers it reasonable to prepare the financial statements on a going concern basis.

#### Investments

The investments have been included at cost.

### 2 OPERATING PROFIT/LOSS

The operating profit/loss is stated after charging	2006	2005
Directors emoluments and other benefits etc	-	-

### 3 TAXATION

No liability to UK Corporation tax arose on the ordinary activities for the year ended 30 September 2006.

MGH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 30 September 2006

4 TANGIBLE FIXED ASSETS

	Technical Equipment
COST	
At 1 October 2005 and 30 September 2006	177,413
DEPRECIATION	
At 1 October 2005 and 30 September 2006	177,413
NET BOOK VALUE	
At 30 September 2006	-
At 30 September 2005	-

5 FIXED ASSET INVESTMENTS

	Unlisted Investments
COST	
At 1 October 2005	158,690
Investment sold on in year	40 709
NET BOOK VALUE	
At 30 September 2006	117,981
At 30 September 2005	158,690

The company's investments at the balance sheet date include the following

100% of Orbitel Limited & Youth FM Limited, both dormant companies

The company also has a 1.8% share in Milestone Group PLC

The company's share in Contemporary Enterprises was realised in the year and sold on

6 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
Trade Debtors	1,175	1,175
Other Debtors	1,923	-
VAT	<u>23,000</u>	<u>9,622</u>
	26,098	10,797



# MGH INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2006

### 7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
Bank loans and overdrafts	1,013	653
Social Security & Other Taxes	4,761	-
Trade Creditors	2,705	4,191
Other Creditors	45,203	45,203
Amounts owed to group undertakings	14,184	14,184
Directors Loan Accounts	132,305	377,683
Accrued Expenses	-	-
	<u>200,171</u>	<u>441,914</u>

### 8 SECURED DEBTS

The following secured debts are included within creditors

Finance Leases	-	-
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### 9 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid				
Number	Class	Nominal Value	2006	2005
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

### 10 RESERVES

	Profit and Loss Account
At 1 October 2005	(372,427)
Profit for the year	216,335
At 30 September 2006	(156,092)

### 11 ULTIMATE PARENT COMPANY

The ultimate parent company is Owlport Limited which owns all of the share capital of MGH Investments Limited. Owlport Limited is incorporated in England & Wales.

The ultimate controlling party is A T Craig who owns 95% of Owlport Limited.

## MGH INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2006

#### 12 RELATED PARTY DISCLOSURES

The company has investments in the following companies

Orbitel Limited	100%
Youth FM Limited	100%
Milestone Group PLC	1 8%

During the year the company sold its investment in Contempary Enterprises Limited

In addition the company is associated to Little Tinker Limited which is 50% owned by Orbitel Limited which is controlled by A T Craig

There were no amounts due from group companies at the balance sheet date

Amounts due to group companies at the balance sheet date were as follows -

	2006	2005
Youth FM Limited	14,184	14,184

£xxxxx was received from Milestone Group PLC as management charges in respect of the hire of technical equipment to the company during the year

B Thompson who owns 5% of Owlport Limited was owed £45,203 (2005 - £45,203)

A Craig, a director was owed £132,305 (2005 - £377,683) by the company

MGH INVESTMENTS LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT  
For the Year Ended 30 September 2006

	2006	2005
Provision of Media	60,000	-
Profit/Loss on sale of Investment	201,865	(829)
Other interest received	-	-
Management Fees	6,000	12,000
Deposit account interest	63	55
	267,928	11,226
Less		
Direct Costs	41,360	-
<b>GROSS PROFIT</b>	<b>226,568</b>	<b>-</b>
Expenditure		
Rent & Rates	3,132	1,774
Repairs & Renewals	4,215	-
Telephone	-	429
Sundry Expenses	-	427
Computer Costs	-	-
Accountancy	1,775	4,075
Legal & Professional Fees	867	4,098
Bad Debts	-	-
	9,989	10,803
	216,579	423
Finance Costs		
Bank Charges	244	24
Bank Interest	-	-
Hire Purchase Interest	-	2,264
	244	2,288
<b>NET PROFIT/LOSS</b>	<b>216,335</b>	<b>( 1,865)</b>