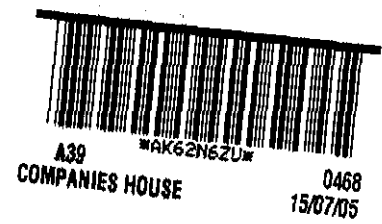


Capital Radio Telstar Entertainment Direct Limited

Directors' report and financial statements

Year ended 30 September 2004

Registered Number: 3587404



Contents

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Report of the independent auditors' to the members of Capital Radio Telstar Entertainment Direct Limited	4
Profit and Loss account	5
Balance sheet	5
Cash flow statement	6
<i>Reconciliation of movement in shareholders' deficit</i>	6
Notes to the financial statements	7

Company Information

Directors

PR Davies
RDJ Manning (appointed 6 June 2005)

Company Secretary

N Schwarz (resigned 10 August 2004)
C Fluet (served from 10 August 2004 to 9 May 2005)
R Manning (appointed 9 May 2005)

Registered Office

30 Leicester Square
LONDON
WC2H 7LA

Bankers

Bank of Scotland
38 Threadneedle Street
LONDON
EC2P 2EH

Auditor

KPMG Audit Plc
8 Salisbury Square
LONDON
EC4Y 8BB

Director's Report

The directors present their report, together with the audited financial statements of the company for the year to 30 September 2004. The company ceased trading on 31 March 2000 and for the basis of preparation for these accounts see note 1.

Business review and results

The principle activity of the company was that of a record retailer via the internet. The company did not trade during the current or prior year.

Dividends

The directors are unable to recommend the payment of a dividend for the year (2003: £nil).

Directors

The directors who held office during the year are listed on page 1. None of the directors had any interest in shares of the company (2003: Nil). The share interests and options of PR Davies who is a director of Capital Radio plc, are disclosed in that company's financial statements.

None of the directors are required to retire by rotation or had any beneficial interest in the shares of the company.

Principal shareholders

The principal shareholders of the company, together with their respective interests at 30 September 2004 are set out below.

	Number of shares	Type of share
Capital Radio plc	5,000	A
The Telstar Entertainment Group plc	5,000	B

Events since the balance sheet date

On 9 May 2005 the company's ultimate parent company, Capital Radio plc, changed its name to GCap Media plc

Auditor

In accordance with Section 384 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



R Manning
Company Secretary

Date 7/6/05

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. 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 accounts; and
- 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 maintaining 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
8 Salisbury Square
London
EC4Y 8BB

Report of the independent auditors' to the members of Capital Radio Telstar Entertainment Direct Limited

We have audited the financial statements on pages 5 to 9.

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 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 30 September 2004 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

Date 14 June 2005

Profit and Loss account

For the year ended 30 September 2004

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

Balance Sheet

As at 30 September 2004

	Note	2004 £000	2004 £000	2003 £000	2003 £000
Creditors : Amounts falling due within one year	4	(475)		(475)	
Net current liabilities			(475)		(475)
Net liabilities			(475)		(475)
Capital and reserves					
Called up share capital	5		10		10
Profit and loss account	6		(485)		(485)
Equity Shareholders' deficit			(475)		(475)

These financial statements were approved by the Board of Directors on
 its behalf by:

7/6/05

and were signed on

PR Davies
 Director



Cash Flow Statement

For the year ended 30 September 2004

	Notes	2004 £000	2003 £000
Net cash outflow from operating activities	9	-	(88)
Decrease in cash in the year		<u>-</u>	<u>(88)</u>
Reconciliation of net cash flow to movement in net funds	9		
Decrease in cash in the year		-	(88)
Net funds at start of year		-	88
Net funds at end of year		<u>-</u>	<u>-</u>
Reconciliation of movement in shareholders' deficit		Year ended 30 September 2004 £000	Year ended 30 September 2003 £000
Opening and closing shareholders' deficit		<u>(475)</u>	<u>(475)</u>

Notes to the financial statements

1. Accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards. The company ceased to trade on 31 March 2000 and since group support is not available the break up basis has been adopted for the preparation of the financial statements. This basis of preparation does not materially affect the valuation of the company's liabilities.

1.2 Cash flow statement

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

2. Staff Costs and Directors' Remuneration

The company employed no staff during the year (2003: nil). PR Davies is employed and paid by Capital Radio plc. RDJ Manning is employed and paid by GCap Media Services Ltd. Neither director received remuneration for their services in respect of the company.

3. Result on ordinary activities before taxation

The auditor's remuneration during the year ending 30 September 2004 and 2003 was paid by Capital Radio plc.

4. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Trade creditors	32	32
Amounts owed to joint venture partners	443	443
	<hr/> 475	<hr/> 475

Notes (Continued)

5. Called up share capital

Equity share capital

Authorised:	2004 £000	2003 £000
50,000 A Ordinary shares of £1 each	50	50
50,000 B Ordinary shares of £1 each	50	50
	<hr/> 100	<hr/> 100
	<hr/>	<hr/>
Allotted, called up and fully paid:	2004 £000	2003 £000
5,000 A Ordinary shares of £1 each	5	5
5,000 B Ordinary shares of £1 each	5	5
	<hr/> 10	<hr/> 10
	<hr/>	<hr/>

All share types have equal rights on winding up and voting rights of one vote per share.

6. Reserves

	Profit and loss account £000
At 1 October 2003 and 30 September 2004	485
	<hr/>

7. Commitments

Contracted capital expenditure authorised by the Board of Directors but not provided in the accounts at 30 September 2004 was £Nil (2003: £nil). There were no annual commitments under non-cancellable operating leases (2003: £nil).

8. Related Party Disclosures

The company is a joint venture company controlled by Capital Radio plc and the Telstar Entertainment Group plc.

The company paid £nil (2003: £88,000) to Capital Radio plc during the year.

At the year end the following balances were due to related parties:

Related party	Type of transaction	30 September 2004 £000	30 September 2003 £000
Capital Radio plc	Trading costs and funding	299	299
The Telstar Entertainment Group plc	Funding	144	144

Notes (Continued)

9. Reconciliation of operating loss to net cash outflow from operating activities

	2004	2003
	£000	£000
Decrease in creditors	-	(88)
	<hr/>	<hr/>
	-	(88)
	<hr/>	<hr/>