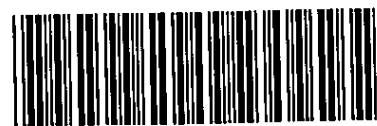


Company Registration Number 3977439

Concept Outdoor Worldwide Limited

**Consolidated Financial Statements
for the year ended 30 June 2006**

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**Concept Outdoor Worldwide Limited
Directors' Report
for the year ended 30 June 2006**

The directors present their report and the audited consolidated financial statements of the group for the year ended 30 June 2006

Principal activities

The principal activity of the company is that of an investment holding company of a group engaged in outdoor advertising

The principal activities of the subsidiary undertakings are disclosed in note 9

Review of the business and future developments

The directors expect the company to continue in operation for the foreseeable future

The profit and loss account for the year is set out on page 6

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the Pacific Investments II group, which include those of the company, are discussed within the "Principal risks and uncertainties" paragraph in the directors' report in the consolidated financial statements of Pacific Investments II Limited, which do not form part of this report

Key performance indicators ("KPIs")

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Dividends

The directors do not recommend payment of a dividend (2005 £nil)

Liquidity and interest rate risk

The company has access to funding from its parent company which constitutes long term funding and in respect of which, repayment will not be demanded in the foreseeable future. This is sufficient for current and planned future operations. Interest rate exposure is not considered a risk given the size of the company's operations and the nature of its interest bearing assets and liabilities. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Concept Outdoor Worldwide Limited
Directors' Report (continued)
for the year ended 30 June 2006

Directors and their interests

The directors of the company at 30 June 2006 are listed below

SM Halden

CJ Hoddell

SLG Wilson

SA Holder is Company Secretary

At 30 June 2006 and 30 June 2005, SM Halden was the beneficial holder of 300 A Ordinary Shares, 612 B Ordinary Shares and 54,600 Preference Shares in the company. Details of SM Halden's interests in Frontiers Group Limited, which is a fellow subsidiary of Pacific Investments II Limited, are disclosed in the financial statements of that company.

At 30 June 2006 and 30 June 2005, CJ Hoddell was the beneficial holder of 300 A Ordinary Shares and 52,529 Preference Shares in the company.

SLG Wilson does not hold any interest in the shares of the company.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 these 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

**Concept Outdoor Worldwide Limited
Directors' Report (continued)
for the year ended 30 June 2006**

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

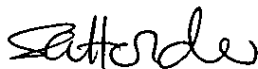
Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Annual general meetings and auditors

Through elective resolutions the company has dispensed with the holding of annual general meetings, the laying of the financial statements before annual general meetings and the appointment of auditors annually.

By Order of the Board



SA Holder
Company Secretary
124 Sloane Street
London SW1X 9BW

24 April 2007.

**Independent Auditors' Report to the Members of
Concept Outdoor Worldwide Limited**

We have audited the financial statements of Concept Outdoor Worldwide Limited for the year ended 30 June 2006 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.

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 auditors' 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' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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.

**Independent Auditors' Report to the Members of
Concept Outdoor Worldwide Limited (continued)**

Qualified opinion arising from disagreement about accounting treatment

Included in the called up share capital and share premium are 546,000 £0 0001 Preference shares issued at £1 each. In our opinion the company should classify this as a long term compound instrument rather than share capital.

Accordingly, for the current year share capital should be reduced by £601,035 and a creditor due within one year should be recognised to the value of £601,035.

Except for the financial effect of not making the adjustment referred to in the preceding paragraph, in our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985. In our opinion the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
London

24 April 2007

Concept Outdoor Worldwide Limited

**Consolidated Profit and Loss Account
for the year ended 30 June 2006**

	Note	2006 £	2005 £
Turnover		763,803	835,849
Cost of sales		(702,117)	(903,864)
Gross profit/(loss)		<u>61,686</u>	<u>(68,015)</u>
Administrative expenses		(313,514)	(459,824)
Operating loss	2	<u>(251,828)</u>	<u>(527,839)</u>
Interest receivable	4	4,606	3,690
Interest payable and similar charges	5	<u>(827,540)</u>	<u>(679,753)</u>
Loss on ordinary activities before taxation		(1,074,762)	(1,203,902)
Taxation		-	-
Loss for the year		<u><u>(1,074,762)</u></u>	<u><u>(1,203,902)</u></u>

The operating loss derives wholly from continuing operations

There are no recognised gains or losses other than the loss for the year shown above

The notes on pages 10 to 20 form an integral part of these financial statements

Concept Outdoor Worldwide Limited

**Consolidated Balance Sheet
at 30 June 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	8	<u>75,675</u>	<u>223,960</u>
CURRENT ASSETS			
Debtors	10	309,996	220,986
Cash at bank and in hand		<u>94,110</u>	<u>82,452</u>
		404,106	303,438
CREDITORS (amounts falling due within one year)	11	(242,370)	(234,455)
NET CURRENT ASSETS		<u>161,736</u>	<u>68,983</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>237,411</u>	<u>292,943</u>
CREDITORS (amounts falling due after more than one year)	12	(4,202,659)	(3,292,629)
NET LIABILITIES		<u>(3,965,248)</u>	<u>(2,999,686)</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,555	2,555
Share premium	14	547,445	547,445
Profit and loss account	15	(4,515,248)	(3,549,686)
SHAREHOLDERS' DEFICIT	16	<u>(3,965,248)</u>	<u>(2,999,686)</u>
Equity shareholders' deficit		(4,621,747)	(3,874,585)
Non-equity shareholders' funds		656,499	874,899
		<u>(3,965,248)</u>	<u>(2,999,686)</u>

The financial statements were approved by the Board of Directors on
and signed on their behalf by

24 April 2007

S L G Wilson
Director

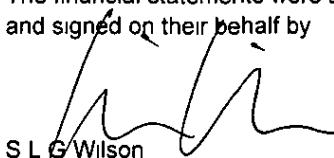
The notes on pages 10 to 20 form an integral part of these financial statements

Concept Outdoor Worldwide Limited

**Company Balance Sheet
at 30 June 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	8	206	494
Investments	9	210,899	779,118
		<u>211,105</u>	<u>779,612</u>
CURRENT ASSETS			
Debtors	10	9,139	8,240
Cash at bank and in hand		302	1,608
		<u>9,441</u>	<u>9,848</u>
CREDITORS (amounts falling due within one year)	11	(602)	(3,343)
NET CURRENT ASSETS/(LIABILITIES)		<u>8,839</u>	<u>6,505</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>219,944</u>	<u>786,117</u>
CREDITORS (amounts falling due after more than one year)	12	(4,202,659)	(3,292,629)
NET (LIABILITIES)		<u>(3,982,715)</u>	<u>(2,506,512)</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,555	2,555
Share premium	14	547,445	547,445
Profit and loss account	15	(4,532,715)	(3,056,512)
SHAREHOLDERS' (DEFICIT)	16	<u>(3,982,715)</u>	<u>(2,506,512)</u>
Equity shareholders' deficit		(5,076,013)	(3,490,610)
Non-equity shareholders' funds		1,093,298	984,098
		<u>(3,982,715)</u>	<u>(2,506,512)</u>

The financial statements were approved by the Board of Directors on 24 April 2007 and signed on their behalf by


S L G Wilson
Director

The notes on pages 10 to 20 form an integral part of these financial statements

Concept Outdoor Worldwide Limited

**Consolidated Cash Flow Statement
for the year ended 30 June 2006**

	Note	2006 £	2005 £
NET CASH OUT FLOW FROM OPERATING ACTIVITIES	18	<u>(175,886)</u>	<u>(193,764)</u>
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		4,606	3,690
Interest paid		-	(261)
		<u>4,606</u>	<u>3,429</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire fixed assets		(8,752)	(950)
NET CASH OUTFLOW BEFORE FINANCING		<u>(180,032)</u>	<u>(191,285)</u>
FINANCING			
Shareholder loans		191,690	138,261
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>11,658</u>	<u>(53,024)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
INCREASE/(DECREASE) IN CASH IN THE YEAR		11,658	(53,024)
Increase in borrowings		<u>(910,030)</u>	<u>(708,553)</u>
		(898,372)	(761,577)
Net debt at 1 July 2005		(3,210,177)	(2,448,600)
NET DEBT AT 30 June 2006	19	<u>(4,108,549)</u>	<u>(3,210,177)</u>

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2006

1 Principal accounting policies

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

The company is a subsidiary of the Pacific Investments II Limited group of companies and is included in the consolidated financial statements of Pacific Investments II Limited, which are publicly available

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year apart from the adoption of FRS 25 'Financial Instruments: Disclosure and Presentation'. The directors consider that the adoption of FRS 25 has had no significant impact on the financial statements and thus no adjustment has been processed accordingly.

Going concern - The financial statements have been prepared on a going concern basis which assumes the continued support of the parent company and group undertakings. The directors have received a letter from the parent company, Pacific Leisure, Entertainment & Media Ltd confirming their support for a period of at least one year from the date of approval of these financial statements.

Turnover - Turnover represents the net amount receivable, excluding value added tax, of goods and services provided in respect of outdoor advertising. Revenue is recognised over the period of the underlying contract with the advertising customer. Turnover relates to the one principal activity of the group and is derived wholly within the United Kingdom.

Investments - Investments held as fixed assets are stated at cost, less any provision for diminution in value.

Tangible fixed assets - Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Depreciation - Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Billboards	3 - 5 years
Computer equipment	3 years
Furniture and equipment	5 years

Intangible assets - Goodwill represents the excess of the fair value of the consideration paid over the identifiable net assets acquired. Goodwill is capitalised and amortised in equal instalments over its estimated useful economic life of 20 years. The carrying value of goodwill is assessed annually and any impairment in value is charged to the profit and loss account where considered necessary.

Operating leases - Operating lease rentals are charged to the profit and loss account in the period to which they relate.

Deferred taxation - Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law.

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2006 (continued)**

2 Operating loss

The operating loss of the group is stated after charging

	2006 £	2005 £
Auditors' remuneration for audit services	1,750	7,212
Depreciation of tangible fixed assets	71,690	138,597
Amortisation of intangible assets	-	14,437
Provisions for impairment of goodwill	-	223,013
Loss on disposal	<u>85,347</u>	<u>-</u>

The audit fee of the company was £750 (2005 £2,212)

3 Staff costs

	2006 £	2005 £
Wages and salaries	75,148	16,301
Social security costs	8,056	1,695
	<u>83,204</u>	<u>17,996</u>

The average monthly number of employees for the group during the year was 3 (2005 £nil)

Directors' remuneration for the year was £46,477 (2005 £nil)

4 Interest receivable

	2006 £	2005 £
Bank deposit interest	<u>4,606</u>	<u>3,690</u>

5 Interest payable and similar charges

	2006 £	2005 £
Interest payable to immediate parent company	595,923	467,065
Interest payable on loans from other shareholders	122,417	103,227
Other interest payable	-	261
Finance charge on Preference Shares	109,200	109,200
	<u>827,540</u>	<u>679,753</u>

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2006 (continued)**

6 Reconciliation of tax charge

	2006 £	2005 £
Loss on ordinary activities before taxation	(1,074,762)	(1,094,702)
Tax credit on loss on ordinary activities before taxation at 30%	(322,429)	(328,411)
Expenses disallowed for tax purposes	248,695	244,547
Depreciation in excess of capital allowances	27,374	15,212
Trading losses carried forward	46,360	68,652
	<u>-</u>	<u>-</u>

6.1 Deferred tax asset

	2006 £ Unrecognised	2005 £ Unrecognised
Tax effect of timing differences due to losses carried forward	628,241	581,881
Tax effect of accelerated capital allowances	38,240	10,866
	<u>666,481</u>	<u>592,747</u>

7 Company profit and loss account

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements. The loss after taxation attributable to Concept Outdoor Worldwide Limited was £1,476,203 (2005: £2,429,333).

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2006 (continued)**

8 Tangible fixed assets

The fixed assets of the group are analysed as follows

	Billboards £	Fixtures and Fittings £	Office Equipment £	Total £
Cost				
At 30 June 2005	692,128	489	4,106	696,723
Additions	8,752	-	-	8,752
Disposals	(350,284)	-	-	(350,284)
At 30 June 2006	<u>350,596</u>	<u>489</u>	<u>4,106</u>	<u>355,191</u>
Accumulated depreciation				
At 30 June 2005	469,796	277	2,690	472,763
Charge for the year	70,552	99	1,039	71,690
Disposals	(264,937)	-	-	(264,937)
At 30 June 2006	<u>275,411</u>	<u>376</u>	<u>3,729</u>	<u>279,516</u>
Net book value at 30 June 2006	<u>75,185</u>	<u>113</u>	<u>377</u>	<u>75,675</u>
Net book value at 30 June 2005	<u>222,332</u>	<u>212</u>	<u>1,416</u>	<u>223,960</u>

The tangible assets of the company are analysed as follows

	Office Equipment £
Cost	
At 30 June 2005 and 30 June 2006	<u>1,285</u>
Accumulated depreciation	
At 30 June 2005	791
Charge for the year	288
At 30 June 2006	<u>1,079</u>
Net book value at 30 June 2006	<u>206</u>
Net book value at 30 June 2005	<u>494</u>

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2006 (continued)**

9 Investment in subsidiaries

	Shares £	Loan £	Total £
Cost			
At 1 July 2005	548,000	2,703,066	3,251,066
Additions	-	188,593	188,593
At 30 June 2006	<u>548,000</u>	<u>2,891,659</u>	<u>3,439,659</u>
Provision for permanent diminution in value			
At 1 July 2005	(1,000)	(2,470,948)	(2,471,948)
Provided during the year	(336,101)	(420,711)	(756,812)
At 30 June 2006	<u>(337,101)</u>	<u>(2,891,659)</u>	<u>(3,228,760)</u>
Net book value at 30 June 2006	<u>210,899</u>	<u>-</u>	<u>210,899</u>
Net book value at 30 June 2005	<u>547,000</u>	<u>232,118</u>	<u>779,118</u>

The Company has two subsidiaries, details of which are as follows

Name of undertaking	% owned	% voting rights	Holding	Nature of business	Place of incorporation
Concept Outdoor (UK) Limited	100%	100%	Ordinary & Preference Shares	Outdoor Advertising	England & Wales
Concept Solution Limited	100%	100%	Ordinary Shares	Non-trading	England & Wales

Concept Outdoor (UK) Limited has a subsidiary, details of which are as follows

Name of undertaking	% owned	% voting rights	Holding	Nature of business	Place of incorporation
Concept Outdoor Limited	100%	100%	Ordinary Shares	Non-trading	England & Wales

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2006 (continued)**

10 Debtors

	Group 2006 £	Group 2005 £
Trade debtors	183,651	178,400
Amounts owed by other group undertakings	-	9,139
Prepayments and accrued income	126,345	33,447
	<u>309,996</u>	<u>220,986</u>
	Company 2006 £	Company 2005 £
Amounts owed by other group undertakings	9,139	9,139
Other taxation and social security	-	(899)
	<u>9,139</u>	<u>8,240</u>

11 Creditors (amounts falling due within one year)

	Group 2006 £	Group 2005 £
Trade creditors	69,615	64,254
Amounts due to other group undertakings	8,942	2,930
Other taxation and social security	10,673	13,986
Accruals and deferred income	153,140	153,285
	<u>242,370</u>	<u>234,455</u>
	Company 2006 £	Company 2005 £
Accruals and deferred income	<u>602</u>	<u>3,343</u>

In addition to the amounts disclosed above, cumulative preference dividends of £546,299 have been accrued on a time basis, but cannot currently be paid by reference to available distributable reserves and have therefore been credited back to distributable reserves in accordance with FRS 4

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2006 (continued)

12 Creditors (amounts falling due after more than one year)

Group and Company

	2006 £	2005 £
Amounts owed to immediate parent undertaking	3,506,057	2,718,444
Amounts owed to other shareholders	696,602	574,185
	<u>4,202,659</u>	<u>3,292,629</u>

The loan from the company's immediate parent has no fixed date of repayment, and interest accrues at 20% per annum. The loan is equity in nature, and repayment will not be demanded until alternative external funding is secured, either via trade sale, flotation, or similar.

13 Share capital

At 30 June 2006 and 30 June 2005, the authorised and issued share capital of the company comprised

	Authorised		Issued	
	Number	£	Number	£
£1 A Ordinary Shares	3,300	3,300	692	692
£0.35 A Special Ordinary Shares	2,308	808	2,308	808
£1 B Ordinary Shares	1,000	1,000	1,000	1,000
£0.0001 Preference Shares	1,000,000	100	546,000	55
£1 Deferred Shares	1,000	1,000	-	-
	<u>1,007,608</u>	<u>6,208</u>	<u>550,000</u>	<u>2,555</u>

All classes of shares, together with related share premium, are fully paid up.

Rights regarding income

The A Ordinary Shares and the A Special Ordinary Shares rank *pari passu* for any dividend or other distribution by the company. The B Ordinary Shares do not carry any right to dividend unless or until the occurrence of a listing, a take-over or a liquidation or a winding up of the company. Following either of these events the B Ordinary Shares, A Ordinary Shares and the A Special Ordinary Shares (together the "Ordinary Shares") rank *pari passu* for any dividend or other distribution by the company. The Deferred Shares do not carry any right to dividend or other distribution by the company.

The Preference Shares carry the right to a fixed cumulative preferential dividend of 20% per annum on the amount paid up or credited as paid up on each Preference Share (including as to any premium). This dividend ranks for payment in priority to the payment of a dividend on any other shares of the company.

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2006 (continued)

13 Share capital (continued)

Rights regarding capital

On a return of assets on liquidation, reduction of capital or otherwise, the surplus capital of the company is returned as follows, and in the following order

- 1 To the Preference Shareholders an amount equal to the capital paid up on the Preference Shares together with any arrears of or deficiency in the fixed cumulative dividend on such shares,
- 2 To the Ordinary Shareholders a sum equal to any premium paid on such Ordinary Shares,
- 3 To the Ordinary Shareholders a sum equal to the nominal value of such shares (to the extent paid up),
- 4 To the A Ordinary Shareholders and the A Special Ordinary Shareholders so as to give them a return with an IRR of not less than 20% on their investment in the company,
- 5 To the Deferred Shareholders a sum equal to the nominal value of such shares (to the extent paid up), &
- 6 The balance of such assets (if any) shall belong to and be distributed amongst the Ordinary Shareholders *pari passu*

Rights regarding voting

The A Ordinary Shareholders and the A Special Ordinary Shareholders have the right to receive notice of and to attend, speak and vote at all general meetings of the company. The B Ordinary Shareholders have the right to receive notice of and to attend and speak at all general meetings of the company but not to vote unless or until the occurrence of a listing, a take-over, a liquidation or a winding up of the company. The Deferred and Preference Shareholders do not have the right to receive notice of or to attend or vote at any general meeting of the company at any time.

Conversion of B Shares

In certain circumstances which relate either to the occurrence of a listing, a take-over, a liquidation or a winding up of the company or to the cessation of employment of a B Ordinary Shareholder who is an employee or director of the company, the B Ordinary Shares may be converted into Deferred Shares. The circumstances in which this conversion may arise are set out in full in the Articles of Association of the company.

14 Share premium account

	2006 £	2005 £
Share premium arising on A Special Ordinary Shares of £0.35	1,500	1,500
Share premium arising on Preference Shares of £0.0001	545,945	545,945
	<u>547,445</u>	<u>547,445</u>

15 Profit and loss account

	Group £	Company £
At 30 June 2005	(3,549,686)	(3,056,512)
Retained loss for the year	(1,074,762)	(1,585,403)
Preference Share dividend not payable by reference to insufficient distributable reserves	109,200	109,200
At 30 June 2006	<u>(4,515,248)</u>	<u>(4,532,715)</u>

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2006 (continued)**

16 Reconciliation of movement in shareholders' funds

	Group £	Company £
Shareholders' deficit at 30 June 2005	(2,999,686)	(2,506,512)
Retained loss for the year	(1,074,762)	(1,585,403)
Preference Share dividend not payable by reference to insufficient distributable reserves	109,200	109,200
Shareholders' deficit at 30 June 2006	<u>(3,965,248)</u>	<u>(3,982,715)</u>

17 Operating lease commitments

The group had annual commitments under non-cancellable operating leases expiring as follows

	2006 £	2005 £
In less than one year	104,398	193,825
In two to five years	178,403	260,426
In more than five years	103,500	155,000
	<u>386,301</u>	<u>609,251</u>

18 Reconciliation of operating loss to net cash outflow from operating activities

	2006 £	2005 £
Operating loss	(251,828)	(527,839)
Loss on disposal of fixed assets	85,347	1,388
Depreciation of tangible fixed assets	71,690	138,597
Amortisation of goodwill	-	14,437
Impairment of goodwill	-	223,013
Increase in debtors	(89,010)	105,197
Increase in creditors	7,915	(148,557)
Net cash outflow from operating activities	<u>(175,886)</u>	<u>(193,764)</u>

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2006 (continued)**

19 Analysis of net debt

	At 30 June 2005	Cash flow	Other non-cash changes	At 30 June 2006
	£	£	£	£
Cash at bank and in hand	82,452	11,658	-	94,110
Debt due after one year	(3,292,629)	(191,690)	(718,340)	(4,202,659)
	<u>(3,210,177)</u>	<u>(180,032)</u>	<u>(718,340)</u>	<u>(4,108,549)</u>

Other non-cash changes relate to interest accrued but not paid on shareholder loans

20 Related parties

During the year, the company incurred but did not pay interest on shareholder loans to the following shareholder directors at a rate of 20% per annum

	2006 £	2005 £
SM Halden	38,166	30,547
CJ Hoddell	<u>63,398</u>	<u>55,096</u>

At the balance sheet date, the following balances were due to the shareholder directors

	2006 £	2005 £
Amounts falling due after more than one year		
SM Halden	217,186	179,019
CJ Hoddell	360,756	297,359
	<u>577,942</u>	<u>476,378</u>

During the year, the group carried out a number of transactions with other Pacific Investments II Limited group companies. The names of the related parties, nature of these transactions and their total value are shown below

	Value of transactions 2006 £
Transactions with Pacific Investments PLC	<u>88,294</u>

At 30 June 2006, the group owed Pacific Investments PLC £47,665 (2005 £2,930)

All these transactions were on an arm's length basis

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2006 (continued)

21 Ultimate parent undertaking

The company's immediate parent company is Pacific Leisure, Entertainment & Media Limited, a company registered in England and Wales

The company's ultimate holding company is Pacific Investments II Limited, a company registered in England and Wales, which is the largest group of which the company is a member and for which group financial statements are prepared. The consolidated financial statements of that company can be obtained from Companies House

The directors consider the ultimate controlling party to be JL Beckwith, a director and majority shareholder of the ultimate holding company