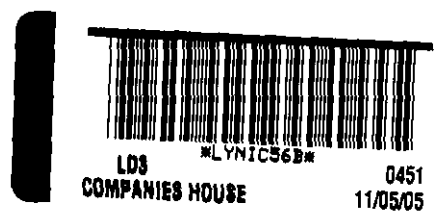


QD Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2005



QD Limited

DIRECTORS AND OFFICERS

DIRECTORS

D Wharin
CL Jones
RC Hollingbery
KJ Green
SK Sayer
M Sherringham

SECRETARY

K J Green

REGISTERED OFFICE

93 Great Titchfield Street
London W1W 6RP

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

QD Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of QD Limited for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were graphic design and the production of advertising commercials for radio, television and cinema and the production of music videos and promotional films.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are satisfied with the performance of the company in the year, and expect profitable growth in the coming year.

DIVIDEND

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 April 2004:

WM Cellier	(resigned 21 September 2004)
PJ Michau	(resigned 21 September 2004)
D Wharin	
CL Jones	
RC Hollingbery	
KJ Green	
SK Sayer	
M Sherringham	(appointed 2 December 2004)

DIRECTORS AND THEIR INTERESTS IN SHARES

The directors and their interests as defined by Companies Act 1985, in the shares of the company at 31 March 2005 were as follows:

	Ordinary shares of 5p each	
	2005	2004
PJ Michau	-	-
WM Cellier	-	-
D Wharin	-	-
CL Jones	-	-
RC Hollingbery	-	-
KJ Green	-	-
SK Sayer	-	-
M Sherringham	-	-

The interests of Messrs D Wharin and KJ Green in the shares of the ultimate parent company are disclosed in that company's financial statements.

QD Limited

DIRECTORS' REPORT

DIRECTORS' SHARE OPTIONS

No director, who is not also a holding company director, had any options over the share capital of the company or its ultimate parent company, Brantome Limited, other than as stated below:

Over shares of QD Limited

	Option price	At 1 April 2004	Granted/(lapsed) during year	Outstanding at 31 March 2005
CL Jones	£1.25	4,000	-	4,000
	£1.30	1,000	-	1,000
	£0.80	800	-	800
	£0.90	1,500	-	1,500
	£1.70	1,500	-	1,500
	£1.85	1,000	-	1,000
	£1.61	1,200	-	1,200
RC Hollingbery	£1.70	300	-	300
	£1.85	300	-	300
	£1.61	500	-	500
	£0.85	900	-	900
	£2.16	7,500	-	7,500

The above options are exercisable in the event of either control of the company passing to a third party, or on a Stock Exchange Listing of the whole or part of the company's shares.

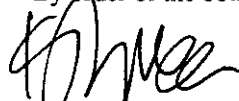
POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable contributions during the year amounting to £7,275 (2004: £7,623)

AUDITORS

The company has passed an elective resolution to dispense with the annual reappointment of auditors in accordance with Section 386(1) of the Companies Act 1985. Therefore, the auditors, Baker Tilly, will be deemed to be reappointed for each succeeding financial year.

By order of the board



KJ Green
Director

5 May 2005

QD Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QD LIMITED

We have audited the financial statements on pages 6 to 16.

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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 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.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

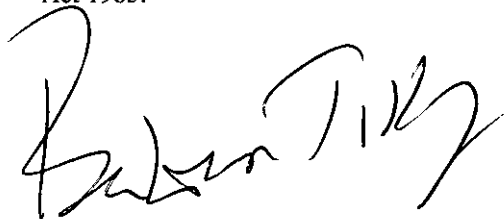
Basis of opinion

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 judgments 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 at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

5 May 2005

QD Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2005

	<i>Notes</i>	2005 £	2004 £
TURNOVER	1	3,495,490	4,094,915
Cost of sales		(1,327,460)	(2,059,912)
GROSS PROFIT		<u>2,168,030</u>	<u>2,035,003</u>
Administrative expenses		(1,941,745)	(2,131,937)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		<u>226,285</u>	<u>(96,934)</u>
Investment income	2	5,452	7,589
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>231,737</u>	<u>(89,345)</u>
Taxation	5	(49,626)	8,183
PROFIT/(LOSS) FOR THE YEAR	13	<u><u>182,111</u></u>	<u><u>(81,162)</u></u>

The profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

QD Limited
BALANCE SHEET
31 March 2005

	<i>Notes</i>	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	112,071	218,627
CURRENT ASSETS			
Stocks	7	11,012	11,451
Debtors	8	1,590,875	713,770
Cash at bank and in hand		15,572	141,274
		<u>1,617,459</u>	<u>866,495</u>
CREDITORS: Amounts falling due within one year	9	(765,676)	(495,738)
NET CURRENT ASSETS		<u>851,783</u>	<u>370,757</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>963,854</u>	<u>589,384</u>
CREDITORS: Amounts falling due after more than one year	10	(200,000)	-
PROVISIONS FOR LIABILITIES AND CHARGES	11	(3,447)	(11,088)
		<u>760,407</u>	<u>578,296</u>
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account	13	710,407	528,296
EQUITY SHAREHOLDERS' FUNDS	14	<u>760,407</u>	<u>578,296</u>

Approved by the board on 5 May 2005

KJ Green  Director

QD Limited
CASH FLOW STATEMENT
for the year ended 31 March 2005

	<i>Notes</i>	2005 £	2004 £
Cash flow from operating activities	15a	(464,611)	(250,193)
Returns on investments and servicing of finance	15b	5,452	7,589
Capital expenditure and financial investment	15b	6,389	(84,426)
CASH FLOW BEFORE FINANCING		<u>(452,770)</u>	<u>(327,030)</u>
Financing		200,000	-
DECREASE IN CASH IN THE PERIOD		<u>(252,770)</u>	<u>(327,030)</u>
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2005 £	2004 £
Decrease in cash in the period		(252,770)	(327,030)
MOVEMENT IN NET FUNDS IN PERIOD		<u>(252,770)</u>	<u>(327,030)</u>
NET FUNDS AT 1 APRIL 2004		141,274	468,304
NET FUNDS AT 31 MARCH 2005	15c	<u>(111,496)</u>	<u>141,274</u>

QD Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 248 of the Companies Act 1985 as it is part of a small sized group.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	20% per annum on cost
Fixtures and fittings	20% per annum on cost
Computer equipment	33% per annum on cost
Leasehold improvements	Over the life of the lease

INVESTMENTS

Fixed asset investments are stated at cost, less any provision for diminution in value.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items. Work in progress represents rechargeable costs incurred in the normal course of business which at the balance sheet date had not been re-invoiced to clients.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PENSIONS CONTRIBUTIONS

The company makes contributions to the money purchase pension policies of certain of its employees and directors which are charged to the profit and loss account in the period in which they fall due.

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

QD Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

1 TURNOVER

The company's turnover was all derived from its principal activity. All sales were made from the United Kingdom.

2 INVESTMENT INCOME

	2005	2004
	£	£

Bank interest receivable	5,452	7,589
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3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005	2004
	£	£

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

Depreciation and amounts written off tangible fixed assets:

Charge for the year:

Owned assets	67,665	82,350
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Operating lease payments:

Land and buildings	126,350	151,836
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Auditors' remuneration

Audit	11,250	14,750
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Non audit	16,300	7,550
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4 EMPLOYEES

	2005	2004
	No.	No.

The average weekly number of persons (including directors) employed by the company during the year was:

Office and management	22	21
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	2005	2004
	£	£

Staff costs for the above persons:

Wages and salaries	1,020,303	821,737
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Social security costs	116,417	90,696
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Pension costs	22,563	25,621
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Redundancy and payment in lieu of notice	3,200	1,800
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	1,162,483	939,854
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QD Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

4	EMPLOYEES (<i>continued</i>)	2005 £	2004 £
	DIRECTORS' REMUNERATION		
	Emoluments (including benefits in kind)	522,722	506,481
	Amounts paid to money purchase pension schemes	12,325	11,129
	Total emoluments	<u>535,037</u>	<u>517,610</u>
		No.	No.
	The number of directors to whom relevant benefits are accruing under money purchase pension schemes was:	<u>4</u>	<u>4</u>
		£	£
	Highest paid director:		
	Emoluments (including benefits in kind)	248,904	126,234
	Amounts paid to money purchase schemes	-	3,000
		<u>248,904</u>	<u>129,234</u>
5	TAXATION	2005 £	2004 £
	Based on the result for the year:		
	UK corporation tax at 30% (2004: 30%)	57,267	(23,648)
	Deferred taxation:		
	Origination and reversal of timing differences	(7,641)	15,465
		<u>49,626</u>	<u>(8,183)</u>
	Factors affecting tax charge for period:	2005 £	2004 £
	Profit/(loss) on ordinary activities before tax	231,737	(89,345)
	Profit/(loss) on ordinary activities multiplied by standard rate of 30% (2004: 30%)	<u>69,521</u>	<u>(26,804)</u>
	Effects of:		
	Expenses not deductible for tax purposes	13,083	19,497
	Capital allowances in excess of depreciation	7,603	(13,892)
	Small company relief	(32,978)	(1,986)
	Other timing differences	38	(463)
	Current tax charge/(credit) for period	<u>57,267</u>	<u>(23,648)</u>

QD Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

6	TANGIBLE FIXED ASSETS	<i>Leasehold improve- ments</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
	Cost or valuation				
	1 April 2004	66,359	410,433	28,899	505,691
	Additions	-	23,612	-	23,612
	Disposals	(21,204)	(81,936)	(6,318)	(109,458)
	31 March 2005	<u>45,155</u>	<u>352,109</u>	<u>22,581</u>	<u>419,845</u>
	Depreciation				
	1 April 2004	10,685	258,140	18,239	287,064
	Charged in the year	5,938	57,554	4,173	67,665
	Disposals	(5,770)	(37,978)	(3,207)	(46,955)
	31 March 2005	<u>10,853</u>	<u>277,716</u>	<u>19,205</u>	<u>307,774</u>
	Net book value				
	31 March 2005	<u>34,302</u>	<u>74,393</u>	<u>3,376</u>	<u>112,071</u>
	31 March 2004	<u>55,674</u>	<u>152,293</u>	<u>10,660</u>	<u>218,627</u>
7	STOCKS			2005 £	2004 £
	Work in progress			11,012	11,451
8	DEBTORS			2005 £	2004 £
	Due within one year:				
	Trade debtors			691,985	616,496
	Other debtors			872,020	48,386
	Prepayments			26,870	48,888
				<u>1,590,875</u>	<u>713,770</u>

Included within trade debtors is £Nil (2004: £14,161) owed by Quontrol Limited which was a related party as disclosed in note 17.

QD Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

9	CREDITORS: Amounts falling due within one year	2005 £	2004 £
	Overdraft	127,068	-
	Trade creditors	216,649	307,966
	Corporation tax	57,267	-
	Other creditors	-	750
	Other taxation and social security costs	129,750	87,407
	Accruals and deferred income	234,942	99,615
		<u>765,676</u>	<u>495,738</u>

The company has an overdraft facility which is secured by a debenture giving fixed or floating charges on all assets of the company.

10	CREDITORS: Amounts falling due after more than one year	2005 £	2004 £
	Director's loan	200,000	-
	Amounts repayable by instalments falling due: In more than two but not more than five years	<u>200,000</u>	<u>-</u>
		<u>200,000</u>	<u>-</u>

This refers to a loan from D Wharin, a director of the company. It bears interest at base rate plus 2% per annum. The maximum amount owed by the company during the year and under this arrangement was £300,000. Total interest payable during the year amounted to £8,526. In addition to this interest bearing loan, there was a further £72,000 loan made by D Wharin to the company on an interest free basis which was drawn and repaid during the year. KJ Green, a director and the secretary of the company, made an interest free loan of £28,000 which was also drawn and repaid during the year.

11	DEFERRED TAX	£	
	Deferred tax – calculated as follows:		
	Provision at 1 April 2004		(11,088)
	Credited to profit and loss account		7,641
	Provision at 31 March 2005		<u>(3,447)</u>
12	SHARE CAPITAL	2005 £	2004 £
	Authorised: 2,000,000 ordinary shares of 5p each	<u>100,000</u>	<u>100,000</u>
	Allotted, issued and fully paid: 1,000,000 ordinary shares of 5p each	<u>50,000</u>	<u>50,000</u>

QD Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

12 SHARE CAPITAL (continued)

Under the company's Executive Share Option scheme the following options to subscribe for a total of 26,250 ordinary shares have been granted and are currently outstanding.

Dates granted	Number of ordinary shares	Subscription price
30 November 1989	4,000	1.25
30 November 1990	1,400	1.30
30 November 1991	1,350	0.80
30 November 1992	1,500	0.90
30 November 1993	2,700	1.70
30 November 1994	1,750	1.85
30 November 1996	2,750	1.61
30 November 1998	3,300	0.85
30 November 2000	7,500	2.16

The options are exercisable in the event of either control of the company passing to a third party or on a Stock Exchange listing of the whole or part of the company's shares.

13 PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
1 April	528,296	609,458
Profit/(loss) for the financial year	182,111	(81,162)
31 March	<u>710,407</u>	<u>528,296</u>

14 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit/(loss) for the financial year	182,111	(81,162)
Dividend	-	-
Net increase/(reduction to) equity shareholders' funds	<u>182,111</u>	<u>(81,162)</u>
Opening equity shareholders' funds	578,296	659,458
Closing equity shareholders' funds	<u>760,407</u>	<u>578,296</u>

QD Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

15	CASH FLOWS		2005 £	2004 £
a	Reconciliation of operating profit/(loss) to net cash inflow from operating activities			
	Operating profit/(loss)		226,285	(96,934)
	Depreciation		67,665	82,350
	Loss on disposal		32,500	-
	Decrease/(increase) in stocks		439	(6,942)
	Increase in debtors		(877,104)	(86,349)
	Increase/(decrease) in creditors		85,604	(142,318)
	Net cash flow from operating activities		<u>(464,611)</u>	<u>(250,193)</u>
			2005 £	2004 £
b	Analysis of cash flows for headings netted in the cash flow			
	Returns on investments and servicing of finance			
	Interest received		5,452	7,589
	Net cash inflow for returns on investment and servicing of income		<u>5,452</u>	<u>7,589</u>
	Capital expenditure and financial investment			
	Purchase of tangible fixed assets		(23,612)	(84,426)
	Sale of tangible fixed assets and investments		30,001	-
	Net cash outflow for capital expenditure and financial investment		<u>6,389</u>	<u>(84,426)</u>
c	Analysis of net debt	At 1 April 2004 £	Cash flow £	Other non cash changes £
	Cash in hand, at bank	141,274	(252,770)	-
	Total	<u>141,274</u>	<u>(252,770)</u>	<u>-</u>
16	COMMITMENTS UNDER OPERATING LEASES			At 31 March 2005 £
	At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:			
			2005 £	2004 £
	Land and buildings			
	expiring in the second to fifth year		100,000	100,000
	expiring after five years		-	52,700
			<u>100,000</u>	<u>152,700</u>

QD Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

17 RELATED PARTY DISCLOSURES

The company's related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of transactions with them are summarised below:

	Sub note	2005 £	2004 £
Fees paid to DLA for the supply of legal services	1	1,487	37,425
Amount owed to DLA at 31 March	1	-	7,638
Management charges paid to Quontrol Limited	2	160,500	415,000
Amount owed by Quontrol Limited at 31 March	2	-	14,161
Amount owed to Quontrol Limited at 31 March	2	-	64,625
Rent payable to Quontrol Retirement and Death Benefit Scheme	3	100,000	99,136
Rent payable to Poland Street Consortium	4	26,350	52,700

Sub notes

- 1) PJ Michau is a partner at DLA and was also a director of QD Limited (resigned 21 September 2004).
- 2) WM Cellier and D Wharin were both directors of Quontrol Limited and of QD Limited during the year. WM Cellier resigned from QD Limited on 21 September 2004; D Wharin resigned from Quontrol Limited on 21 September 2004.
- 3) WM Cellier and D Wharin are both members of the Quontrol Retirement and Death Benefit Scheme and were directors of QD Limited during the year.
- 4) Quontrol Retirement and Death Benefit Scheme (see note 3 above) is a member of The Poland Street Consortium Benefit scheme.

18 ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is D Wharin.

19 IMMEDIATE AND ULTIMATE PARENT COMPANY

The company's immediate parent company is Qd Holdings Limited and its ultimate parent company is Brantome Limited. Group financial statements have not been prepared because the group qualifies as a small sized group.