Acxiom Limited

Directors' report and financial statements

Registered number 1182318

31 March 2004

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

Principal activity

The principal activities of the group are the provision of computing, fulfilment and other marketing services and the provision of marketing data, in support of our customers' direct marketing activities.

Research and development

Expenditure on research and development of £927,000 *(2003: £524,000)* was charged to the profit and loss account during the year.

Business review

Operations

The loss for the year after taxation was £925,000 *(2003: £1,709,000 profit)*. The directors do not recommend the payment of a dividend *(2003: £nil)* and the profit for the year has been transferred to reserves.

Funding

The group received funding of £5,755,000 *(2003: £1,093,000)* from its ultimate parent company, Acxiom Corporation, during the year, to finance its operations and business development. During the year, recharges of £2,680,000 *(2003: £4,590,000)* were made to the ultimate parent company in respect of development and other activities of the company.

Directors and directors' interests

The directors who served during the year were as follows:

KE Goulding		
CD Morgan Jnr	(Chairman)	resigned 1 June 2004
RS Kline		resigned 1 June 2004
JM Gross	(non-executive)	resigned 1 June 2004
CA Truyens		resigned 16 April 2004
J Gardener		resigned 8 June 2004

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of company or any other group companies, according to the register of directors and debenture interests.

Employees

The training and retraining of staff is a high priority. Much of the training is on-the-job, supported by internal and external courses. The group's aim for all applicants and members of staff is to fit the qualifications, aptitude and ability of each individual to the appropriate job.

The group does all that is practicable to meet its responsibility towards the employment of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

Directors' report *(continued)*

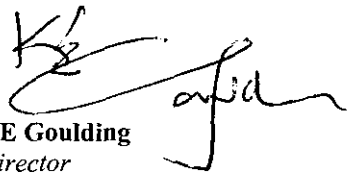
Political and charitable contributions

The group made no political contributions during the year. Donations to UK charities amounted to £732 *(2003: £1,690)*.

Auditors

A resolution for the reappointment of KPMG LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the board



KE Goulding
Director

Counting House
53 Tooley Street
London
SE1 2QN

29 July 2005

Statement of 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 group and of the profit or loss 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;
- 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 group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Report of the independent auditors to the members of Acxiom Limited

We have audited the financial statements on pages 5 to 21.

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 affairs of the company and the group as at 31 March 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

29 July 2005

Consolidated profit and loss account
for the year ended 31 March 2004

	Notes	**2004 £000**	2003 £000
Turnover	*2*	**31,663**	32,517
Cost of sales		**(26,687)**	(24,785)
Gross profit		**4,976**	7,732
Distribution costs		**(2,929)**	(4,020)
Administration expenses		**(2,606)**	(1,441)
Operating (loss)/profit		**(559)**	2,271
Interest receivable and similar income	*6*	**24**	124
Interest payable and similar charges	*7*	**(210)**	(206)
(Loss)/profit on ordinary activities before taxation	*3-5*	**(745)**	2,189
Tax on profit on ordinary activities	*8*	**(180)**	(480)
Retained (loss)/profit for the year	*17*	**(925)**	1,709

Consolidated statement of recognised gains and losses
for the year ended 31 March 2004

	2004 £000	2003 £000
(Loss)/profit for the financial year	**(925)**	1,709
(Loss)/gain on foreign exchange	**(46)**	202
Total recognised gains and losses relating to the year	**(971)**	1,911

Consolidated balance sheet

as at 31 March 2004

	Note	2004		2003	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*		**769**		877
Tangible assets	*10*		**4,528**		6,815
			5,297		7,692
Current assets					
Stocks	*12*	**57**		27	
Debtors:					
Due within one year	*13*	**13,303**		8,624	
Due after more than one year	*13*	**191**		191	
Cash at bank and in hand		**692**		958	
		14,243		9,800	
Creditors: amounts falling due within one year	*14*	**(6,768)**		(5,381)	
Net current assets			**7,475**		4,419
Total assets less current liabilities			**12,772**		12,111
Creditors: amounts falling due after more than one year	*15*		**(9,031)**		(7,399)
Net assets			**3,741**		4,712
Capital and reserves					
Called up share capital	*16*		**4,600**		4,600
Share premium account	*17*		**831**		831
Profit and loss account	*17*		**(1,690)**		(719)
Equity shareholders' funds	*18*		**3,741**		4,712

These financial statements were approved by the board of directors on 29 July 2005 and were signed on its behalf by:

KE Goulding
Director

Company balance sheet
as at 31 March 2004

	Note	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Intangible assets	*9*		**769**		877
Tangible assets	*10*		**4,525**		6,812
			5,294		7,689
Current assets					
Stocks	*12*	**57**		27	
Debtors:					
Due within one year	*13*	**13,830**		9,151	
Due after more than one year	*13*	**191**		191	
Cash at bank and in hand		**692**		958	
		14,770		10,327	
Creditors: amounts falling due within one year	*14*	**(6,911)**		(5,524)	
Net current assets			**7,859**		4,803
Total assets less current liabilities			**13,153**		12,492
Creditors: amounts falling due after more than one year	*15*		**(8,493)**		(6,861)
Net assets			**4,660**		5,631
Capital and reserves					
Called up share capital	*16*		**4,600**		4,600
Share premium account	*17*		**831**		831
Profit and loss account	*17*		**(771)**		200
Equity shareholders' funds	*18*		**4,660**		5,631

These financial statements were approved by the board of directors on 29 July 2005 and were signed on its behalf by:

KE Goulding
Director

Consolidated cash flow statement

for the year ended 31 March 2004

	Note	**2004 £000**	2003 £000
Cash flow statement			
Net cash (outflow)/inflow from operating activities	*21*	**(1,842)**	4,924
Returns on investments and servicing of finance	*22*	**(186)**	34
Taxation (paid)/received		**(825)**	(366)
Capital expenditure	*22*	**(488)**	(380)
Cash (outflow)/inflow before financing		**(3,341)**	4,212
Financing	*22*	**3,075**	(3,497)
(Decrease)/increase in cash in the year		**(266)**	715
Reconciliation of net cash flow to movement in net debt	*23*		
(Decrease)/increase in cash in the year		**(266)**	715
Cash (inflow)/outflow from (increase)/decrease in debt financing		**(3,075)**	3,497
Translation differences		**-**	202
Movement in net debt in the year		**(3,341)**	4,414
Net debt at the start of the year		**(3,246)**	(7,660)
Net debt at the end of the year		**(6,587)**	(3,246)

Notes
(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

As the company is a wholly owned subsidiary of Acxiom Corporation, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Acxiom Corporation, within which this company is included, can be obtained from the registered office of Acxiom Limited.

Under section 230(4) of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account. The loss for the company was £925,000 (*2003: £1,506,000 profit*).

Goodwill and negative goodwill

Purchased goodwill (both positive and negative) arising on business combination in respect of acquisitions before 1 April 1998, when FRS 10 *Goodwill and intangible assets* was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 April 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold buildings	-	10-25 years
Computers and plant	-	1-5 years
Fixtures and fittings	-	4-10 years
Motor vehicles	-	3 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate. Revenue based government grants are credited to the profit and loss account so as to match with the expenditure to which they relate.

Post-retirement benefits

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Revenues from services under contract are recognised rateably over the term of the contract. Any up-front development fees earned, along with associated costs, are deferred and amortized on a straight-line basis over the service term of the contract.

In cases where services are performed that are considered "project" or ad hoc, revenue from such services is recognised as the services are performed.

Revenues from the licensing of data are recognized upon delivery of the data to the customer. In the instances where the license fee includes provision of future updates on a monthly, quarterly or annual basis, the revenue is recognized on a straight-line basis over the license term.

Cash and liquid resources

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

Notes *(continued)*

2 Turnover

The group's turnover and loss before tax arises from its principal business activities within the United Kingdom, Western Europe and the USA. An analysis of turnover by activity is given below:

	2004	2003
	£000	£000
Computer operations	**19,142**	19,951
Promotional fulfilment	**12,521**	12,566
	31,663	32,517

The directors consider that it would be seriously prejudicial to the interests of the company to disclose the segmental analysis of turnover by geographical region.

3 Profit on ordinary activities before taxation

	2004	2003
	£000	£000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration		
Group – audit	**38**	30
Depreciation of tangible fixed assets:		
- owned assets	**1,694**	2,472
- leasehold land and buildings	**284**	275
Goodwill amortised	**108**	108
Hire of plant and machinery – rentals payable under operating leases	**382**	213
Hire of other assets – operating leases	**2,111**	2,020
Research and development expenditure	**927**	854
Loss on sale of fixed assets	**797**	1
Grant assistance amortisation	**(44)**	(111)
Reverse premium amortisation	**(95)**	(223)
Profit on sale of investments	**-**	(80)

Notes *(continued)*

4 Remuneration of directors

	2004 £000	2003 £000
Directors' emoluments	454	498

The emoluments of the highest paid director were £251,615 *(2003: £229,555)*.

	Number of directors 2004	2003
Retirement benefits are accruing to the following number of directors under:		
Money purchase scheme	2	2
The number of directors who exercised share options was	-	-

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2004	2003
Directors	3	3
Management	26	25
Software	66	63
Sales	22	21
Finance and administration	77	75
Accounts services	115	113
Production	495	389
	804	689

The aggregate payroll costs of these persons were as follows:

	2004 £000	2003 £000
Wages and salaries	16,452	15,709
Social security costs	1,648	1,430
Other pension costs	516	536
	18,616	17,675

Notes *(continued)*

6 Interest receivable and similar income

	2004	2003
	£000	£000
Bank interest receivable	**24**	34
Other interest	**-**	11
Exchange gains	**-**	79
	24	124

7 Interest payable and other charges

	2004	2003
	£000	£000
Exchange losses	**43**	-
On intercompany accounts	**167**	206
	210	206

Notes *(continued)*

8 Taxation

Analysis of charge in period

	2004 £000	2003 £000
UK corporation tax		
Current tax on income for the year	**-**	876
Adjustments in respect of prior periods	**180**	(310)
Total current tax	**180**	566
Deferred tax		
Reversal of timing differences	**-**	(86)
Tax on (loss)/profit on ordinary activities	**180**	480

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2003: lower) than the standard rate of corporation tax in the UK 30%, (2003: 30%). The differences are explained below.

	2004 £000	2003 £000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(745)**	2,189
Current tax at 30% (2003: 30%)	**(224)**	657
Effects of:		
Expenses not deductible for tax purposes	**42**	83
Depreciation for period in excess of capital allowances	**132**	87
Non-qualifying depreciation	**-**	75
Other short term timing differences	**30**	(26)
Adjustments to tax charge in respect of previous periods	**180**	(310)
Unrelieved tax losses and other deductions arising in the period	**20**	-
Total current tax charge (see above)	**180**	566

Notes *(continued)*

9 Intangible fixed assets

	Group	Company
Goodwill	£000	£000
Cost		
At beginning of year and end of year	7,009	2,599
Amortisation		
At beginning of year	6,132	1,722
Charge for year	108	108
At end of year	6,240	1,830
Net book value		
At 31 March 2004	**769**	**769**
At 31 March 2003	877	877

Notes *(continued)*

10 Tangible fixed assets

	Leasehold land and buildings	Computers and plant	Furniture, fixtures and motor vehicles	Total
Group	£000	£000	£000	£000
Cost				
At beginning of year	3,466	12,274	590	16,330
Additions	30	389	9	428
Disposals	(8)	(2,499)	(33)	(2,540)
Transfers from group companies	-	41	30	71
At end of year	3,488	10,205	596	14,289
Depreciation				
At beginning of year	854	8,228	433	9,515
Charge for year	284	1,603	88	1,975
On disposals	(8)	(1,706)	(18)	(1,732)
Transfers from group companies	-	3	-	3
At end of year	1,130	8,128	503	9,761
Net book value				
At 31 March 2004	**2,358**	**2,077**	**93**	**4,528**
At 31 March 2003	2,612	4,046	157	6,815
Company	£000	£000	£000	£000
Cost				
At beginning of year	3,466	12,244	584	16,294
Additions	30	389	9	428
Disposals	(8)	(2,499)	(33)	(2,540)
Transfers from group companies	-	41	30	71
At end of year	3,488	10,175	590	14,253
Depreciation				
At beginning of year	854	8,201	427	9,482
Charge for year	284	1,603	88	1,975
On disposals	(8)	(1,706)	(18)	(1,732)
Transfers from group companies	-	3	-	3
At end of year	1,130	8,101	497	9,728
Net book value				
At 31 March 2004	**2,358**	**2,074**	**93**	**4,525**
At 31 March 2003	2,612	4,043	157	6,812

Notes *(continued)*

11 Fixed asset investments

All of the company's investment have been fully impaired in previous years and therefore have a net book value of £nil *(2003: £nil)*.

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Marketing Services Limited	England	Dormant	Ordinary shares 100%
Southwark Computer Services Limited	England	Dormant	Ordinary shares 100%
Berry Phillips & Doyle Limited	England	Dormant	Ordinary shares 100%
2 Touch Limited	England	Dormant	Ordinary shares 100%
Generator Datamarketing Limited	England	Dormant	Ordinary shares 100%

12 Stocks

	Group and Company	
	2004	2003
	£000	£000
Raw materials and consumables	**57**	27

13 Debtors

	Group		Company	
	2004	2003	**2004**	2003
	£000	£000	**£000**	£000
Amounts falling due within one year				
Trade debtors	**5,913**	3,990	**5,913**	3,990
Amounts owed by group undertakings	**716**	717	**1,243**	1,244
Other debtors	**420**	478	**420**	478
Prepayments and accrued income	**6,254**	3,439	**6,254**	3,439
	13,303	8,624	**13,830**	9,151
Amounts falling due after more than one year				
Deferred tax	**191**	191	**191**	191
The deferred tax balance comprises:				
Accelerated capital allowances	**139**	189	**139**	189
Other timing differences	**32**	2	**32**	2
Tax losses	**20**	-	**20**	-
	191	191	**191**	191

There is no unprovided deferred tax in the current or prior year.

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group		Company	
	2004	2003	**2004**	2003
	£000	£000	**£000**	£000
Payments received on account	**399**	438	**399**	438
Trade creditors	**946**	695	**946**	695
Amounts owed to parent and group undertakings	**1,082**	486	**1,229**	633
Taxation and social security	**721**	937	**717**	933
Other creditors	**60**	210	**60**	210
Accruals and deferred income	**3,560**	2,615	**3,560**	2,615
	6,768	5,381	**6,911**	5,524

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2004	2003	**2004**	2003
	£000	£000	**£000**	£000
Amounts owed to parent undertaking	**7,279**	4,204	**6,741**	3,666
Deferred income	**1,752**	3,195	**1,752**	3,195
	9,031	7,399	**8,493**	6,861

16 Called up share capital

	2004	2003
	£000	£000
Authorised		
Equity: 5,000,000 ordinary shares of £1 each	**5,000**	5,000
Allotted, called up and fully paid		
Equity: 4,600,000 ordinary shares of £1 each	**4,600**	4,600

Notes *(continued)*

17 Share premium and reserves

	Group	
	Share premium account	**Profit and loss account**
	£000	£000
At beginning of year	831	(719)
Retained loss for the year	-	(925)
Exchange adjustments	-	(46)
At end of year	831	(1,690)

	Company	
	Share premium account	**Profit and loss account**
	£000	£000
At beginning of year	831	200
Retained loss for the year	-	(925)
Exchange adjustments	-	(46)
At end of year	831	(771)

The cumulative amount of goodwill resulting from the acquisition of subsidiary undertakings, which has been written off directly to reserves is £1,132,000 *(2003: £1,132,000)*.

18 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2004	2003	**2004**	2003
	£000	£000	**£000**	£000
(Loss)/profit for the financial year	**(925)**	1,709	**(925)**	1,506
Exchange adjustments	**(46)**	202	**(46)**	-
Net (decrease)/increase in shareholders' funds	**(971)**	1,911	**(971)**	1,506
Opening equity shareholders' funds	**4,712**	2,801	**5,631**	4,125
Closing equity shareholders' funds	**3,741**	4,712	**4,660**	5,631

Notes *(continued)*

19 Commitments

Annual commitments under non-cancellable operating leases are as follows:

Group and company	**2004**		2003	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	**93**	**466**	228	2
In the second to fifth years inclusive	**1,119**	**733**	373	508
Over five years	**652**	**-**	1,398	-
	1,864	**1,199**	1,999	510

20 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £516,000 *(2003: £536,000)*.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21 Reconciliation of operating profit to operating cash flows

	2004 £000	2003 £000
Operating (loss)/profit	**(559)**	2,271
Depreciation and amortisation of tangible and intangible fixed assets	**2,086**	2,854
Loss on sale of fixed assets	**797**	1
Amortisation of lease premium and grants	**(101)**	(334)
Increase in stocks	**(30)**	-
(Increase)/decrease in debtors	**(4,679)**	2,435
Increase/(decrease) in creditors	**690**	(2,223)
(Profit) on sale of investments	**-**	(80)
Foreign exchange	**(46)**	-
Net cash (outflow)/inflow from operating activities	**(1,842)**	4,924

Notes *(continued)*

22 Analysis of cash flows

	2004 £000	2003 £000
Returns on investment and servicing of finance		
Interest received	24	34
Interest paid	(210)	-
	(186)	34
Capital expenditure		
Purchase of tangible fixed assets	(499)	(400)
Sale of plant and machinery	11	20
	(488)	(380)
Financing		
Funding received from parent undertaking	5,755	1,093
Funding repaid to group undertaking	(2,680)	(4,590)
	3,075	(3,497)

23 Analysis of net debt

	At beginning of year £000	Cash flow £000	At end of year £000
Cash at bank and in hand	958	(266)	692
Loan due to parent company after more than one year	(4,204)	(3,075)	(7,279)
	(3,246)	(3,341)	(6,587)

24 Ultimate parent company and parent undertaking of large group

The company is a wholly-owned subsidiary of Acxiom European Holdings Limited, a company incorporated in the United Kingdom.

The largest group in which the results of the company are consolidated is that headed by Acxiom Corporation. The consolidated amounts of this company are available to the public and may be obtained from the registered office of Acxiom Limited. No other group accounts include the results of the company.