

**Company Registration No. 1751783**

**Satellite Graphics Limited**

**Report and Financial Statements**

**31 December 2007**

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# **Satellite Graphics Limited**

## **Report and financial statements 2007**

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# **Satellite Graphics Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

Dr A M Al Dakhil

Dr F A Al Said (resigned 15 November 2007)

#### **Secretary**

Adel Ellithy

#### **Registered Office**

Arab Press House  
182-184 High Holborn  
London  
WC1V 7AP

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# Satellite Graphics Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### Principal activities and review of the business

The principal activity of the company is the printing of newspapers and magazines. Satellite Graphics Limited ceased trading in May 2007 and all employees were made redundant in May 2007. As described in note 2, the financial statement has been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date.

### Results and dividends

The loss for the year after tax amounted to £1,739,512 (2006 - loss of £1,610,476). No dividends were paid in either year.

### Directors and their interests

The directors who served the company during the year was as follows:

Dr A M Al Dakhil

Dr F A Al Said (resigned 15 November 2007)

### Auditors

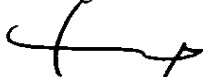
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Adel Ellithy  
Secretary

9 June 2008

# Satellite Graphics Limited

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK Accounting Standards have been followed, 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 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 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 Satellite Graphics Limited**

We have audited the financial statements of Satellite Graphics Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 Satellite Graphics Limited (continued)**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

### **Emphasis of matter – Financial statements prepared on a basis other than that of a going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern and describes the reasons why

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London, United Kingdom

*9 June* 2008

# Satellite Graphics Limited

## Profit and loss account Year ended 31 December 2007

	Notes	2007 £	2006 £
Turnover	3	352,828	1,864,364
Cost of sales		(500,860)	(1,493,218)
<b>Gross (loss)/profit</b>		<b>(148,032)</b>	<b>371,146</b>
Distribution costs		(25,429)	(604)
Administrative expenses		(1,559,715)	(1,270,064)
Impairment charge	4	-	(902,250)
Other operating income		-	3,104
<b>Operating loss</b>	4	<b>(1,733,176)</b>	<b>(1,798,668)</b>
Profit on disposal of tangible fixed assets		-	21,277
Interest payable and similar charges	6	(6,336)	(17,428)
<b>Loss on ordinary activities before taxation</b>		<b>(1,739,512)</b>	<b>(1,794,819)</b>
Tax credit on loss on ordinary activities	7	-	184,343
<b>Loss retained for the financial year</b>		<b>(1,739,512)</b>	<b>(1,610,476)</b>

All amounts relate to discontinued operations

## Statement of total recognised gains and losses

There are no recognised gains or losses other than the retained loss of £1,739,512 attributable to the shareholders for the year ended 31 December 2007 (2006 - loss of £1,610,476)



# Satellite Graphics Limited

## Balance sheet 31 December 2007

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	8	<u>103,830</u>	<u>838,645</u>
<b>Current assets</b>			
Stocks	9	-	115,011
Debtors	10	442,293	828,143
Cash at bank		<u>232,036</u>	<u>76,531</u>
		674,329	1,019,685
<b>Creditors: amounts falling due within one year</b>	11	<u>(5,111,394)</u>	<u>(4,397,952)</u>
<b>Net current liabilities</b>		<u>(4,437,065)</u>	<u>(3,378,267)</u>
<b>Total assets less current liabilities</b>		<u>(4,333,235)</u>	<u>(2,539,622)</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>-</u>	<u>(54,101)</u>
		<u>(4,333,235)</u>	<u>(2,593,723)</u>
<b>Capital and reserves</b>			
Called up share capital	15	400,000	400,000
Profit and loss account	16	<u>(4,733,235)</u>	<u>(2,993,723)</u>
<b>Shareholders' deficit</b>	16	<u>(4,333,235)</u>	<u>(2,593,723)</u>

These financial statements were approved by the Board of Directors on 9 June 2008

Signed on behalf of the Board of Directors



Dr A M Al Dakhil  
Director



# Satellite Graphics Limited

## Notes to the accounts

Year ended 31 December 2007

### 1. Fundamental accounting concept

The company is dependent on the financial support of its immediate parent undertaking, Saudi Research and Publishing Company, in order to meet its obligations as they fall due. Saudi Research and Publishing Company has indicated that it will continue to support the company, thereby enabling it to meet its obligations as they fall due, for a period of not less than one year from the date of this report.

### 2. Accounting policies

#### Basis of preparation

As explained in the directors' report, the company ceased trading in May 2007. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern, which includes where appropriate, writing down the company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date. No material adjustments arose as a result of ceasing to apply the going concern concept.

#### Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

#### Related parties transactions

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with other members of the group headed by Asharq Al-Awsat Limited, a company whose consolidated financial statements are available to the public.

#### Fixed assets

All fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Improvements to leasehold property	25% per annum on a reducing balance basis
Plant and machinery	5% - 25% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### Finance Leases

Assets held under finance leases are capitalised and depreciated over the shorter of their useful economic life or the life of the lease.

The capital elements of future obligations under leases are included as liabilities in the balance sheet.

The interest element of rental obligations are charged to the profit and loss account over the period of the lease and represent a constant proportion of the balance of capital repayments outstanding.

# Satellite Graphics Limited

## Notes to the accounts

Year ended 31 December 2007

### 2. Accounting policies (continued)

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

#### 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

#### Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term

### 3. Turnover

The turnover arose from the printing of newspapers and magazines

All turnover is derived from the United Kingdom and represents the invoiced value of goods and services exclusive of Value Added Tax

# Satellite Graphics Limited

## Notes to the accounts Year ended 31 December 2007

### 4. Operating loss

This is stated after charging

	2007 £	2006 £
Fees payable to the company's auditors for the audit of the company's annual accounts	10,000	14,500
Depreciation of owned fixed assets	31,134	150,364
Depreciation of fixed assets held under finance leases	38,130	84,828
Impairment charge	-	902,250
Operating lease rentals – land and buildings	722,590	175,000
Net loss on foreign currency translation	23,721	195

The impairment charge in 2006 arose following an impairment review performed in response to circumstances which indicated that fixed assets were potentially carried at greater than their recoverable amount

### 5. Staff costs

	2007 £	2006 £
Wages and salaries	183,680	442,557
Social security costs	16,853	44,244
	200,533	486,801

The monthly average number of employees during the period of trading in 2007 was as follows

	2007 £	2006 £
Production staff	19	17
Administrative staff	6	4
	25	21

The directors were not remunerated for their services (2006 - £nil)

# Satellite Graphics Limited

## Notes to the accounts Year ended 31 December 2007

### 6. Interest payable and similar charges

	2007 £	2006 £
Bank interest payable	1,651	3,353
Finance charges payable under finance leases	4,685	14,075
Finance charges payable under finance leases	<u>6,336</u>	<u>17,428</u>

### 7. Taxation

#### (a) Tax on loss on ordinary activities

The tax credit is made up as follows

	2007 £	2006 £
<i>Current tax</i>		
UK corporation tax at current rates (note 7(b))	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(184,343)
Tax on loss on ordinary activities	<u>-</u>	<u>(184,343)</u>

#### (b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2006 - 30%) The differences are reconciled below

	2007 £	2006 £
Loss on ordinary activities before tax	<u>(1,739,512)</u>	<u>(1,794,819)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	(521,854)	(538,446)
Expenses not deductible for tax purposes	92,189	-
Capital allowances in arrears/(excess) of depreciation and impairment	68,095	309,150
Surrender of tax losses for no consideration	57,283	229,296
Unutilised tax losses	<u>304,287</u>	<u>-</u>
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

# Satellite Graphics Limited

## Notes to the accounts Year ended 31 December 2007

### 7. Taxation (continued)

#### (c) Deferred and future tax

As at 31 December 2007, the company has a deferred tax asset of £nil (2006 - £78,000) resulting from tax losses carried forward, offset by capital allowances in advance of depreciation. In accordance with the company's accounting policy this amount has not been recognised.

Trade tax losses carried forward against future profits amount to £nil (2006 - £328,180).

### 8. Tangible fixed assets

	Improvement to leasehold property £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2007	218,777	2,988,698	3,207,475
Additions	-	1,468	1,468
Disposals	-	(1,373,990)	(1,373,990)
At 31 December 2007	218,777	1,616,176	1,834,953
<b>Accumulated depreciation</b>			
At 1 January 2007	195,897	2,172,933	2,368,830
Charge for the year	3,182	66,082	69,264
Disposals	-	(706,971)	(706,971)
At 31 December 2007	199,079	1,532,044	1,731,123
<b>Net book value</b>			
At 31 December 2007	19,698	84,132	103,830
At 31 December 2006	22,880	815,765	838,645

Included within fixed assets are assets held under finance leases with a net book value of £nil (2006 - £107,825). The depreciation charged on assets held under finance leases was £38,130 (2006 - £84,828) and the impairment charge was £nil (2006 - £26,500).

### 9. Stocks

	2007 £	2006 £
Raw materials and consumables	-	115,011

# Satellite Graphics Limited

## Notes to the accounts Year ended 31 December 2007

### 10. Debtors

	2007 £	2006 £
Trade debtors	434,989	635,609
Amounts owed by group undertakings	-	28,601
Other debtors	7,304	97,610
Prepayments and accrued income	-	66,323
	<u>442,293</u>	<u>828,143</u>

### 11. Creditors: amounts falling due within one year

	2007 £	2006 £
Obligations under finance leases	-	87,378
Trade creditors	333,105	540,432
Amounts owed to group undertakings	4,778,169	3,737,506
Other taxation and social security	120	12,101
Accruals and deferred income	-	20,535
	<u>5,111,394</u>	<u>4,397,952</u>

### 12. Creditors: amounts falling due after more than one year

	2007 £	2006 £
Obligations under finance leases	-	54,101
	<u>-</u>	<u>54,101</u>

### 13. Finance leases

Creditors include third party finance capital which is due for repayment as follows

	2007 £	2006 £
Finance leases		
Amounts repayable		
Within two to five years	-	-
Within one to two years	-	54,101
On demand or within one year	-	87,378
	<u>-</u>	<u>141,479</u>

# Satellite Graphics Limited

## Notes to the accounts Year ended 31 December 2007

### 14. Commitments under operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire In over five years	-	-	175,000	-

### 15. Called up share capital

		2007 £	2006 £
<b>Authorised:</b>			
Ordinary shares of £1 each		400,000	400,000
	No	2007 £	2006 £
<b>Called up, allotted and fully paid</b>			
Ordinary shares of £1 each	400,000	400,000	400,000

### 16. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total shareholders' funds
At 1 January 2006	400,000	(1,383,247)	(983,247)
Loss for the year	-	(1,610,476)	(1,610,476)
At 31 December 2006	400,000	(2,993,723)	(2,593,723)
Loss for the year	-	(1,739,512)	(1,739,512)
At 31 December 2007	400,000	(4,733,235)	(4,333,235)

### 17. Parent undertakings

The company's immediate parent undertaking is Asharq Al-Awsat Limited, a company registered in England and Wales. Asharq Al-Awsat has included this company in its consolidated financial statements which are publicly available.

In director's opinion the company's ultimate parent undertaking and controlling party is Saudi Research and Marketing Group, which is incorporated as a joint stock company with subscription registered in the Kingdom of Saudi Arabia. Copies of its group financial statements, which include the company, are available from PO Box 53108, Riyadh 11583, Saudi Arabia.