

REGISTERED NUMBER: 2875057

MOMENTUM ACTIVATING DEMAND LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005



MOMENTUM ACTIVATING DEMAND LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

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MOMENTUM ACTIVATING DEMAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and the audited financial statements of the company and the group for the year ended 31 December 2005. The company acquired the trade, assets (excluding investments in subsidiary undertakings) and liabilities of NDI Momentum Limited and Momentum Field Marketing Limited, fellow subsidiaries of The Interpublic Group of Companies Inc with effect from 31 December 2004 generating goodwill of £5,920,000. These accounts therefore present the results of the combined business from 1 January 2005.

DIRECTORS

The Directors during the year under review were:

| | |
|-----------------|------------------------|
| W Kolb | |
| C N Doyle | |
| J S Armstrong | |
| V Tsouloupoulos | resigned 23 March 2005 |
| N J Camera | appointed 15 June 2005 |

COMPANY SECRETARY

L Bean

REGISTERED OFFICE

21-23 Meard Street
London
W1F 0EY

Registered in England No: 2875057

PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the company and group is that of a marketing communications services agency providing services in the United Kingdom.

RESULTS AND DIVIDEND

The trading results for the year ended 31 December 2005 are shown on page 4.

The directors do not recommend the payment of a dividend (2004 : £nil) leaving a profit of £827,000 to be transferred to reserves (2004 : loss £36,000).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the year are in line with the Directors' expectations and the directors consider the balance sheet position of the company to be satisfactory. The directors anticipate continued profitably for the company.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to financial risks which are principally in relation to credit and foreign exchange risk. The company has implemented policies that require appropriate credit checks on potential customers before any work is performed. In addition although the company enters into some contracts for sales in a foreign currency this risk is managed by conversion of foreign currency into sterling and contract terms which include advance payments.

MOMENTUM ACTIVATING DEMAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and those who are currently directors are shown on page 1.

No directors have held any shares or rights to shares in the company at any time during the year.

At no time during the year has any director had a material interest in a contract with the company, or its subsidiaries, being a contract of significance in relation to the business of the company.

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 the group and of the profit or loss of the group for that period.

The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

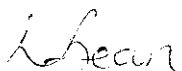
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable United Kingdom accounting standards have been followed.

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.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.

By order of the Board



L Bean
Secretary
24 May 2006

MOMENTUM ACTIVATING DEMAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOMENTUM ACTIVATING DEMAND LIMITED

We have audited the group and parent company financial statements ("the financial statements") of Momentum Activating Demand Limited for the year ended 31 December 2005 which comprise the Group profit and loss account, the Group and Company balance sheets and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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). This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

Basis of audit opinion

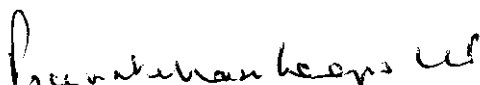
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
24 May 2006

MOMENTUM ACTIVATING DEMAND LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2005**

| | Notes | Year ended 31 December 2005 £'000 | Year ended 31 December 2004 £'000 |
|--|-------|---|---|
| TURNOVER | 1 | 26,348 | 7,012 |
| Cost of sales | | <u>(13,613)</u> | <u>(3,857)</u> |
| GROSS PROFIT | | 12,735 | 3,155 |
| Administrative expenses - goodwill amortisation | | (296) | - |
| Administrative expenses - other | | <u>(11,112)</u> | <u>(3,316)</u> |
| TOTAL ADMINISTRATIVE EXPENSES | | <u>(11,408)</u> | <u>(3,316)</u> |
| OPERATING PROFIT/(LOSS) | 2 | 1,327 | (161) |
| Net interest receivable and similar income | 3 | <u>167</u> | 198 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 1,494 | 37 |
| Tax on profit on ordinary activities | 6 | <u>(667)</u> | <u>(73)</u> |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 827 | (36) |
| Proposed dividend - equity shares | | <u>-</u> | <u>-</u> |
| RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR | 14,15 | <u>827</u> | <u>(36)</u> |

There were no gains and losses other than those recognised in the profit and loss account.

The attached accounting policies and notes form a part of these financial statements.

All turnover and results derive from continuing operations. (see note 1)

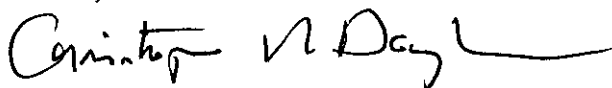
In accordance with the exemption granted under S230 Companies Act 1985, the company's profit and loss account is not separately presented. The company's retained profit for the period was £827,000 (2004 : loss £36,000).

MOMENTUM ACTIVATING DEMAND LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

| | Notes | 2005 £'000 | 2004 £'000 |
|---|-------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Intangible assets - Goodwill | 7 | 5,624 | 5,920 |
| Tangible assets | | 267 | 914 |
| Tangible assets - held for re-sale | | 549 | - |
| Tangible assets - total | 8 | 816 | 914 |
| | | <u>6,440</u> | <u>6,834</u> |
| CURRENT ASSETS | | | |
| Stock and work in progress | | 390 | 166 |
| Debtors | 10 | 7,565 | 6,731 |
| Cash at bank and in hand | | 3,618 | 4,382 |
| | | <u>11,573</u> | <u>11,279</u> |
| CREDITORS: Amounts falling due within one year | 11 | <u>(5,267)</u> | <u>(6,245)</u> |
| NET CURRENT ASSETS | | 6,306 | 5,034 |
| CREDITORS: Amounts falling due within one year | 7,11 | <u>(7,672)</u> | <u>(7,621)</u> |
| NET ASSETS | | <u>5,074</u> | <u>4,247</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 408 | 408 |
| Profit and loss account | 14 | 4,497 | 3,670 |
| Revaluation reserve | 14 | 169 | 169 |
| EQUITY SHAREHOLDERS' FUNDS | 15 | <u>5,074</u> | <u>4,247</u> |

The financial statements were approved by the Board of Directors on 24 May 2006 and were signed on its behalf by



C N Doyle
Director

The attached accounting policies and notes form part of these financial statements.

MOMENTUM ACTIVATING DEMAND LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2005

| | Notes | 2005 £'000 | 2004 £'000 |
|---|-------|----------------|---------------|
| FIXED ASSETS | | | |
| Intangible assets - Goodwill | 7 | 5,624 | 5,920 |
| Tangible assets | 8 | 267 | 914 |
| Tangible assets - held for re-sale | | 549 | - |
| | | 816 | 914 |
| Investment in subsidiaries | 9 | 38 | 38 |
| | | 6,478 | 6,872 |
| CURRENT ASSETS | | | |
| Stock and work in progress | | 390 | 166 |
| Debtors | 10 | 7,565 | 6,731 |
| Cash at bank and in hand | | 3,618 | 4,382 |
| | | 11,573 | 11,279 |
| CREDITORS: Amounts falling due within one year | 11 | (5,318) | (6,296) |
| NET CURRENT ASSETS | | 6,255 | 4,983 |
| CREDITORS: Amounts falling due within one year | 7,11 | (7,672) | (7,621) |
| NET ASSETS | | 5,061 | 4,234 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 408 | 408 |
| Profit and loss account | 14 | 4,484 | 3,657 |
| Revaluation reserve | 14 | 169 | 169 |
| EQUITY SHAREHOLDERS FUNDS | 15 | 5,061 | 4,234 |

The financial statements were approved by the Board of Directors on 24 May 2006 and were signed on its behalf by

C N Doyle
Director



The attached accounting policies and notes form part of these financial statements.

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The principal accounting policies, which have been applied on a consistent basis, are set out below:

Consolidation

The group consolidates the accounts of Momentum Activating Demand Limited and its subsidiary undertakings as at 31 December 2005. The accounting periods of subsidiary undertakings acquired are co-terminous with that of the Company. Results of subsidiary undertakings are included from the effective date of their acquisition and accounted for using the acquisition method of accounting.

The profit and loss account presents all turnover and results as derived from continuing activities. As disclosed in note 7 the company acquired the trade and assets of 2 fellow subsidiary undertakings on the last day of the 2004 accounting period.

Turnover

Turnover represents amounts receivable from clients exclusive of value added tax, in respect of billings for media advertising, production work and fees provided during the year and is recognised on a percentage of completion basis when work is completed and billings are made to clients. Revenue is not recognised on short term work-in-progress until completion. All revenue arose in the United Kingdom from a single class of business.

Pension scheme arrangements

The company provides pension benefits for the majority of full time employees through a number of defined contribution schemes. For these schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the profit and loss account. A minority of employees have pension benefits provided through a defined benefit scheme which is operated by another group company, Interpublic Limited. It is not possible to identify the share of the underlying assets and liabilities in this scheme which is attributable to the company on a consistent and reasonable basis. Therefore, the company has applied the provisions in FRS 17 to account for the scheme as if it was a defined contribution scheme.

Taxation

Corporation tax is provided on the assessable profits of the company at the appropriate rates in force. 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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 and assets recognised to the extent they are considered recoverable.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that, under group tax arrangements, there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided at such rates as will write off the cost of tangible fixed assets over their expected useful lives. The annual depreciation rates used are:

| | |
|--------------------------------|----------------------------------|
| Land and buildings | straight line over 50 years |
| Leasehold improvements | straight line over term of lease |
| Communications equipment | straight line over 4 years |
| Fixtures and fittings | straight line over 7 years |
| Computer hardware and Software | straight line over 3 years |
| Motor vehicles | straight line over 4 years |

Communications equipment and computer hardware and software are included in Equipment Fixtures and Fittings in note 8.

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Freehold property

Following the implementation of FRS 15 the group has not adopted a policy of revaluation but as permitted by the transitional provisions of FRS15, the carrying amounts of freehold properties reflect previous valuations. In the event of an impairment in property value the deficit below cost is charged to the profit and loss account.

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss accounts over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Investments

Investments in subsidiaries are shown at cost less any amounts provided for impairment in value.

Goodwill

In the consolidated balance sheet goodwill represents the excess of the fair value of consideration over the fair value of assets acquired and has been included in the balance sheet as an intangible fixed asset and is depreciated over 20 years being the directors estimate of its useful economic life.

In the company balance sheet goodwill represents the fair value of consideration over the fair value of assets acquired on acquisition of the trade and assets of businesses and is accounted for in the same manner as goodwill arising on consolidation.

Where circumstances indicate there may have been an impairment in the carrying value of goodwill, an impairment review is undertaken using discounted future cash flow techniques and any impairment is charged in the profit and loss account.

Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

Work in progress comprises charges for services incurred on behalf of clients which have still to be recharged to clients.

Operating leases

Operating lease rentals are charged to the profit and loss accounts in the year in which they fall due.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Cash Flow Statements

As permitted by FRS1 (revised 1996), a cash flow statement is not included in these financial statements because a consolidated cash flow statement is presented by Interpublic Inc., the ultimate parent undertaking.

Related Party Transactions

The company is exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Interpublic group or investors of the Interpublic group.

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

2 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

| | Year ended 31 December 2005 | Year ended 31 December 2004 |
|--|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Group management service fee | 651 | 249 |
| Auditors' remuneration | 72 | 27 |
| Audit Services | | |
| Non Audit Services | - | - |
| Foreign currency (profit)/loss | (3) | 48 |
| Pension Costs | 286 | 80 |
| Depreciation on owned assets | 185 | 118 |
| Depreciation on assets purchased under finance leases | 5 | - |
| Profit on sale of fixed assets | (6) | (7) |
| Operating lease rentals - other than plant and machinery | 761 | 379 |

3 INTEREST RECEIVABLE AND SIMILAR INCOME

| | Year ended 31 December 2005 | Year ended 31 December 2004 |
|--------------------------------|--------------------------------------|--------------------------------------|
| | £'000 | £'000 |
| Interest payable | (2) | - |
| Interest Receivable | 169 | 198 |
| Net Interest receivable | 167 | 198 |

4 STAFF COSTS

Staff costs, including directors' emoluments for permanent employees were:

| | Year ended 31 December 2005 | Year ended 31 December 2004 |
|-----------------------|--------------------------------------|--------------------------------------|
| | £'000 | £'000 |
| Wages and salaries | 5,666 | 1,654 |
| Social security costs | 653 | 207 |
| Other pension costs | 286 | 80 |
| Severance payments | 159 | 87 |
| | 6,764 | 2,028 |

The average number of permanent employees during the financial period was:

| | 2005 Number | 2004 Number |
|--|----------------|----------------|
| | 185 | 57 |

In addition staff costs for temporary employees were

| | Year ended 31 December 2005 | Year ended 31 December 2004 |
|-----------------------|--------------------------------------|--------------------------------------|
| | £'000 | £'000 |
| Wages and salaries | 5,617 | - |
| Social security costs | 425 | - |
| | 6,042 | - |

The average number of employees during the financial period was:

| | 2005 Number | 2004 Number |
|--|----------------|----------------|
| | 495 | - |

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

5 DIRECTORS EMOLUMENTS

Directors' emoluments including pension contributions and benefits in kind, all of which were in respect of management services for the year, amounted to £530,000 (2004 - £211,000).
Pension contributions to schemes treated as defined contribution schemes amounted to £64,000 (2004 - £15,000).

The group has made contributions to pension plans in respect of 2 directors (2004 : 3) during the year.

Aggregate emoluments of the highest paid director were £255,000, including pension contributions of £45,000.

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge/(credit) for taxation which has been provided at 30% (2004 - 30%) is based on the results for the year and comprised:

| | Year ended 31 December 2005 £'000 | Year ended 31 December 2004 £'000 |
|---|---|---|
| <u>Current Tax</u> | | |
| UK corporation tax | | |
| - current year | 667 | 49 |
| - prior years | - | 22 |
| Total current tax | 667 | 71 |
| <u>Deferred tax</u> | | |
| Origination & reversal on timing differences - current year | (75) | (18) |
| Origination & reversal on timing differences - prior years | 26 | (21) |
| Deferred tax asset not recognised | 49 | 41 |
| Total deferred tax | - | 2 |
| Tax on profit on ordinary activities | 667 | 73 |

Factors affecting the tax charge

The current tax assessed for the year is different to the standard rate of corporation tax in the UK 30% (2004 : 30%). The differences are explained below:

| | Year ended 31 December 2005 £'000 | Year ended 31 December 2004 £'000 |
|--|---|---|
| Profit on ordinary activities before tax | 1,494 | 37 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 : 30%) | 448 | 11 |
| Effects of: | | |
| Disallowed expenses | 143 | 20 |
| Capital allowances | 54 | 21 |
| Other short term timing differences | 22 | (3) |
| Adjustment to prior years | - | 22 |
| Current year tax charge | 667 | 71 |

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

7 INTANGIBLE ASSETS - PURCHASED GOODWILL

£'000

GROUP AND COMPANY

Cost

At 1 January 2005 and 31 December 2005

5,920

Amortisation

At 1 January 2005

-

Charge for year

296

At 31 December 2005

296

Net Book Value

At 31 December 2005

5,624

At 1 January 2005

5,920

As the acquisitions took place at the end of the previous company financial year no amortisation of goodwill occurred. Goodwill will be written off over 20 years being the directors estimate of its useful economic life.

With effect from 31 December 2004 the Company acquired the trade, assets and liabilities of NDI Momentum Limited ("NDI"), a company registered in England & Wales, number 1114557, and Momentum Field Marketing Limited ("MFM"), a company registered in England and Wales, number 4021829, both with the same ultimate parent company as itself - The Interpublic Group of Companies Inc.

The assets and liabilities transferred are summarised below:

| | NDI £'000 | MFM £'000 | Total £'000 |
|--|--------------|--------------|----------------|
| Fixed assets | 230 | 3 | 233 |
| <u>Current assets</u> | | | |
| Cash & Bank | - | 1,345 | 1,345 |
| Stock & Work in progress | 60 | 27 | 87 |
| Debtors | 3,991 | 1,083 | 5,074 |
| <u>Current Liabilities</u> | | | |
| Bank overdraft | (1,318) | - | (1,318) |
| Creditors due within one year | (2,641) | (1,079) | (3,720) |
| Net assets transferred | 322 | 1,379 | 1,701 |
| Purchased Goodwill | 5,054 | 866 | 5,920 |
| Satisfied by inter-group loans (see note 11) | 5,376 | 2,245 | 7,621 |

There were no fair value adjustments as the company's acquired were members of the same group as Momentum Activating Demand Limited and therefore adopted the same accounting policies.

A summary of the profit and loss accounts of both the above companies for the year ended 31 December 2004 is provided below:

| | NDI £'000 | MFM £'000 | Total £'000 |
|--|--------------|--------------|----------------|
| Turnover | 15,901 | 5,163 | 21,064 |
| Operating Profit | 1,051 | 424 | 1,475 |
| Profit on disposal of trade and assets | 5,054 | 866 | 5,920 |
| Profit before taxation | 6,009 | 1,365 | 7,374 |
| Profit after taxation | 5,687 | 1,189 | 6,876 |

MOMENTUM ACTIVATING DEMAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)
8 TANGIBLE ASSETS

| GROUP and COMPANY | Asset held for re-sale - Freehold property | Leasehold improvement | Equipment, fixtures & fittings | Motor vehicles | Total |
|----------------------------|--|--------------------------|--------------------------------------|-------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| COST OR VALUATION | | | | | |
| At 1 January 2005 | 626 | 157 | 763 | 25 | 1,571 |
| Additions | - | - | 96 | - | 96 |
| Disposals | - | - | - | (25) | (25) |
| At 31 December 2005 | 626 | 157 | 859 | - | 1,642 |
| DEPRECIATION | | | | | |
| At 1 January 2005 | 63 | 82 | 494 | 18 | 657 |
| Charge for the year | 14 | 19 | 154 | 3 | 190 |
| Disposals | - | - | - | (21) | (21) |
| At 31 December 2005 | 77 | 101 | 648 | - | 826 |
| NET BOOK AMOUNT | | | | | |
| At 31 December 2005 | 549 | 56 | 211 | - | 816 |
| At 1 January 2005 | 563 | 75 | 269 | 7 | 914 |

In relation to freehold property transferred to assets held for re-sale at the year end, following implementation of FRS 15 the group followed the transitional arrangement and adopted the cost policy. If stated under historical cost principles, the comparable amounts would be:

| | |
|------------------------|------------|
| | £'000 |
| Cost | 457 |
| Aggregate depreciation | (56) |
| Net book value | <u>401</u> |

An agreement to dispose of the freehold buildings was entered into before the end of the financial year. The building was sold after the year end realising a profit on disposal.

See note 19 for details of assets held under finance leases

9 INVESTMENT IN SUBSIDIARIES

| COMPANY | Shares in Group Undertakings £'000 |
|--|---|
| At 1 January 2005 and 31 December 2005 | <u><u>38</u></u> |

Investment in subsidiaries at cost less provision for impairment represents the following investments in limited companies, all of which are incorporated in England and Wales.

| Name | Principal activity | Net assets at 31 Dec 2005 £'000 | Profit for year to 31 Dec 2005 £'000 |
|---|-------------------------------|--|---|
| The Promotions Department Partnership Limited | Dormant | <u>50</u> | <u>-</u> |

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

10 DEBTORS

| | Group | | Company | |
|---|--------------|--------------|----------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade debtors | 5,706 | 5,785 | 5,706 | 5,785 |
| Amounts owed by group undertakings | 1,631 | 408 | 1,631 | 408 |
| Other debtors, prepayments and accrued income | 228 | 538 | 228 | 538 |
| | 7,565 | 6,731 | 7,565 | 6,731 |

11 CREDITORS: Amounts falling due within one year:

| | Group | | Company | |
|------------------------------------|--------------|--------------|----------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 1,248 | 1,860 | 1,248 | 1,860 |
| Amounts owed to group undertakings | 268 | 26 | 318 | 76 |
| Corporation tax | 935 | 213 | 935 | 213 |
| Other taxation and social security | 1,249 | 1,314 | 1,249 | 1,314 |
| Other creditors | 100 | - | 100 | - |
| Accruals and deferred income | 1,467 | 1,490 | 1,468 | 1,491 |
| Proposed dividend | - | 1,342 | - | 1,342 |
| | 5,267 | 6,245 | 5,318 | 6,296 |

CREDITORS: Amounts falling due after more than one year:

| | 2005 | 2004 | 2005 | 2004 |
|------------------------------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Amounts owed to group undertakings | 7,621 | 7,621 | 7,621 | 7,621 |
| Accruals and deferred income | 40 | - | 40 | - |
| Other Creditors | 11 | - | 11 | - |
| | 7,672 | 7,621 | 7,672 | 7,621 |

Amounts owed to group undertakings included in Creditors :Amounts falling due after more than one year represent interest free "on demand" promissory notes issued to acquire the businesses disclosed in note 7. The directors of the company have received confirmation that these amounts will not be repaid within 15 months of the date of approval of these accounts.

The company is party to a group overdraft facility of up to £8,000,000 gross, which is secured upon the assets of Momentum Activating Demand Limited and the other participating group companies.

12 DEFERRED TAXATION

Deferred tax provided in the accounts comprises:

| | Group | | Company | |
|--|--------------|--------------|----------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £'000 | £'000 | £'000 | £'000 |
| (Asset)/provision brought forward | - | (2) | - | (2) |
| Charge/(credit) to profit and loss account | - | 2 | - | 2 |
| (Asset) carried forward | - | - | - | - |
| Deferred tax asset not recognised | | | | |
| Capital allowances | (394) | (339) | (394) | (339) |
| Liability on sale of re-valued property | 48 | 48 | 48 | 48 |
| Other Short term timing differences | (17) | (23) | (17) | (23) |
| Deferred tax asset not recognised | 363 | 314 | 363 | 314 |
| | - | - | - | - |

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

13 SHARE CAPITAL

Authorised share capital:

| | 2005 | 2004 |
|---|------------------|------------------|
| | £ | £ |
| 274,997 C ordinary £1 shares of £1 each | - | 274,997 |
| 274,997 D ordinary £1 shares of £1 each | - | 274,997 |
| 450,006 E ordinary £1 shares of £1 each | - | 450,006 |
| £1 ordinary shares | 1,000,000 | - |
| | 1,000,000 | 1,000,000 |

Allotted, called up and fully paid:

| | 2005 | 2004 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| C ordinary £1 shares of £1 each | - | 127,500 |
| D ordinary £1 shares of £1 each | - | 127,500 |
| E ordinary £1 shares of £1 each | - | 153,000 |
| £1 ordinary shares | 408,000 | - |
| | 408,000 | 408,000 |

Although the individual classes of shares have different rights attached to them, all of the share capital of the company is owned by the same shareholder. As such, the individual rights have not been separately disclosed.

During the year as all the shares were held by the ultimate parent undertaking the company re-classified its existing share capital into 408,000 £1 ordinary shares. After the year end, on 20 April 2006, the company increased its authorised share capital to 1,500,000 £1 ordinary shares. Also, with effect from that date the company issued to its parent undertaking 215,580 and 516,299 £1 ordinary shares at a premium of £9.41 per share respectively, for the acquisition of the entire share capital of Momentum Field Marketing Limited and NDI Momentum Limited as detailed in note 7 above.

14 RESERVES

GROUP

| | Profit & loss account | Re-valuation reserve | Total |
|------------------------------------|-----------------------|----------------------|--------------|
| | £'000 | £'000 | £'000 |
| Balance at 1 January 2005 | 3,670 | 169 | 3,839 |
| Retained loss for the year | 827 | - | 827 |
| Balance at 31 December 2005 | 4,497 | 169 | 4,666 |

COMPANY

| | Profit & loss account | Re-valuation reserve | Total |
|------------------------------------|-----------------------|----------------------|--------------|
| | £'000 | £'000 | £'000 |
| Balance at 1 January 2005 | 3,657 | 169 | 3,826 |
| Retained loss for the year | 827 | - | 827 |
| Balance at 31 December 2005 | 4,484 | 169 | 4,653 |

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | Group | | Company | |
|---|-------|-------|---------|-------|
| | 2005 | 2004 | 2005 | 2004 |
| | £'000 | £'000 | £'000 | £'000 |
| Profit for the financial period | 827 | (36) | 827 | (36) |
| Dividends | - | - | - | - |
| Net addition to shareholders' funds | 827 | (36) | 827 | (36) |
| Equity Shareholders' funds at 1 January | 4,247 | 4,283 | 4,234 | 4,270 |
| Equity Shareholders' funds at 31 December | 5,074 | 4,247 | 5,061 | 4,234 |

16 CAPITAL COMMITMENTS

There are no capital commitments at 31 December 2005 (2004 - £Nil).

17 PENSION COSTS

The company operates a defined contribution pension schemes for most of its employees. The assets of the schemes are held separately from those of the company in independently administered funds.

The total pension cost charge represented contributions payable by the company as follows:

| | 2005 | 2004 |
|------------------------------|-------|-------|
| | £'000 | £'000 |
| Defined contribution schemes | 224 | 65 |
| Defined benefit scheme | 62 | 15 |
| | 286 | 80 |

The company also has a small number of individuals who are members of a defined benefit scheme, the Interpublic Pension Plan ("the Plan"), which is a defined benefit plan providing benefits based on members' service and pensionable earnings. Momentum Activating Demand Limited, along with other companies in the Group, is unable to identify its share of the underlying assets and liabilities in the Plan and so will account for its participation in the Plan as a defined contribution plan, with contributions payable being charged to the profit & loss account in the period to which they relate.

The latest actuarial valuation of the Plan for funding purposes was carried out as at 1 April 2004 by a qualified independent actuary. The economic assumptions used in the valuation were as follows:

Pre retirement discount rate: 6.2%
 Post retirement discount rate: 5.7%
 Retail Price Inflation: 2.9%
 General pay increases: 3.9%
 Pension increases: 2.8%

As at 1 April 2004, the actuary calculated the funding deficit to be £39.6 million. The actuary recommended that all participating employers contributions be increased to 38% of pensionable earnings from 1 April 2005 until 31 December 2005, and 40% of pensionable earnings from January 1 2006 with members contributing 6% of pensionable earnings.

MOMENTUM ACTIVATING DEMAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

18 OPERATING LEASE OBLIGATIONS

At the end of the year the group had annual commitments under non-cancellable operating leases expiring as follows:

| | 2005 | | 2004 | |
|----------------------------|--------------------|----------------|--------------------|----------------|
| | Buildings £'000 | Other £'000 | Buildings £'000 | Other £'000 |
| Within one year | 15 | 48 | 26 | 61 |
| Between one and five years | 308 | 177 | 344 | 283 |
| | 323 | 225 | 370 | 344 |

19 FINANCE LEASES

| Assets held under finance leases and capitalised in equipment fixtures and fittings | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2005 £'000 | 2004 £'000 | 2005 £'000 | 2004 £'000 |
| Cost | 22 | - | 22 | - |
| Depreciation | (5) | - | (5) | - |
| Net Book Value | 17 | - | 17 | - |
| Future minimum payments under finance leases | | | | |
| Within one year | 11 | - | 11 | - |
| In more than one but not more than 5 years | 12 | - | 12 | - |
| Total Gross payments | 23 | - | 23 | - |
| Less finance charges included above | (3) | - | (3) | - |
| | 20 | - | 20 | - |
| Amounts falling due within one year | 9 | - | 9 | - |
| Amounts falling due after more than one year | 11 | - | 11 | - |
| | 20 | - | 20 | - |

Amounts owed under finance leases are included in Other creditors in note 11

20 PARENT UNDERTAKINGS

The Interpublic Group of Companies Inc., which is incorporated in the United States of America is the parent undertaking of the largest group to consolidate these financial statements and is the immediate and ultimate parent company. Copies of group financial statements for Interpublic Inc. can be obtained from 1114 Avenue of the Americas, New York, NY 10036, USA.