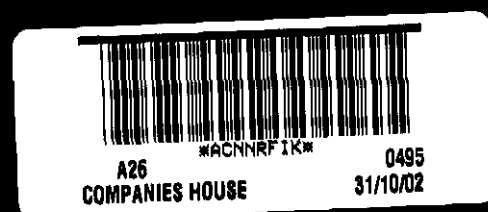


Carat Interactive Limited  
(Registered Number 3148086)

Directors' report and accounts

31 December 2001



# **Carat Interactive Limited**

## **Directors' report for the year ended 31 December 2001**

The Directors present their report together with the audited accounts of the Company for the year ended 31 December 2001.

### **Principal activity, business review and future developments**

The principal activity of the Company continues to be the placement of interactive advertising. The Directors are satisfied with the growth in turnover and profit during the year and anticipate continuing improvement in 2002.

### **Results and dividend**

The Company made a profit for the financial year of £326,856 (2000 - £144,260 ). The Directors do not propose the payment of a dividend (2000 - £Nil).

### **Fixed assets**

Information relating to changes in tangible fixed assets is given in Note 8 to the accounts.

### **Payment of suppliers**

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms subject to the terms and conditions being met by the supplier. As at 31 December 2001 trade creditors were equivalent to 237 days of average purchases during the year (2000 – 205 days).

### **Directors and their interests**

The Directors who served during the year, together with their interests and options in the share capital of the ultimate holding company, Aegis Group plc, at the beginning and end of the year are shown in Note 19 to the accounts.

# **Carat Interactive Limited**

## **Directors' report for the year ended 31 December 2001 (Continued)**

### **Statement of Directors' responsibilities**

Company law requires the Directors to prepare accounts 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 year. In preparing those accounts, 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 accounts;
- prepare the accounts 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 accounts 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, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

John L. Foster  
Secretary



23 August 2002

## **Independent Auditors' report to the members of Carat Interactive Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of Directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **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.

**Independent Auditors' report to the members of  
Carat Interactive Limited** (Continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2001 and of its profit for year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

*PricewaterhouseCoopers*

**PricewaterhouseCoopers**  
Chartered Accountants  
and Registered Auditors

23 August 2002

# Carat Interactive Limited

## Profit and loss account

For the year ended 31 December 2001

	<i>Note</i>	2001 £	2000 £
Turnover	1d	8,360,987	8,816,923
Cost of sales		(6,719,657)	(7,515,416)
<b>Gross profit</b>		<b>1,641,330</b>	<b>1,301,507</b>
Administrative expenses		(1,358,132)	(1,152,239)
<b>Operating profit</b>	2	<b>283,198</b>	<b>149,268</b>
Interest receivable and similar income	5	189,276	60,676
Interest payable and similar charges	6	(193)	(115)
<b>Profit on ordinary activities before taxation</b>		<b>472,281</b>	<b>209,829</b>
Tax on profit on ordinary activities	7	(145,425)	(65,569)
<b>Profit for the financial year</b>		<b>326,856</b>	<b>144,260</b>

All amounts relate to continuing operations.

## Statement of total recognised gains and losses for the year ended 31 December 2001

The Company had no recognised gains or losses during the year other than those reflected in the profit and loss account.

## Note of historical cost profits and losses for the year ended 31 December 2001

There is no difference between the reported profit for the financial year and that on an historical cost basis.

The notes on pages 7 to 14 form an integral part of these accounts.

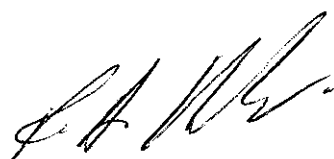
# Carat Interactive Limited

## Balance Sheet - 31 December 2001

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Tangible fixed assets	8	34,438	21,935
<b>Current assets</b>			
Debtors	9	1,104,433	1,384,824
Cash at bank and in hand		3,359,426	2,602,605
		4,463,859	3,987,429
Creditors : amounts falling due within one year	10	(4,815,468)	(4,653,391)
<b>Net current liabilities</b>		(351,609)	(665,962)
<b>Net liabilities</b>		(317,171)	(644,027)
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	(317,271)	(644,127)
<b>Equity shareholders' funds</b>		(317,171)	(644,027)

Approved by the Board on 23 August 2002

R A Horler  
Director



J L Foster  
Director



The notes on pages 7 to 14 form an integral part of these accounts.

# **Carat Interactive Limited**

## **Notes to the accounts - 31 December 2001**

### **1 Accounting policies**

The principal accounting policies are as follows:

#### **(a) Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has adopted FRS18 Accounting Policies which has resulted in no changes to the accounting policies stated below.

#### **(b) Tangible fixed assets**

Tangible fixed assets are stated at original historical cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of fixed assets on a straight-line basis over their estimated useful lives as follows:

Fixtures and fittings	-	20% per annum
Computer equipment	-	33 1/3% per annum

#### **(c) Taxation**

Corporation tax payable is calculated on taxable profits at the current rate.

Deferred taxation represents the amount required to account for the tax effect of depreciation and certain other items of income and expense being attributable for tax purposes to periods different from those in which they are recorded in the accounts. It is computed using the liability method, whereby it is determined by applying the rate of tax expected to be applicable when the timing differences are forecast to reverse.

The Directors have concluded that there is no material liability to deferred taxation.

#### **(d) Turnover and recognition of income**

Turnover comprises the net amounts billed to clients, excluding value added taxes, for services provided in the normal course of business and reflects commissions and fees together with any related costs of advertising expenditure incurred by the Company. Commissions are recognised as income when the related advertisements appear; fees are recognised as income when they are billed in accordance with the agreements with clients. Turnover is principally earned in the United Kingdom.



# Carat Interactive Limited

## Notes to the accounts - 31 December 2001

### 1 Accounting policies (continued)

#### (e) Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. Assets acquired under finance leases and hire purchase agreements are capitalised at the present value of the minimum lease rentals payable during the lease term and are depreciated on a basis consistent with other fixed assets. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account on a constant periodic rate of charge basis.

All other leases are treated as "operating leases". The annual rentals are charged to the profit and loss account over the lease term.

#### (f) Pensions costs

The Company contributes to individual personal pension schemes. All such arrangements are defined contribution schemes. Contributions are charged to the profit and loss account in the year in which they arise.

### 2 Operating profit

Operating profit is stated after charging:

	2001 £	2000 £
Depreciation of tangible fixed assets	11,263	5,688
Auditors' remuneration – audit services	8,500	5,250
Staff costs (see Note 3)	1,009,619	825,411

### 3 Staff costs

Particulars of employees (including Directors) are shown below:

#### (a) Employee costs during the year amounted to:

	2001 £	2000 £
Wages and salaries	885,267	729,073
Social security costs	87,834	78,161
Other pension costs	36,518	18,177
	1,009,619	825,411

# Carat Interactive Limited

## Notes to the accounts - 31 December 2001

### 3 Staff costs (continued)

(b) The average weekly number of persons employed by the Company during the year was 17 (2000 – 19).

### 4 Directors' remuneration

The employee costs shown above include emoluments in respect of Directors of the Company as follows:

	2001 £	2000 £
Emoluments	265,267	161,164
Pension contributions	13,239	10,385
	<u>278,506</u>	<u>171,549</u>

The highest paid Director's remuneration included:

	2001 £	2000 £
Emoluments	96,878	89,028
Pension contributions	7,331	4,887
	<u>104,209</u>	<u>93,915</u>

### 5 Interest receivable and similar income

	2001 £	2000 £
Interest receivable from other group companies	189,276	60,676

### 6 Interest payable and similar charges

	2001 £	2000 £
Other interest payable	193	115

# Carat Interactive Limited

## Notes to the accounts - 31 December 2001

### 7 Tax on profit on ordinary activities

	2001 £	2000 £
Corporation tax at 30.00%	145,425	65,569

### 8 Tangible fixed assets

	Fixtures And fittings £	Office equipment £	Total £
<b>Cost</b>			
At 1 January 2001	25,526	74,339	99,865
Additions	2,964	20,802	23,766
Disposals	-	-	-
<b>At 31 December 2001</b>	<b>28,490</b>	<b>95,141</b>	<b>123,631</b>
<b>Depreciation</b>			
At 1 January 2001	5,785	72,145	77,930
Charge for the year	4,757	6,506	11,263
Disposals	-	-	-
<b>At 31 December 2001</b>	<b>10,542</b>	<b>78,651</b>	<b>89,193</b>
<b>Net book value</b>			
<b>At 31 December 2001</b>	<b>17,948</b>	<b>16,490</b>	<b>34,438</b>
At 31 December 2000	19,741	2,194	21,935

# Carat Interactive Limited

## Notes to the accounts - 31 December 2001

### 9 Debtors

	2001 £	2000 £
Trade debtors	324,961	695,324
Amounts owed by other group companies	277,437	490,277
Prepayments and accrued income	451,447	196,438
Other debtors	2,110	2,785
VAT Recoverable	48,478	-
	<b>1,104,433</b>	<b>1,384,824</b>

### 10 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank overdraft	-	-
Trade creditors	4,363,017	4,212,429
Amounts owed to other group companies	3,111	6,736
VAT payable	-	70,432
Other creditors	49,499	1,652
UK corporation tax payable	119,440	58,257
Accruals and deferred income	280,401	303,885
	<b>4,815,468</b>	<b>4,653,391</b>

### 11 Called-up share capital

	2001 £	2000 £
Authorised:		
Ordinary shares of £1 each	100	100
Allotted, called-up and fully paid:		
Ordinary shares of £1 each	100	100

## **Carat Interactive Limited**

### **Notes to the accounts - 31 December 2001**

#### **12 Profit and loss account**

£

At 1 January 2001	(644,127)
Profit for the financial year	326,856
At 31 December 2001	(317,271)

#### **13 Reconciliation of movement in equity shareholders' funds for the year ended 31 December 2001**

	2001 £	2000 £
Profit for the financial year	326,856	144,260
Equity shareholders' funds, beginning of year	(644,027)	(788,287)
Equity shareholders' funds, end of year	(317,171)	(644,027)

#### **14 Ultimate holding company**

The Company's immediate holding company is Carat Group UK Limited, a company registered in England. The ultimate holding company is Aegis Group plc, a company also registered in England.

The smallest group in which the results of the Company are consolidated is that headed by Carat Group UK Limited.

The largest group in which the results of the Company are consolidated is that headed by Aegis Group Plc. The consolidated accounts of Aegis Group plc are available to the public and may be obtained from 43-45 Portman Square, London, W1H 6LY.

#### **15 Related party transactions**

The Company has taken advantage of the exemption granted under FRS 8 not to disclose related party transactions with fellow subsidiaries due to the fact that it meets the criteria of a 90% subsidiary as defined by FRS 8.

There were no other related party transactions during the year.

## **Carat Interactive Limited**

### **Notes to the accounts - 31 December 2001**

#### **16 Statement of cash flows**

The accounts of Aegis Group plc for the year ended 31 December 2001 contain a consolidated statement of cash flows. Therefore the Company has taken advantage of the exemption granted under FRS1 whereby it is not required to publish its own statement of cash flows.

#### **17 Financial support**

The Company is in a net liability position. The immediate holding company has indicated its intention to provide sufficient financial support to the Company to enable it to meet its liabilities for the forthcoming year.

#### **18 Guarantees**

The Company is party to a composite cross guarantee with other group companies in order to secure banking facilities. Under the terms of this guarantee each company is jointly and severally liable for any liability to the group's bankers, which cannot be met by the company in whose name the liability exists.

# Carat Interactive Limited

## Notes to the accounts - 31 December 2001

### 19 Directors' interests

The Directors of the Company who served during the year and their interests in the 5p ordinary shares of Aegis Group plc, at the beginning and end of the year are shown below.

	2001	2000
M.R.B. Craze	-	-
J.L. Foster	-	-
J. M.Harris (appointed 2 July 2001)	-	-
R A. Horler	-	-
R. M. Wheaton	-	-

G. L. Marston was appointed as a Director on 1 May 2002.

Ordinary shares of 5p each in Aegis Group plc for which the Directors have beneficial options to subscribe are shown below. The Aegis Group plc register of directors' interests, which is open to inspection, contains full details of Directors' shareholdings and options to subscribe.

	Options held at start of year	Granted during Period	Exercised During the year	Expired/ lapsed during year	Options Held at end of year	Exercise price	Date From which Exercisable	Expiry Date
M.R.B. Craze	1,000,000	-	(1,000,000)	-	-	87.00p	15.05.2001	14.05.2004
	111,392	-	-	-	111,392	98.75p	02.06.2001	01.06.2008
	99,588	-	-	-	99,588	121.50p	17.03.2002	16.03.2009
	183,793	-	-	-	183,793	145.00p	18.04.2003	17.04.2010
	-	700,000	-	-	700,000	125.7p	17.04.2004	16.04.2011
	-	118,998	-	-	118,998	119.75p	23.03.2004	22.3.2011
J.L. Foster	25,000	-	-	-	25,000	98.75p	02.06.2001	01.06.2008
	25,000	-	-	-	25,000	121.50p	17.03.2002	16.03.2009
	30,000	-	-	-	30,000	145.00p	18.04.2003	17.04.2010
	-	35,000	-	-	35,000	119.75p	23.04.2004	22.03.2011
J. M.Harris	-	20,000	-	-	20,000	119.75p	23.04.2004	22.03.2011
R.A. Horler	25,000	-	-	-	25,000	145.00p	18.04.2003	17.04.2010
	-	20,000	-	-	20,000	119.75p	23.04.2004	22.03.2011
R.M. Wheaton	25,000	-	-	-	25,000	145.00p	18.04.2003	17.04.2010
	-	20,000	-	-	20,000	119.75p	23.04.2004	22.03.2011

The middle market price of the shares at 31 December 2001 was 93 pence and the range during 2001 was 68.5 to 144 pence.

One Director exercised share options during the year.