

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003
FOR
CASPIAN PUBLISHING LIMITED**



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CASPIAN PUBLISHING LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2003

DIRECTORS:

M Bokaie
K J Cazenove
S P Rock

SECRETARY:

J E Vimpany

REGISTERED OFFICE:

Millbank Tower
21-24 Millbank
London
SW1P 4QP

REGISTERED NUMBER:

3157774 (England and Wales)

AUDITORS:

Wheawill & Sudworth
Chartered Accountants
& Registered Auditors
Mountbarrow House
12 Elizabeth Street
London
SW1W 9RB

CASPIAN PUBLISHING LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2003

The directors present their report with the financial statements of the company for the year ended 30 June 2003.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of magazine publishing (namely Real Business, Real Finance and Real Deals magazines), contract publishing and conference and events management.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors are satisfied with the results for the year and with the state of the company's affairs at the balance sheet date.

The directors expect the increasing levels of activity to be sustained in the foreseeable future.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2003.

FIXED ASSETS

The changes in fixed assets are shown in the notes to the financial statements.

DIRECTORS

The directors during the year under review were:

M Bokaie
K J Cazenove
S P Rock

The directors holding office at 30 June 2003 did not hold any beneficial interest in the issued share capital of the company at 1 July 2002 or 30 June 2003.

The beneficial interests of the directors holding office on 30 June 2003 (and 30 June 2002) in the issued share capital of the holding company, Caspian Media Holdings Limited, were as follows:

Ordinary £1 shares	30.6.03 & 02
M Bokaie	26,658
K J Cazenove	8,889
S P Rock	9,007

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 of the profit or loss of the company 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;
- 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.


CASPIAN PUBLISHING LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2003**

AUDITORS

The auditors, Wheawill & Sudworth, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


- Director

Date: 30 September 2003

CASPIAN PUBLISHING LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
CASPIAN PUBLISHING LIMITED**

We have audited the financial statements of Caspian Publishing Limited for the year ended 30 June 2003 on pages five to thirteen. These financial statements have been prepared under the historical cost convention and 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

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 company's affairs as at 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Wheawill & Sudworth
Chartered Accountants
& Registered Auditors
Mountbarrow House
12 Elizabeth Street
London
SW1W 9RB

Date: 30/9/03

CASPIAN PUBLISHING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2003**

		<u>30.6.03</u>		<u>30.6.02</u>	
	Notes	£	£	£	£
TURNOVER			7,369,926		6,543,351
Continuing operations		7,369,926		6,185,206	
Acquisitions		<u>-</u>		<u>358,145</u>	
		<u>7,369,926</u>		<u>6,543,351</u>	
 Cost of sales	2		<u>4,478,458</u>		<u>3,881,651</u>
GROSS PROFIT	2		2,891,468		2,661,700
Net operating expenses	2		<u>3,034,325</u>		<u>2,664,103</u>
OPERATING LOSS	4		(142,857)		(2,403)
Continuing operations		(142,857)		(40,099)	
Acquisitions		<u>-</u>		<u>37,696</u>	
		<u>(142,857)</u>		<u>(2,403)</u>	
 Interest receivable and similar income			<u>4,181</u>		<u>12,022</u>
			(138,676)		9,619
Interest payable and similar charges	5		<u>-</u>		<u>2,005</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(138,676)		7,614
Tax on (loss)/profit on ordinary activities	6		<u>-</u>		<u>(5,063)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>(138,676)</u>		<u>12,677</u>
(DEFICIT)/RETAINED PROFIT FOR THE YEAR			<u>£(138,676)</u>		<u>£12,677</u>

TOTAL RECOGNISED GAINS AND LOSSES


The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

CASPIAN PUBLISHING LIMITED

BALANCE SHEET
30 JUNE 2003

		<u>30.6.03</u>		<u>30.6.02</u>	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		190,882		210,822
Tangible assets	8		233,469		276,242
Investments	9		<u>15</u>		<u>5</u>
			424,366		487,069
CURRENT ASSETS					
Debtors	10	2,189,179		1,912,413	
Cash at bank and in hand		<u>109,908</u>		<u>314,419</u>	
		2,299,087		2,226,832	
CREDITORS					
Amounts falling due within one year	11	<u>1,782,350</u>		<u>1,634,122</u>	
NET CURRENT ASSETS			<u>516,737</u>		<u>592,710</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£941,103</u>		<u>£1,079,779</u>
CAPITAL AND RESERVES					
Called up share capital	14		131,756		131,756
Share premium	15		410,338		410,338
Profit and loss account	15		<u>399,009</u>		<u>537,685</u>
SHAREHOLDERS' FUNDS	19		<u>£941,103</u>		<u>£1,079,779</u>

ON BEHALF OF THE BOARD:


.....
- Director

Approved by the Board on 30 September 2003

CASPIAN PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis. The budget for the year ending 30 June 2004 shows an increase in revenue to £9 million and a profit before tax of £600,000. The results for the first quarter of the year ending 30 June 2004 indicate that budget has been achieved and the directors are confident that the going concern basis is appropriate.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2002, is being written off evenly over its estimated useful life of twenty years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- Over the life of the lease
Office equipment	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Cashflow

No cashflow statement has been produced as consolidated accounts are prepared for the parent company, Caspian Media Holdings Limited.

2. ANALYSIS OF OPERATIONS

	Continuing	30.6.03 Acquisitions	Total
	£	£	£
Cost of sales	<u>4,478,458</u>	<u>-</u>	<u>4,478,458</u>
Gross profit	<u>2,891,468</u>	<u>-</u>	<u>2,891,468</u>
Net operating expenses:			
Administrative expenses	<u>3,034,325</u>	<u>-</u>	<u>3,034,325</u>

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

2. ANALYSIS OF OPERATIONS - continued

	Continuing £	30.6.02 Acquisitions £	Total £
Cost of sales	<u>3,699,454</u>	<u>182,197</u>	<u>3,881,651</u>
Gross profit	<u>2,485,752</u>	<u>175,948</u>	<u>2,661,700</u>
Net operating expenses:			
Administrative expenses	2,575,851	138,252	2,714,103
Other operating income	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
	<u>2,525,851</u>	<u>138,252</u>	<u>2,664,103</u>

3. STAFF COSTS

	30.6.03 £	30.6.02 £
Wages and salaries	2,075,963	1,910,773
Social security costs	<u>219,843</u>	<u>222,222</u>
	<u>2,295,806</u>	<u>2,132,995</u>

The average monthly number of employees during the year was as follows:

	30.6.03	30.6.02
Management and finance	7	7
Editorial and design	31	30
Conferences and events	7	7
Sales and marketing	<u>16</u>	<u>16</u>
	<u>61</u>	<u>60</u>

The above figures include three executive directors for each year.

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	30.6.03 £	30.6.02 £
Other operating leases	27,777	42,444
Depreciation - owned assets	96,996	90,983
Profit on disposal of fixed assets	-	(77,492)
Goodwill written off	13,932	-
Auditors' remuneration	8,067	6,050
Foreign exchange differences	(309)	-
Operating leases - property	<u>200,352</u>	<u>205,497</u>
Directors' emoluments	<u>270,000</u>	<u>285,655</u>

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

4. OPERATING LOSS - continued

Information regarding the highest paid director is as follows:

	30.6.03	30.6.02
	£	£
Emoluments etc	<u>120,000</u>	<u>120,000</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	30.6.03	30.6.02
	£	£
Bank interest	-	308
Hire purchase	<u>-</u>	<u>1,697</u>
	<u>-</u>	<u>2,005</u>

6. TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	30.6.03	30.6.02
	£	£
Current tax:		
UK corporation tax	<u>-</u>	<u>(5,063)</u>
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>(5,063)</u>

7. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST:	
At 1 July 2002	210,822
Disposals	<u>(6,008)</u>
At 30 June 2003	<u>204,814</u>
AMORTISATION:	
Charge for year	<u>13,932</u>
At 30 June 2003	<u>13,932</u>
NET BOOK VALUE:	
At 30 June 2003	<u>190,882</u>
At 30 June 2002	<u>210,822</u>

The disposal figure relates to the re-calculation of payments due based on the turnover achieved from the trade bought in the previous year.

CASPIAN PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

8. TANGIBLE FIXED ASSETS

	Leasehold property £	Office equipment £	Fixtures and fittings £	Computer equipment £	Totals £
COST:					
At 1 July 2002	174,171	40,209	68,741	224,618	507,739
Additions	-	4,786	-	49,437	54,223
At 30 June 2003	174,171	44,995	68,741	274,055	561,962
DEPRECIATION:					
At 1 July 2002	47,428	14,910	34,844	134,315	231,497
Charge for year	42,132	7,440	9,996	37,428	96,996
At 30 June 2003	89,560	22,350	44,840	171,743	328,493
NET BOOK VALUE:					
At 30 June 2003	84,611	22,645	23,901	102,312	233,469
At 30 June 2002	126,743	25,299	33,897	90,303	276,242

9. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST:	
At 1 July 2002	5
Addition	10
At 30 June 2003	15
NET BOOK VALUE:	
At 30 June 2003	15
At 30 June 2002	5

The company's investments at the balance sheet date in the share capital of companies include the following:

Real Business Limited	£2 (2002: £2)
Real Deals Limited	£2 (2002: £2)
Real Finance Limited	£1 (2002: £1)
Real Business Events Limited	£2
Real Business Conferences Limited	£2
Caspian Conferences Limited	£2
Real IR Limited	£2
Real Investors Relations Limited	£2

The above companies are all dormant subsidiaries owned 100% by Caspian Publishing Limited.

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.03	30.6.02
	£	£
Trade debtors	953,623	899,281
Amounts owed by group undertakings	474,522	279,659
Other debtors	22,517	20,345
Prepayments and accrued income	<u>738,517</u>	<u>713,128</u>
	<u><u>2,189,179</u></u>	<u><u>1,912,413</u></u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.03	30.6.02
	£	£
Bank loans and overdrafts (see note 12)	32,323	-
Trade creditors	1,113,682	1,117,624
Social security and other taxes	274,403	357,088
Other creditors	855	3,622
Deferred income	290,734	110,872
Accrued expenses	<u>70,353</u>	<u>44,916</u>
	<u><u>1,782,350</u></u>	<u><u>1,634,122</u></u>

12. LOANS

An analysis of the maturity of loans is given below:

	30.6.03	30.6.02
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u><u>32,323</u></u>	<u><u>-</u></u>

13. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	30.6.03	30.6.02	30.6.03	30.6.02
	£	£	£	£
Expiring:				
Within one year	-	-	-	3,931
Between one and five years	<u>200,063</u>	<u>200,063</u>	<u>26,651</u>	<u>4,337</u>
	<u><u>200,063</u></u>	<u><u>200,063</u></u>	<u><u>26,651</u></u>	<u><u>8,268</u></u>

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30.6.03	30.6.02
		£1	£	£
200,000	Ordinary		<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.6.03	30.6.02
		£1	£	£
131,756	Ordinary		<u>131,756</u>	<u>131,756</u>

15. RESERVES

	Profit and loss account	Share premium	Totals
	£	£	£
At 1 July 2002	537,685	410,338	948,023
Deficit for the year	<u>(138,676)</u>	<u>-</u>	<u>(138,676)</u>
At 30 June 2003	<u>399,009</u>	<u>410,338</u>	<u>809,347</u>

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Caspian Media Holdings Limited, a company incorporated in England and Wales.

17. CONTINGENT LIABILITIES

The company has defended a case of whistle-blowing brought by a former finance director. The company believes there is no case to answer, consequently no provision is considered necessary.

The bank has a floating charge over all assets and a deed of priority over the first £200,000 of assets. This overdraft is guaranteed by the parent company.

There is a cross guarantee with Caspian Media Holdings Limited. The debenture holders in Caspian Media Holdings Limited hold a fixed and floating charge over Caspian Publishing Limited's assets.

18. RELATED PARTY DISCLOSURES

Prior to the purchase by Caspian Media Holdings Limited, the company was under the control of the three executive directors who were shareholders of the company:

M Bokaie
K J Cazenove
S P Rock

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.03	30.6.02
	£	£
(Loss)/Profit for the financial year	(138,676)	12,677
Shares bought back - at cost	-	(1,556)
Shares bought back - premium	-	(7,664)
	<u> </u>	<u> </u>
Net (reduction)/addition to shareholders' funds	(138,676)	3,457
Opening shareholders' funds	<u>1,079,779</u>	<u>1,076,322</u>
Closing shareholders' funds	<u>941,103</u>	<u>1,079,779</u>
 Equity interests	 <u>941,103</u>	 <u>1,079,779</u>