

COMPANY REGISTRATION NUMBER 03204961

LEHMANN COMMUNICATIONS PLC
FINANCIAL STATEMENTS
31 AUGUST 2008

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LEHMANN COMMUNICATIONS PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

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LEHMANN COMMUNICATIONS PLC
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	M J Lehmann R Lehmann
Company secretary	M J Lehmann
Registered office	Lloyd's Avenue House 6 Lloyd's Avenue London EC3N 3EH
Auditor	Shipleys LLP Chartered Accountants & Registered Auditors 10 Orange Street Haymarket London WC2H 7DQ

LEHMANN COMMUNICATIONS PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 AUGUST 2008

The directors present their report and the financial statements of the company for the year ended 31 August 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Lehmann Communications Plc, is a marketing communications agency specialising in corporate, financial, professional services and consumer sectors. The directors are confident that the company will continue to achieve continued growth in its profitability.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not deemed necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from national and international competitors and retention of key employees.

RESULTS AND DIVIDENDS

The profit for the year amounted to £121,028. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) the company's principle instruments comprise bank balances and overdrafts, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations.

b) Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below: -

In respect of the bank balance the liquidity risk is managed by maintaining facilities sufficient to meet the funds required for the company's operations.

Trade debtors are managed in respect of credit and cash flow risk by ensuring that the amounts due are collected within the company's credit terms.

Trade creditors' liquidity is managed by ensuring sufficient funds are available to meet amounts due.

DIRECTORS

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

M J Lehmann
R Lehmann
T C Maltin

T C Maltin retired as a director on 6 May 2008.

POLICY ON THE PAYMENT OF CREDITORS

The company's policy concerning the payment of its trade creditors is to establish terms of payment with suppliers when agreeing transactions and to pay in accordance with those terms. This policy applies to all creditors for both revenue and capital supplies.

LEHMANN COMMUNICATIONS PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2008

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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

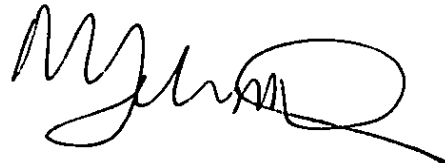
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office:
Lloyd's Avenue House
6 Lloyd's Avenue
London
EC3N 3EH

Signed by order of the directors



M J Lehmann
Company Secretary

Approved by the directors on 30 June 2009

LEHMANN COMMUNICATIONS PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LEHMANN COMMUNICATIONS PLC
YEAR ENDED 31 AUGUST 2008

We have audited the financial statements of Lehmann Communications Plc for the year ended 31 August 2008 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing 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 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, except that the scope of our work was limited as explained below.

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 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.

LEHMANN COMMUNICATIONS PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LEHMANN COMMUNICATIONS PLC *(continued)*

YEAR ENDED 31 AUGUST 2008

In forming our opinion on the financial statements, which is qualified, we have considered the disclosure made in note 12 to the financial statements concerning the recoverability of a significant trade debtor balance. No provision for this has been made. In respect alone of the limitation on our work relating to trade debtors, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit work.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION : DISCLAIMER ON VIEW GIVEN BY THE FINANCIAL STATEMENTS

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether 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 August 2008 and of its profit for the year then ended; and

- have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper accounting records have been maintained.

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' Report is consistent with the financial statements.

10 Orange Street
Haymarket
London
WC2H 7DQ

30 June 2009

Shipleys LLP

SHIPLEYS LLP
Chartered Accountants
& Registered Auditors

LEHMANN COMMUNICATIONS PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 AUGUST 2008

		2008 £	2007 £
TURNOVER	Note 2	953,760	973,537
Cost of sales		(457,646)	(466,681)
GROSS PROFIT		496,114	506,856
Administrative expenses		(368,911)	(364,827)
OPERATING PROFIT	3	127,203	142,029
Interest payable and similar charges	6	(27,175)	(18,513)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		100,028	123,516
Tax on profit on ordinary activities	7	21,000	28,600
PROFIT FOR THE FINANCIAL YEAR		<u>121,028</u>	<u>152,116</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 16 form part of these financial statements.

LEHMANN COMMUNICATIONS PLC

BALANCE SHEET

31 AUGUST 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	8	16,622	33,254
Tangible assets	9	<u>213,766</u>	<u>24,915</u>
		230,388	58,169
CURRENT ASSETS			
Debtors	10	838,260	565,467
Cash at bank		<u>—</u>	<u>31</u>
		838,260	565,498
CREDITORS: Amounts falling due within one year	11	<u>(595,503)</u>	<u>(477,389)</u>
NET CURRENT ASSETS		<u>242,757</u>	<u>88,109</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>473,145</u>	<u>146,278</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	142,456	97,346
Share premium account	16	1,231,697	1,070,968
Profit and loss account	17	<u>(901,008)</u>	<u>(1,022,036)</u>
SHAREHOLDERS' FUNDS	18	<u>473,145</u>	<u>146,278</u>

These financial statements were approved by the directors and authorised for issue on ~~30.5.2009~~ and are signed on their behalf by:

R. Lehmann

R LEHMANN

The notes on pages 9 to 16 form part of these financial statements.

LEHMANN COMMUNICATIONS PLC

CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2008

	Note	2008 £	2007 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(199,191)	672
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(25,619)	(18,513)
Interest element of hire purchase and finance lease		<u>(1,556)</u>	<u>-</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(27,175)	(18,513)
TAXATION		20,991	28,600
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		<u>-</u>	<u>(11,376)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		-	(11,376)
CASH OUTFLOW BEFORE FINANCING		(205,375)	(617)
FINANCING	19	205,839	347,445
INCREASE IN CASH	19	<u>464</u>	<u>346,828</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	127,203	142,029
Amortisation	16,632	16,632
Depreciation	18,735	6,425
Increase in debtors	(272,784)	(299,867)
(Decrease)/increase in creditors	<u>(88,977)</u>	<u>135,453</u>
Net cash (outflow)/inflow from operating activities	<u>(199,191)</u>	<u>672</u>

The notes on pages 9 to 16 form part of these financial statements.

LEHMANN COMMUNICATIONS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2008

1. ACCOUNTING POLICIES

Basis of accounting

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

Going concern

The accounts are prepared on a going concern basis. The company relies on its banking facilities in order to continue to trade which is supported by a personal guarantee given by Mr R Lehmann.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Goodwill

Goodwill arose on acquisition of the net liabilities of Lehmann Communications an unincorporated business and is amortised through the profit and loss account over the director's estimate of its useful economic life of 10 years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 10 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- Office equipment - 25% reducing balance
- Fixtures & Fittings - 25% reducing balance
- IT Equipment - 25% reducing balance

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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 exceptions:

LEHMANN COMMUNICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

1. ACCOUNTING POLICIES *(continued)*

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Website development costs

Included within IT Equipment are website development costs which meet the specific criteria for capitalisation set out in UITF 29. The depreciation charge for this is pro-rated in the year of acquisition and disposal.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	<u>953,760</u>	<u>973,537</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2008 £	2007 £
Amortisation of intangible assets	16,632	16,632
Depreciation of owned fixed assets	18,735	6,425
Auditor's remuneration		
- as auditor	6,500	4,300
Operating lease costs:		
- Plant and equipment	<u>11,217</u>	<u>872</u>

LEHMANN COMMUNICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Average number of staff	<u>7</u>	<u>8</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	320,856	234,071
Social security costs	<u>38,866</u>	<u>24,207</u>
	<u>359,722</u>	<u>258,278</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Emoluments receivable	<u>120,000</u>	<u>107,500</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	18,746	18,513
Finance charges	1,556	—
Other similar charges payable	<u>6,873</u>	<u>—</u>
	<u>27,175</u>	<u>18,513</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008	2007
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 21% (2007 - 19%)	<u>(21,000)</u>	<u>(28,600)</u>
Total current tax	<u>(21,000)</u>	<u>(28,600)</u>

LEHMANN COMMUNICATIONS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2008

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2007 - 19%).

	2008	2007
	£	£
Profit on ordinary activities before taxation	100,028	123,516
Profit on ordinary activities by rate of tax	21,006	23,468
Expenses not deductible for tax purposes	7,775	4,000
Depreciation in excess of capital allowances	(22,560)	(453)
Relief for losses brought forward	(6,221)	(48,952)
Other timing differences	(21,000)	(6,663)
Total current tax (note 7(a))	<u>(21,000)</u>	<u>(28,600)</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 September 2007 and 31 August 2008	<u>166,308</u>
AMORTISATION	
At 1 September 2007	133,054
Charge for the year	<u>16,632</u>
At 31 August 2008	<u>149,686</u>
NET BOOK VALUE	
At 31 August 2008	<u>16,622</u>
At 31 August 2007	<u>33,254</u>

LEHMANN COMMUNICATIONS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2008

9. TANGIBLE FIXED ASSETS

	IT equipment cost £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 September 2007	46,924	127,454	15,050	189,428
Additions	207,586	—	—	207,586
At 31 August 2008	<u>254,510</u>	<u>127,454</u>	<u>15,050</u>	<u>397,014</u>
DEPRECIATION				
At 1 September 2007	30,101	120,431	13,981	164,513
Charge for the year	16,930	1,568	237	18,735
At 31 August 2008	<u>47,031</u>	<u>121,999</u>	<u>14,218</u>	<u>183,248</u>
NET BOOK VALUE				
At 31 August 2008	<u>207,479</u>	<u>5,455</u>	<u>832</u>	<u>213,766</u>
At 31 August 2007	<u>16,823</u>	<u>7,023</u>	<u>1,069</u>	<u>24,915</u>

The net book value of assets held under Hire Purchase contracts was £6,328 (2007 : £8,437). The amount of depreciation in respect of such contracts was £3,897 (2007 : £1,687).

10. DEBTORS

	2008 £	2007 £
Trade debtors	697,676	416,576
Corporation tax repayable	9	—
Other debtors	91,098	60,664
Director's current account	—	30,352
Prepayments and accrued income	49,477	57,875
	<u>838,260</u>	<u>565,467</u>

LEHMANN COMMUNICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

11. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Overdrafts	122,800	123,295
Trade creditors	201,621	110,330
Other taxation and social security	140,329	11,763
Other creditors	17,767	7,112
Director's current account	68,081	—
Accruals and deferred income	44,905	224,889
	<u>595,503</u>	<u>477,389</u>

The bank overdraft is secured by a personal guarantee given by the director R Lehmann.

12. RECOVERABILITY OF SIGNIFICANT TRADE DEBTOR BALANCE

Included in trade debtors is an amount of £494,441 due from a single client. The recoverability of this debt is affected by a global freezing order placed on the client's assets as a result of a contested legal action between the client and its former bankers. This matter does not relate to the clients dealings with the company and no provision has been made in the financial statements regarding the ultimate recoverability of the balance.

13. RELATED PARTY TRANSACTIONS

Mr Ronel Lehmann has also provided a Limited Guarantee for £200,000 (2007: £100,000) to the company's bankers.

14. CONTROLLING INTERESTS

Ronel Lehmann, a director of the company, together with family shareholdings, retains a controlling interest in the issued share capital of the company. At 31 August 2008 Mr Lehmann held 53.8% (2007: 58.2%) of the issued share capital.

15. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>142,456</u>	<u>142,456</u>	<u>97,346</u>	<u>97,346</u>

LEHMANN COMMUNICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

16. SHARE PREMIUM ACCOUNT

	2008 £	2007 £
Balance brought forward	1,070,968	735,293
Premium on shares issued in the year	160,729	335,675
Balance carried forward	<u>1,231,697</u>	<u>1,070,968</u>

17. PROFIT AND LOSS ACCOUNT

	2008 £	2007 £
Balance brought forward	(1,022,036)	(1,174,152)
Profit for the financial year	121,028	152,116
Balance carried forward	<u>(901,008)</u>	<u>(1,022,036)</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	121,028	152,116
New equity share capital subscribed	45,110	11,770
Premium on new share capital subscribed	<u>160,729</u>	<u>335,675</u>
	<u>205,839</u>	<u>347,445</u>
Net addition to shareholders' funds/(deficit)	326,867	499,561
Opening shareholders' funds/(deficit)	146,278	(353,283)
Closing shareholders' funds	<u>473,145</u>	<u>146,278</u>

19. NOTES TO THE STATEMENT OF CASH FLOWS

FINANCING

	2008 £	2007 £
Issue of equity share capital	(45,110)	(11,770)
Share premium on issue of equity share capital	<u>(160,729)</u>	<u>(335,675)</u>
Net cash inflow from financing	<u>(205,839)</u>	<u>(347,445)</u>

LEHMANN COMMUNICATIONS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2008

19. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
Increase in cash in the period	464	346,828
Movement in net debt in the period	464	346,828
Net debt at 1 September 2007	(123,264)	(94,048)
Net debt at 31 August 2008	<u>(122,800)</u>	<u>(123,264)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Sep 2007 £	Cash flows £	At 31 Aug 2008 £
Net cash:			
Cash in hand and at bank	31	(31)	—
Overdrafts	(123,295)	495	(122,800)
Net debt	<u>(123,264)</u>	<u>464</u>	<u>(122,800)</u>