

IMD MEDIA LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2003

Company No: 3238065



IMD MEDIA LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

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IMD MEDIA LIMITED

COMPANY INFORMATION

DIRECTORS

D S Haynes (Chairman)
D McMurtrie
I D Stevenson
R B Pomphrett
D B McArthur
C W Dunstone

SECRETARY

J R G Titmas

REGISTERED OFFICE

Allan House
10 John Princes Street
London
W1G 0JW

BANKERS

HSBC Bank plc
69 Pall Mall
London
SW1Y 5EY

SOLICITORS

Addleshaw Goddard
150 Aldersgate Street
London
EC1A 4EJ

AUDITORS

haysmacintyre
Chartered Accountants
15 Fulwood Place
London
WC1V 6AY

IMD MEDIA LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2003

The directors are pleased to present their report together with audited financial statements for the year ended 31st December 2003.

PRINCIPAL ACTIVITY

The company is principally engaged in the electronic distribution of advertising, programming and music.

BUSINESS REVIEW

The directors consider the results for the year to be satisfactory.

RESULTS AND DIVIDENDS

The profit for the year is set out in the profit and loss account on page 6. An interim dividend of £184,670 was paid in the year and a final dividend of £201,693 is proposed.

DIRECTORS

The directors of the company who served during the year and their interests in the ordinary share capital of the company were as follows:

	Ordinary Shares of 20p each	
	31st December 2003	1st January 2003
D S Haynes	-	-
D McMurtrie	-	-
I D Stevenson	-	-
R B Pomphrett	-	-
D B McArthur	-	-
C W Dunstone	-	-

All of the directors are directors of the parent company and their interests in the ordinary shares and share options of the parent company are disclosed in the directors' report of that company.

IMD MEDIA LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31ST DECEMBER 2003

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 as at the end of the financial year and of the profit or loss of the company for that year. 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;
- state whether applicable 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, 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.

CREDITORS' PAYMENT POLICY

It is the company's policy to abide by the payment terms agreed with the suppliers. On average, creditors are settled 30 days following receipt of invoice.

AUDITORS

A resolution re-appointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985.

BY ORDER OF THE BOARD ON 25TH MARCH 2004



J R G TITMAS
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

IMD MEDIA LIMITED

We have audited the financial statements of IMD Media Limited for the year ended 31st December 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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.

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 with the company is not disclosed.

We read the Directors' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

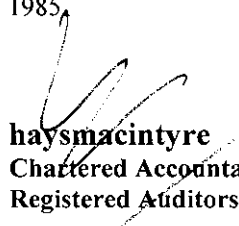
Basis of audit opinion

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 31st December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre
Chartered Accountants
Registered Auditors

25th March 2004

Fairfax House
15 Fulwood Place
London
WC1V 6AY

IMD MEDIA LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 2003**

	Note	2003 £	2002 £
TURNOVER	2	3,434,634	2,712,278
Cost of sales		(271,413)	(240,187)
GROSS PROFIT		3,163,221	2,472,091
Administrative expenses		(1,881,568)	(1,593,869)
OPERATING PROFIT		1,281,653	878,222
Interest receivable		88,983	62,198
Interest payable		(982)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,369,654	940,420
Tax on profit on ordinary activities	4	(391,650)	(259,817)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		978,004	680,603
DIVIDENDS	5		
Ordinary dividends on equity shares		(386,363)	(318,458)
RETAINED PROFIT FOR THE YEAR		591,641	362,145
BALANCE BROUGHT FORWARD		1,014,677	652,532
BALANCE CARRIED FORWARD		<u>£1,606,318</u>	<u>£1,014,677</u>

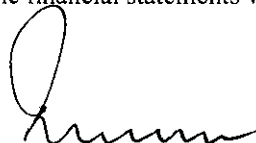
All turnover and profit is derived from continuing operations.

All recognised gains or losses are included in the profit and loss account.

IMD MEDIA LIMITED**BALANCE SHEET****AT 31ST DECEMBER 2003**

	Notes	2003 £	2002 £
FIXED ASSETS			
Intangible assets	6	-	411
Tangible assets	7	758,960	384,626
		<u>758,960</u>	<u>385,037</u>
CURRENT ASSETS			
Debtors	8	841,047	659,761
Cash at bank and in hand		2,641,199	2,008,535
		<u>3,482,246</u>	<u>2,668,296</u>
CREDITORS: Amounts falling due within one year	9	<u>(1,879,580)</u>	<u>(1,415,338)</u>
NET CURRENT ASSETS		<u>1,602,666</u>	<u>1,252,958</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,361,626</u>	<u>1,637,995</u>
PROVISION FOR LIABILITIES AND CHARGES	10	<u>(155,433)</u>	<u>(23,443)</u>
NET ASSETS		<u>£2,206,193</u>	<u>£1,614,552</u>
CAPITAL AND RESERVES			
Called up share capital	11	112,175	112,175
Share premium account	12	487,700	487,700
Profit and loss account		1,606,318	1,014,677
		<u>£2,206,193</u>	<u>£1,614,552</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>£2,206,193</u>	<u>£1,614,552</u>

The financial statements were approved by the Board of Directors on 25th March 2004 and signed on its behalf by:

**I D STEVENSON**

IMD MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

1. ACCOUNTING POLICIES

1.1 Basis of accounting

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

1.2 Turnover

Turnover represents amounts derived from the electronic distribution of advertising and musical data in the UK stated net of Value Added Tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write down the cost of all tangible fixed assets by equal monthly instalments over their expected useful lives on the following bases:

Hardware	36 months
Fixtures and fittings	36 months
Software	24 months

1.4 Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less amortisation. Amortisation is calculated to write down the cost of all intangible fixed assets by equal monthly instalments over their expected useful lives on the following bases:

Patents	24 months
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1.5 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rates ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

1.6 Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. It is the company's policy not to discount deferred tax to reflect the time value of money.

1.7 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

IMD MEDIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31ST DECEMBER 2003****2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax.

The turnover and profit on ordinary activities before taxation, all of which arises in the United Kingdom, are attributable to one activity, that of electronic data distribution.

	2003	2002
	£	£
The profit on ordinary activities is stated after:		
Auditors' remuneration — audit services	17,000	16,000
— non-audit services	12,500	17,150
Amortisation of patent	411	5,550
Depreciation of tangible fixed assets	377,555	414,398
Payments made under operating leases	91,045	95,224
	<u> </u>	<u> </u>

3a. STAFF COSTS (including directors)

Wages, salaries, fees & profit share	927,212	703,739
Social security costs	120,374	70,459
	<u> </u>	<u> </u>
	£1,047,586	£774,198
	<u> </u>	<u> </u>

	Number	Number
The average monthly number of employees of the company: (including directors) during the year was	20	19
	<u> </u>	<u> </u>

3b. DIRECTORS' REMUNERATION

	£	£
Aggregate emoluments	£343,313	£256,588
	<u> </u>	<u> </u>
Highest paid director	£137,075	£99,026
	<u> </u>	<u> </u>

All share options in the company were cancelled on 20 February 2002 and options in the parent company were issued to the holders of those options.

IMD MEDIA LIMITED

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2003

4. TAXATION	2003 £	2002 £
(a) UK Corporation tax on profits for the period		
Corporation tax at 30% (2002: 30%)	272,192	287,247
Overprovision in prior year	(12,532)	(20,611)
Total current tax	259,660	266,636
Deferred taxation (note 10)	131,990	-
Origination and reversal of timing differences	-	(6,819)
	<u>£391,650</u>	<u>£259,817</u>
(b) Tax charge reconciliation		
Profit on ordinary activities before tax	1,369,654	940,420
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30%	410,896	282,126
Effects of:		
Expenses not deductible for tax purposes	7,448	91
Capital allowances for year (greater)/less than depreciation	(132,145)	5,030
Marginal relief	(14,007)	-
Adjustments to tax charge in respect of previous years	(12,532)	(20,611)
Total current tax	<u>£259,660</u>	<u>£266,636</u>
(c) Factors which may affect future tax charges		
During the course of the year, the company incurred capital expenditure amounting to £751,889. Given existing plans, the company would expect capital expenditure to continue at around this level for the foreseeable future. The current level of expenditure means that capital allowance claims are more than depreciation and hence the deferred tax provision has increased.		
5. DIVIDENDS PAID AND PROPOSED	2003 £	2002 £
Paid interim dividend	184,670	150,849
Proposed final dividend	201,693	167,609
	<u>£386,363</u>	<u>£318,458</u>

IMD MEDIA LIMITED

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2003

6. INTANGIBLE FIXED ASSETS

	Patent £
Cost	
At 1st January 2003	12,195
Reclassifications	-
	<u>12,195</u>
At 31st December 2003	<u>12,195</u>
Amortisation	
At 1st January 2003	11,784
Charge for the year	411
Reclassifications	-
	<u>12,195</u>
At 31st December 2003	<u>12,195</u>
Net Book Value	
At 31st December 2003	-
	<u>£411</u>
At 31st December 2002	<u>£411</u>

7. TANGIBLE FIXED ASSETS

	Hardware £	Software £	Furniture & fittings £	Total £
Cost				
At 1st January 2003	920,911	943,008	200,841	2,064,760
Additions	511,820	209,792	30,277	751,889
	<u>1,432,731</u>	<u>1,152,800</u>	<u>231,118</u>	<u>2,816,649</u>
At 31st December 2003	<u>1,432,731</u>	<u>1,152,800</u>	<u>231,118</u>	<u>2,816,649</u>
Depreciation				
At 1st January 2003	762,765	720,451	196,918	1,680,134
Charge for the year	141,680	229,478	6,397	377,555
	<u>904,445</u>	<u>949,929</u>	<u>203,315</u>	<u>2,057,690</u>
At 31st December 2003	<u>904,445</u>	<u>949,929</u>	<u>203,315</u>	<u>2,057,690</u>
Net Book Value				
At 31st December 2003	<u>£528,286</u>	<u>£202,871</u>	<u>£27,803</u>	<u>£758,960</u>
At 31st December 2002	<u>£158,146</u>	<u>£222,557</u>	<u>£3,923</u>	<u>£384,626</u>

8. DEBTORS: due within one year:

	2003 £	2002 £
Trade debtors	745,558	592,061
Other debtors	15,877	-
Prepayments and accrued income	79,612	67,700
	<u>£841,047</u>	<u>£659,761</u>

IMD MEDIA LIMITED**NOTES TO FINANCIAL STATEMENTS (continued)****YEAR ENDED 31ST DECEMBER 2003**

9. CREDITORS: Amounts falling due within one year	2003 £	2002 £
Trade creditors	433,598	98,906
Amounts due to parent undertaking	801,475	788,876
Corporation tax	272,192	267,247
Social security and other taxes	70,023	50,568
Other creditors	68,799	25,324
Accruals	31,800	16,808
Proposed dividend	201,693	167,609
	<u>£1,879,580</u>	<u>£1,415,338</u>
10. PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation		
Accelerated capital allowances:		
At 1st January 2003	23,443	30,262
Charge/(credit) for the year	131,990	(6,819)
At 31st December 2003	<u>£155,433</u>	<u>£23,443</u>
11. SHARE CAPITAL		
Authorised:		
5,000,000 ordinary shares of 20p each	<u>£1,000,000</u>	<u>£1,000,000</u>
Allotted, called up and fully paid		
560,875 ordinary shares of 20p each	<u>£112,175</u>	<u>£112,175</u>
12. SHARE PREMIUM ACCOUNT		
At 1st January 2003 and at 31st December 2003		<u>£487,700</u>

IMD MEDIA LIMITED

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2003

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003 £	2002 £
Profit for the year	982,057	680,603
Dividends	(386,363)	(318,458)
Net increase in shareholders' funds	595,694	362,145
Shareholders' funds at 1st January 2003	1,614,552	1,252,407
Shareholders' funds at 31st December 2003	<u>£2,210,246</u>	<u>£1,614,552</u>

14. RELATED PARTIES

During the year the company paid £543 (2002: £252) to Carphone Warehouse PLC, in which Mr C W Dunstone is the Managing Director. At the year end a balance of £Nil (2002: £Nil) was due to Carphone Warehouse PLC.

15. OPERATING LEASE RENTAL COMMITMENTS

The company is committed to the following minimum lease rental payments in respect of leases expiring:

	Other		Land and buildings	
	2003 £	2002 £	2003 £	2002 £
In 2 - 5 years	1,620	1,620	72,000	16,575
After 5 years	-	-	21,604	72,000

16. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Independent Media Distribution plc, a company registered in England and Wales.

Consolidated financial statements for Independent Media Distribution plc can be obtained, on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Cardiff CF4 3UZ.