

Directors and Officers

B D Gilbert
R A Conwell
N J Miller
R B Brookes
D Conlon
D Wright

Registered Auditor

PKF
Pannell House
6-7 Litfield Place
Clifton
Bristol
BS8 3LX

Secretary and Registered Office

A Zahedieh
Paulton House
8 Shepherdess Walk
London
N1 7LB



POLYGON MEDIA LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2001

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 28 February 2001.

PRINCIPAL ACTIVITY

The main activity of the Company is the publication of trade journals.

BUSINESS REVIEW

The results of the company are set out on page 6.

The company continued to perform satisfactorily during the year under review and the directors expect that the present level of activity will be sustained for the foreseeable future.

RESULTS AND DIVIDENDS

The profit on ordinary activities after interest and taxation amounted to £233,299 (2000 - £119,900) on sales of £4,070,852 (2000 - £762,812).

The directors do not recommend the payment of a dividend. The retained profit for the year will added to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year were as follows:

B D Gilbert
R A Conwell
N J Miller
R B Brookes
D Conlon
D Wright

The interests of the directors in the Company's shares at both the beginning and end of the year were as follows:

	At 28 February 2001	At 29 February 2000
B Ordinary shares of £1		
D Conlon	50,000	50,000

Polygon Media Limited is a subsidiary of Wilmington Group plc (the ultimate parent undertaking).

The interests of B D Gilbert, R A Conwell, N J Miller and R B Brookes in the shares of the company's ultimate parent undertaking are disclosed in the directors' report of that company. The interests of the other directors in the company's ultimate parent undertaking at the beginning and end of the year were as follows:

	At 28 February 2001	At 29 February 2000
Wilmington Group plc Ordinary shares of 5p		
Beneficial interests		
D Wright	1,650	1,500

POLYGON MEDIA LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2001
(CONTINUED)

Directors and directors' interests (continued)

	Exercise Price	Exercise Period	At 28 February 2001	At 29 February 2000
Options to subscribe for ordinary shares of 5p each of Wilmington Group plc				
Unapproved Scheme				
D Wright	181.5p	Jun 2001-Jun 2005	55,000	55,000
D Wright	137.5p	Oct 2001 - Oct 2005	45,000	45,000
Savings Related Share Option scheme				
D Wright	230.8p	Dec 2004-Jun 2005	2,924	2,924

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company at the end of the period and of the profit or loss 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;
- * 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 a 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 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.

STAFF

The directors thank the staff for their contribution to the company and will continue to involve them in its development and performance

CHARITABLE DONATIONS

During the year the company made £250 (2000 - £Nil) in charitable donations.

POLYGON MEDIA LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2001
(CONTINUED)

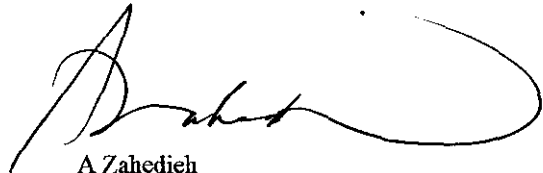
AUDITORS

The auditors Pannell Kerr Forster changed their name to PKF on 1 November 2000 and will sign the audit report in their new name and will be proposed for reappointment at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

Registered office

Paulton House
8 Shepherdess Walk
London N1 7LB

By order of the board



A Zahedieh
Secretary

16 May 2001

AUDITORS REPORT TO THE SHAREHOLDERS OF POLYGON MEDIA LIMITED

We have audited the financial statements on pages 6 to 15, which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 judgements and estimates 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 affairs of the company as at 28 February 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF
Registered Auditors
Bristol

16 May 2001

POLYGON MEDIA LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2001

	<u>Notes</u>	2001 £	2000 £
Turnover	2	4,070,852	762,812
Cost of sales		(935,487)	(109,652)
Gross profit		<u>3,135,365</u>	<u>653,160</u>
Operating expenses	3	(2,615,731)	(440,233)
Amortisation of intangible assets	9	(171,470)	(35,551)
Operating profit	4	<u>348,164</u>	<u>177,376</u>
Interest receivable and similar income	7	<u>17,645</u>	<u>-</u>
Profit on ordinary activities before taxation		<u>365,809</u>	<u>177,376</u>
 Tax on profit on ordinary activities	 8	 (132,510)	 (57,476)
 Retained profit for the year	 16	 <u><u>233,299</u></u>	 <u><u>119,900</u></u>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying notes are an integral part of these accounts.

POLYGON MEDIA LIMITED
BALANCE SHEET
AS AT 28 FEBRUARY 2001

	<u>Notes</u>	2001 £	2000 £
Fixed assets			
Intangible assets	9	3,222,380	3,389,607
Tangible assets	10	156,460	140,990
		<u>3,378,840</u>	<u>3,530,597</u>
Current assets			
Stocks	11	55,903	-
Debtors	12	1,286,350	973,346
Cash at bank and in hand		30,551	200
		<u>1,372,804</u>	<u>973,546</u>
Creditors:			
Amounts falling due within one year	13	<u>(4,009,145)</u>	<u>(4,149,401)</u>
Net current (liabilities)		<u>(2,636,341)</u>	<u>(3,175,855)</u>
Total assets less current liabilities		742,499	354,742
Provision for liabilities and charges	14	<u>(189,300)</u>	<u>(34,842)</u>
Net Assets		<u><u>553,199</u></u>	<u><u>319,900</u></u>
Capital and reserves			
Called up share capital	15	200,000	200,000
Profit and loss account	16	353,199	119,900
Shareholders' funds	17	<u><u>553,199</u></u>	<u><u>319,900</u></u>

Approved on behalf of the board on 16 May 2001.



Director

The accompanying notes are an integral part of these accounts.

POLYGON MEDIA LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2001

	2001 £	2000 £
Operating profit	348,164	177,376
Depreciation of tangible fixed assets	41,564	2,495
Loss on disposal of fixed assets	995	-
Amortisation of intangible assets	171,470	35,551
(Increase) in stocks and work in progress	(55,903)	-
(Increase) in debtors	(313,004)	(973,346)
(Decrease)/Increase in creditors	(169,108)	4,102,705
Net cash inflow from operating activities	<u>24,178</u>	<u>3,344,781</u>
Returns on investments and servicing of finance		
Interest paid	-	-
Interest received	17,645	-
Net cash inflow	<u>17,645</u>	<u>-</u>
Taxation		
Tax paid	(686)	-
Capital expenditure and financial investment		
Purchase of intangible assets	(4,243)	(3,425,158)
Purchase of tangible fixed assets	(58,029)	(143,485)
Net cash (outflow)	<u>(62,272)</u>	<u>(3,568,643)</u>
Financing		
Issue of ordinary share capital	-	200,000
(Decrease) in cash in the period	<u>(21,135)</u>	<u>(23,862)</u>
Analysis of movement in net debt and reconciliation of net cash flow movement		
	£	£
Net debt at 1 March 2000	(23,862)	-
Net cash (outflow)	(21,135)	(23,862)
Net debt at 28 February 2001	<u>(44,997)</u>	<u>(23,862)</u>

The accompanying notes are an integral part of these accounts.

POLYGON MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 28 FEBRUARY 2001

1. ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Turnover

Turnover represents the invoiced value of goods and services provided during the period, stated net of Value Added Tax.

(c) Taxation

Corporation tax has been provided on profit for the year at appropriate rates.

(d) Deferred taxation

Provision is made for deferred taxation, using the liability method, to the extent it is probable that a liability will crystallise.

(e) Foreign currencies

Trading activities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial period. Any resultant gain or loss on exchange is shown as part of the company's profit or loss from ordinary activities.

(f) Intangible assets

Purchased intangible assets are capitalised and amortised through the profit and loss account over their estimated useful lives not exceeding 20 years.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at the following rates in order to write off the cost of each asset, on a straight line basis, over its estimated useful life as follows:

Short leasehold property	Over the unexpired period of the lease
Motor vehicles	25% per annum
Computer equipment	25% - 33% per annum
Fixtures and fittings	10% - 33% per annum

POLYGON MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 28 FEBRUARY 2001 (CONTINUED)

(h) **Operating leases**

Rentals incurred in respect of operating leases are charged to the profit and loss account on a straight line basis.

(i) **Stock and work in progress**

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all the further costs to completion and all relevant marketing, selling and distribution costs.

(j) **Pension scheme arrangements**

The pension scheme arrangements of the company comprise externally managed funds. Payments made to the funds and charged annually in these financial statements comprise current service contributions.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the main activity of the company. The geographical analysis of turnover is as follows:

	2001	2000
	£	£
United Kingdom	1,734,472	290,040
Overseas	2,336,380	472,772
	<u>4,070,852</u>	<u>762,812</u>

3. **OPERATING EXPENSES**

	2001	2000
	£	£
Selling and distribution	2,068,900	325,466
Administration	546,831	114,767
	<u>2,615,731</u>	<u>440,233</u>

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	2001	2000
	£	£
Depreciation of owned fixed assets	41,564	2,495
Rentals under operating leases:		
Other operating leases	47,771	-
Loss on disposal of fixed assets	995	-
Auditors' remuneration - Audit fees	3,250	3,250
	<u>92,580</u>	<u>5,745</u>

POLYGON MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 28 FEBRUARY 2001 (CONTINUED)

5. EMPLOYEE INFORMATION

The average number of employees for the year was:

	2001 <u>Number</u>	2000 <u>Number</u>
Production	20	17
Sales and distribution	16	14
Administration	3	3
	<u>39</u>	<u>34</u>

	2001 <u>£</u>	2000 <u>£</u>
Employee costs (including directors)		
Wages and salaries	1,137,401	254,070
Social security	107,952	20,164
Employer's pension contributions	44,064	-
	<u>1,289,417</u>	<u>274,234</u>

6. DIRECTORS' EMOLUMENTS

	2001 <u>£</u>	2000 <u>£</u>
Aggregate emoluments	<u>97,532</u>	<u>19,161</u>

Four of the Company's directors are directors of the Company's ultimate parent undertaking and are remunerated by that company. Their emoluments are disclosed in the accounts of that company, and they are not included in the staff numbers in Note 5. Another of the Company's directors is a director of a fellow subsidiary and is remunerated by that company and his emoluments disclosed in the financial statements of that company and is not included in the staff numbers in Note 5. None of the Company's directors are members of the Company's pension scheme (2000 - None).

7. INTEREST RECEIVABLE

	2001 <u>£</u>	2000 <u>£</u>
Bank interest receivable	188	-
Group loan interest receivable	17,457	-
	<u>17,645</u>	<u>-</u>

8. TAXATION

The taxation charge for the year comprises:

	2001 <u>£</u>	2000 <u>£</u>
UK Corporation tax at 30% (2000 - 30%)	-	22,634
Over provision in previous year	(21,948)	-
Deferred taxation charge	154,458	34,842
	<u>132,510</u>	<u>57,476</u>

The company's taxable profits have been reduced by £107,273 due to the receipt of taxable losses under group relief provisions. No charge will be made in respect of these surrendered losses.

POLYGON MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - 28 FEBRUARY 2001
(CONTINUED)**

9. INTANGIBLE ASSETS

Cost	£
At 1 March 2000	3,425,158
Additions	4,243
At 28 February 2001	<u>3,429,401</u>
Amortisation	
At 1 March 2000	35,551
Charge for the year	171,470
At 28 February 2001	<u>207,021</u>
Net Book Value	
At 28 February 2001	<u>3,222,380</u>
At 29 February 2000	<u>3,389,607</u>

10. TANGIBLE ASSETS

	Short leasehold Property £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 March 2000	21,593	39,207	34,860	47,825	143,485
Additions	2,709	1,237	30,239	23,844	58,029
Disposals	-	-	-	(1,225)	(1,225)
At 28 February 2001	<u>24,302</u>	<u>40,444</u>	<u>65,099</u>	<u>70,444</u>	<u>200,289</u>
Depreciation					
At 1 March 2000	-	-	1,648	847	2,495
Charge for the year	4,725	6,631	15,681	14,527	41,564
Disposals	-	-	-	(230)	(230)
At 28 February 2001	<u>4,725</u>	<u>6,631</u>	<u>17,329</u>	<u>15,144</u>	<u>43,829</u>
Net Book Value					
At 28 February 2001	<u>19,577</u>	<u>33,813</u>	<u>47,770</u>	<u>55,300</u>	<u>156,460</u>
At 29 February 2000	<u>21,593</u>	<u>39,207</u>	<u>33,212</u>	<u>46,978</u>	<u>140,990</u>

11. STOCK AND WORK IN PROGRESS

	2001 £	2000 £
Raw materials	10,253	-
Work in progress	45,650	-
	<u>55,903</u>	<u>-</u>

POLYGON MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 28 FEBRUARY 2001 (CONTINUED)

12. DEBTORS

	2001	2000
	£	£
Trade debtors	762,036	453,397
Amounts owed by group undertakings	499,130	-
Other debtors	-	503,717
Prepayments and accrued income	25,184	16,232
	<u>1,286,350</u>	<u>973,346</u>

13. CREDITORS: amounts falling due within one year

	2001	2000
	£	£
Bank overdraft	75,548	24,062
Trade creditors	507,503	465,830
Amounts owed to group undertakings	2,663,000	3,027,216
Corporation tax payable	-	22,634
Other taxation and social security	49,614	34,199
Other creditors	10,332	9,175
Subscriptions and fees in advance	474,122	380,166
Accruals	229,026	186,119
	<u>4,009,145</u>	<u>4,149,401</u>

14. DEFERRED TAXATION

The potential liability for deferred taxation and the amounts provided are as follows:

	2001	2001	2000	2000
	Full Potential	Provided	Full Potential	Provided
	£	£	£	£
Timing differences arising from capital allowances and amortisation of intangible assets	189,300	189,300	34,842	34,842
	<u>189,300</u>	<u>189,300</u>	<u>34,842</u>	<u>34,842</u>

15. CALLED UP SHARE CAPITAL

	Numbers	Authorised	Allotted, Issued and fully paid
		£	£
At 29 February 2000 and 28 February 2001			
'A' ordinary shares of £1 each	150,000	150,000	150,000
'B' ordinary shares of £1 each	50,000	50,000	50,000
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

Both 'A' and 'B' shares carry equal rights with regard to voting, dividends and priority in the event of winding up.

POLYGON MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 28 FEBRUARY 2001 (CONTINUED)

16. PROFIT AND LOSS ACCOUNT

	2001	2000
	£	£
Opening balance	119,900	-
Profit for the financial year	233,299	119,900
Closing balance	<u>353,199</u>	<u>119,900</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	233,299	119,900
Issue of Share capital	-	200,000
Net movement in shareholders' funds	<u>233,299</u>	<u>319,900</u>
Opening shareholders' funds	319,900	-
Closing shareholders' funds	<u>553,199</u>	<u>319,900</u>

18. RELATED PARTY TRANSACTIONS

The company is controlled by Wilmington Group plc.

Wilmington Group plc together with other wholly owned subsidiaries offer certain group wide purchasing facilities to the company whereby the actual costs are recharged. However the following other services were provided during the year for which appropriate charges, as set out below, were made:

	2001	2000
	£	£
Provision of circulation services by W.D.I.S. Limited	38,312	-
Provision of finance at commercial rates of interest to Wilmington Publishing Limited	(17,457)	-

At the balance sheet date amounts owing to group companies are as follows:

	2001	2000
	£	£
Wilmington Group plc	58,907	58,907
Wilmington Publishing Limited	2,104,963	2,968,309

19. PENSION AND SIMILAR OBLIGATIONS

Polygon Media Limited operates a defined benefit scheme for a limited number of employees. Total membership of the Scheme at 28 February 2001 was 13. The benefits under the Scheme accrue from 6 March 1992 and are based on final salary. The contribution rate is determined by a professionally qualified independent Actuary and the principal actuarial assumptions adopted are that, over the long-term, the annual rate of return on new investments would be 2.1 per cent. higher than the annual increase in total pensionable remuneration and 4.1 per cent. higher than the annual increase in future pensions in the course of payment. There are no variations from the regular cost to be allocated over the average remaining working lives of current employees.

POLYGON MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 28 FEBRUARY 2001 (CONTINUED)

19. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The Actuary values the scheme every three years. The last actuarial valuation was carried out as at 31 March 1998. The independent Actuary reported that the market value of the assets was £499,000 which represented 102 per cent. of the benefits which had been accrued to members, after allowing for expected future increases in earnings, and that the contribution rate currently being paid by Polygon Media Limited is sufficient to meet the cost of the benefits expected to arise in respect of future service. The assets are held separately in a trustee administered fund and managed by an independent firm of investment managers.

The company contributes to defined contribution pension arrangements of a limited number of other employees. Apart from this, no pension benefits are provided to any other employee of the company.

20. ULTIMATE PARENT UNDERTAKING

The directors regard Wilmington Group plc, a company registered in England and Wales, as the company's ultimate parent undertaking. Copies of the accounts of Wilmington Group plc, the smallest and largest group for which accounts are prepared, may be obtained from the registered office at Paulton House, 8 Shepherdess Walk, London N1 7LB.