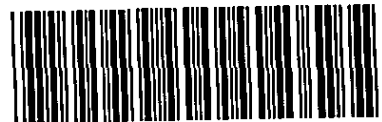


**ALAMY LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2009**

**The MGroup Partnership  
Registered Auditors  
Cranbrook House  
287-291 Banbury Road, Oxford  
OX2 7JQ**

WEDNESDAY



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A21 29/09/2010 293  
COMPANIES HOUSE

**Company Registration Number: 3807789**

**ALAMY LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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**ALAMY LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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**DIRECTORS**

Michael David Fischer  
James Lee West

**SECRETARY**

Stephen John Schilizzi

**REGISTERED OFFICE**

Units 6 & 8  
127 Milton Park  
Abingdon  
Oxon  
OX14 4SA

**COMPANY REGISTRATION NUMBER**

3807789 England and Wales

**AUDITORS**

The MGroup Partnership  
Registered Auditors  
Cranbrook House  
287-291 Banbury Road  
Oxford  
OX2 7JQ

## **ALAMY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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The directors present their annual report with the audited financial statements of the group for the year ended 31 December 2009

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of an internet picture agency

The company has two subsidiaries Alamy Images India Private Limited which is based in India and provides various administrative services, and Alamy Inc, which manages the sales operations in the US market

#### **REVIEW OF BUSINESS**

We aim to present a balanced and comprehensive review of the development and performance of the group's business during the year and its position at the year end. Our review is consistent with the size and non-complexity of the group and is written in the context of the risks and uncertainties that it faces

The results of the year's trading, the financial position of the company and the group and the transfer to reserves are shown in the annexed financial statements

We consider that the key financial performance indicators are those that communicate the financial performance and strength of the group as a whole

Turnover decreased from £17,244,795 in 2008 to £15,163,309 in 2009 due to the worldwide recession leading to both reduced spending and a reduction in prices. The gross profit percentage increased from previous years to 36% (2008 - 32.7%) due to the implementation of an extra 5% commission margin at the start of 2009 (this was a planned change and not a reaction to the recession)

The net profit after tax for the year amounted to £443,872 (2008 - loss of £30,871). The operating profit for the year was £450,264 (2008 - loss of £100,116). The operating profit has increased from last year due to lower charitable donations made in the year compared to 2008, as mentioned below

Due to the perpetual increase in the number of artists contributing images and the group's contributor payment policy, trade creditors (comprising predominantly of contributor balances) still remain higher than the trade debtors balance this year

Alamy Limited has a subsidiary based in India to which it outsources administrative work. In keeping with the group's strategic plan, an increased volume of administrative work has been outsourced to the subsidiary during the year. A new subsidiary was created last year as a sales office in the US and from March 2009 account sales in the US were solely handled by the subsidiary. The directors are happy with the performance of this company

The directors of the parent company and subsidiaries did not recommend the payment of a dividend for the year under review

#### **RISKS AND UNCERTAINTIES**

As with many businesses, the group is exposed to macro economic factors of an uncertain nature such as changes in inflation and interest rates, consumer spending patterns and levels of disposable income

## **ALAMY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

---

#### **FUTURE DEVELOPMENTS**

Likely future developments in the business of the group are that the group will continue to develop its trade and to keep cost bases under control whilst the global recession plays out

With the above mentioned risks and uncertainties in mind, we are aware that any plans for the future development of the group may be subject to unforeseen events outside of our control

#### **FINANCIAL RISK MANAGEMENT**

**Credit Risk** – The group has implemented policies that require appropriate credit checks on potential customers before credit is offered. Credit limits are set according to the level of assessed credit risk, in some instances this can lead to the rejection of credit

**Market Risk** – Web-based image selling is a competitive industry, whilst retaining a wide range of images for sale is important, the group's established client-base is a more pertinent factor

**Foreign Exchange Rate Risk** - Alamy Limited is exposed to exchange rate risk given the high volume of transactions in foreign currency especially with its contributors whose balances are denominated in US dollars, and also with its Indian subsidiary, Alamy Images India Private Limited, who invoice in Pounds Sterling but incur costs in Indian Rupees

Forward swaps are used by Alamy Limited to hedge against the risk of adverse movements in the US dollar exchange rates. The group also monitors the net balance of US dollar debtors and creditors on a fortnightly basis, to assess the anticipated required balance of foreign currency required should any significant fluctuations occur one way or the other. This policy was implemented at the end of 2008 and it has been successful so far, to the extent that the exchange rate movement in the year for Alamy Limited was an overall loss of £17,874 (2008 - £171,490) even with sharp fluctuations in the value of sterling during the year

The Indian subsidiary has also adopted selling in advance sterling through forward contracts to limit the short to medium term fluctuations in Sterling to the Indian rupee

The group continually reviews its cost base and processes to ensure that, even if there is a downturn in the market, the group is still in a position to maintain an operating profit. Alamy Limited maintain a policy of retaining a cash reserve of about £1,000,000 so that it can plan accordingly for any long term downturn in the market

#### **DIRECTORS**

The following directors held office during the year

Michael David Fischer  
James Lee West

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year, the company made contributions totalling £181,600 (2008 - £1,016,000) all to the Fischer Family Charitable Trust

## **ALAMY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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#### **ENVIRONMENTAL ISSUES**

The group has ceased to purchase main stream carbon offsets to mitigate their greenhouse gas emissions from electrical equipment and motor fuel. Instead, the group has bought 2,437 solar powered lamps to distribute worldwide through various third party organisations. The lamps provide an alternative to kerosene burner lamps in places where there is no electricity supply and so reduce CO2 emissions, as well as having a proven health benefit from stopping the use of these burners within the home. The group has decided that this approach has more tangible benefits for the environment and can avoid offset costs being used in administration.

#### **STATEMENT OF 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. The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing these financial statements, the directors are required to

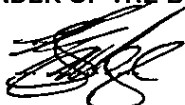
- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and parent company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the group and parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that so far as they are aware, there is no relevant audit information of which the group's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

#### **BY ORDER OF THE BOARD OF DIRECTORS**



Stephen John Schilizzi  
Secretary

Approved by the board 27 September 2010

## **ALAMY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAMY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2009**

---

#### **TO THE MEMBERS OF ALAMY LIMITED**

We have audited the financial statements of Alamy Limited for the year ended 31 December 2009 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's members those matters that 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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibility Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**ALAMY LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAMY LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2009**

---

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alec Pridsam (Senior Statutory Auditor)

For and on behalf of  
**THE MGROUP PARTNERSHIP**  
STATUTORY AUDITORS

Cranbrook House  
287-291 Banbury Road  
Oxford  
OX2 7JQ

28 September 2010



**ALAMY LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

|   | Notes | 2009<br>£  | 2008<br>£  |
|---|-------|------------|------------|
| <b>TURNOVER</b>   | 2     | 15,163,309 | 17,244,795 |
| Cost of sales   |       | 9,703,646  | 11,608,864 |
| <b>GROSS PROFIT</b>   |       | 5,459,663  | 5,635,931  |
| Distribution costs  |       | 335,100    | 284,349    |
| Administrative expenses                                       |       | 4,674,299  | 5,451,940  |
|   |       | 450,264    | (100,358)  |
| Other operating income  |       | -          | 242        |
| <b>OPERATING PROFIT / (LOSS)</b>                              | 3     | 450,264    | (100,116)  |
| Income from other fixed asset investments                     |       | 847        | -          |
| Other interest receivable and similar income                  |       | 11,779     | 56,626     |
|   |       | 462,890    | (43,490)   |
| Interest payable and similar charges                          | 6     | -          | 149        |
| <b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |       | 462,890    | (43,639)   |
| Tax on profit or loss on ordinary activities                  | 7     | 19,018     | (12,768)   |
| <b>PROFIT / (LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>  | 19    | 443,872    | (30,871)   |

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account for the company has not been included in these financial statements. Of the group profit attributable to ordinary shareholders, a profit before taxation of £316,023 (2008 - loss of £5,904) has been dealt with in the profit and loss account of the company.

There were no acquisitions and no discontinued operations in either of the periods.

There were no recognised gains or losses in the year other than the profits / (losses) reported above.

**ALAMY LIMITED**

**BALANCE SHEETS  
AS AT 31 DECEMBER 2009**

|  | Notes | Group            |                  | Company          |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  |       | 2009             | 2008             | 2009             | 2008             |
| <b>FIXED ASSETS</b>                                  |       |                  |                  |                  |                  |
| Intangible assets                                    | 8     | 10,212           | 10,941           | -                | -                |
| Tangible assets                                      | 9     | 332,458          | 464,958          | 124,232          | 145,869          |
| Investments  | 10    | -                | -                | 444,033          | 444,033          |
|  |       | <u>342,670</u>   | <u>475,899</u>   | <u>568,265</u>   | <u>589,902</u>   |
| <b>CURRENT ASSETS</b>                                |       |                  |                  |                  |                  |
| Debtors  | 11    | 2,170,693        | 2,583,579        | 2,215,361        | 2,493,361        |
| Investments  | 12    | 455,487          | -                | 455,487          | -                |
| Cash at bank and in hand                             |       | 1,646,245        | 2,022,645        | 1,022,164        | 1,755,893        |
|  |       | <u>4,272,425</u> | <u>4,606,224</u> | <u>3,693,012</u> | <u>4,249,254</u> |
| <b>CREDITORS</b> Amounts falling due within one year | 13    | 3,466,689        | 4,377,589        | 3,520,476        | 4,414,378        |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b>            |       | <u>805,736</u>   | <u>228,635</u>   | <u>172,536</u>   | <u>(165,124)</u> |
| <b>NET ASSETS</b>                                    |       | <u>1,148,406</u> | <u>704,534</u>   | <u>740,801</u>   | <u>424,778</u>   |
| <b>CAPITAL AND RESERVES</b>                          |       |                  |                  |                  |                  |
| Called up share capital                              | 16    | 1,300            | 1,300            | 1,300            | 1,300            |
| Share premium account                                | 17    | 675,121          | 675,121          | 675,121          | 675,121          |
| EMI share reserve                                    | 18    | (99,410)         | (99,410)         | (99,410)         | (99,410)         |
| Profit and loss account                              | 19    | 571,395          | 127,523          | 163,790          | (152,233)        |
| <b>SHAREHOLDERS' FUNDS</b>                           | 20    | <u>1,148,406</u> | <u>704,534</u>   | <u>740,801</u>   | <u>424,778</u>   |

Signed on behalf of the board of directors

*M. D. Fischer*

Michael David Fischer  
Director

Approved by the board 27 September 2010

**ALAMY LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|  | <b>Notes</b> | <b>2009<br/>£</b> | <b>2008<br/>£</b> |
|--|--------------|-------------------|-------------------|
| Operating profit   |              | 450,264           | (100,116)         |
| Depreciation   |              | 277,987           | 290,316           |
| Amortisation   |              | 729               | 729               |
| Loss / (profit) on disposal of fixed assets                            |              | 10,852            | (127)             |
| Decrease / (increase) in trade debtors                                 |              | 563,139           | (75,890)          |
| (Increase) in other debtors, prepayments and accrued income            |              | (133,689)         | (63,521)          |
| (Decrease) / increase in trade creditors                               |              | (747,529)         | 191,430           |
| (Decrease) in other taxation creditors                                 |              | (52,136)          | (31,204)          |
| (Decrease) / increase in other creditors, accruals and deferred income |              | (141,369)         | 248,390           |
| <b>Net cash flow from operating activities</b>                         |              | <b>228,248</b>    | <b>460,007</b>    |

**CASH FLOW STATEMENT**

|   |    | <b>2009<br/>£</b> | <b>2008<br/>£</b> |
|---|----|-------------------|-------------------|
| <b>Net cash flow from operating activities</b>            |    | <b>228,248</b>    | <b>460,007</b>    |
| Returns on investments and servicing of finance           | 22 | 12,626            | 56,477            |
| Taxation  |    | (2,655)           | (41)              |
| Capital expenditure and financial investment              | 23 | (156,339)         | (268,466)         |
| Cash outflow before use of liquid resources and financing |    | 81,880            | 247,977           |
| Management of liquid resources                            | 24 | (455,487)         | -                 |
| <b>(Decrease) / increase in cash</b>                      |    | <b>(373,607)</b>  | <b>247,977</b>    |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT / FUNDS**

|  |    | <b>2009<br/>£</b> | <b>2008<br/>£</b> |
|--|----|-------------------|-------------------|
| (Decrease) / increase in cash            |    | (373,607)         | 247,977           |
| Cash used to increase liquid resources   |    | 455,487           | -                 |
| <b>Movement in net funds in the year</b> |    | <b>81,880</b>     | <b>247,977</b>    |
| <b>Net funds brought forward</b>         |    | <b>2,022,645</b>  | <b>1,774,668</b>  |
| <b>Net funds carried forward</b>         | 25 | <b>2,104,525</b>  | <b>2,022,645</b>  |

## **ALAMY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

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#### **1 STATEMENT OF ACCOUNTING POLICIES**

##### **Accounting convention**

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. There were no material departures from those standards.

The following is a summary of the significant accounting policies adopted by the group in preparation of the consolidated financial statements.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Alamy Limited and its subsidiary undertakings, Alamy Images India Private Limited and Alamy Inc. The company uses the acquisition method of accounting to consolidate the results of its subsidiary undertakings with its own figures.

##### **Turnover**

Turnover represents the value of images sold on the company's website, stated net of value added tax.

##### **Goodwill**

Goodwill has been amortised on a straight line basis over 20 years.

##### **Research and development**

Expenditure on research and development is written off in the period in which it is incurred.

##### **Tangible fixed assets**

Fixed assets are stated at cost less accumulated depreciation.

Depreciation has been provided at the following rates so as to write off the cost less residual value of the assets over their estimated useful lives:

|                        |                                      |
|------------------------|--------------------------------------|
| IT equipment & website | Straight line basis at 50% per annum |
| Leasehold improvements | Straight line basis at 33% per annum |
| Fixtures and fittings  | Straight line basis at 20% per annum |
| Motor vehicles         | Straight line basis at 20% per annum |

##### **Investments**

Fixed asset investments are shown at cost less provision for permanent diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

## **ALAMY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

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#### **1 STATEMENT OF ACCOUNTING POLICIES (continued )**

##### **Leases**

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

##### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities

##### **Deferred taxation**

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements and is fully provided for, except in circumstances where losses are deemed irrecoverable, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws

##### **Pensions**

Alamy Limited operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the amount payable in the year. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments in the balance sheet

##### **Foreign currencies**

The functional currency of the group and company is Sterling for reporting purposes

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing at that date. Exchange differences are taken into account in arriving at the operating profit or loss

##### **Hedging**

Currency swaps are used by Alamy Limited to hedge against foreign currency exchange rate risks. The currency exchange gain or loss is accrued when the agreement is made

Forward exchange contracts are used by Alamy Images India Private Limited to hedge against exchange rate risk. The exchange rate gain or loss is realised when the forward contracts mature. Alamy Inc is not exposed to currency exchange rate risk as the subsidiary only trades in US dollars

**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**2 TURNOVER**

|   | <b>Group</b>      |                   | <b>Company</b>    |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Analysis of turnover by geographical area | <b>2009</b>       | <b>2008</b>       | <b>2009</b>       | <b>2008</b>       |
|   | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          |
| United Kingdom                            | 6,168,182         | 7,926,242         | 6,168,182         | 7,926,242         |
| Rest of the world                         | 2,080,662         | 1,485,866         | 2,088,042         | 1,514,321         |
| Europe (not including the UK)             | 2,443,819         | 3,207,471         | 2,443,819         | 3,207,471         |
| United States                             | 4,470,646         | 4,625,216         | 3,983,639         | 4,650,069         |
|   | <u>15,163,309</u> | <u>17,244,795</u> | <u>14,683,682</u> | <u>17,298,103</u> |

**3 OPERATING PROFIT / (LOSS)**

|  | <b>Group</b>   |             | <b>Company</b> |             |
|--|----------------|-------------|----------------|-------------|
|  | <b>2009</b>    | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|  | <b>£</b>       | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| <b>The operating profit / (loss) is stated after charging:</b> |                |             |                |             |
| Directors' remuneration (Note 4)                               | 512,712        | 506,183     | 512,712        | 506,183     |
| Company contributions to pension schemes                       | 73,048         | 73,928      | 44,792         | 51,203      |
| Auditors' remuneration - audit fees                            | 13,109         | 10,577      | 11,500         | 9,075       |
| Depreciation   | 277,987        | 292,249     | 121,736        | 151,028     |
| Loss on sale of tangible fixed assets                          | 10,852         | -           | -              | -           |
| Operating lease rentals - land and buildings                   | 248,884        | 141,366     | 123,011        | 92,066      |
| Currency exchange losses                                       | -              | 198,112     | 17,874         | 171,490     |
| <b>and after crediting</b>                                     |                |             |                |             |
| Profit on sale of tangible fixed assets                        | -              | 127         | -              | -           |
| Currency exchange gains  | 105,745        | -           | -              | -           |
|  | <u>105,745</u> | <u>127</u>  | <u>-</u>       | <u>-</u>    |

**4 DIRECTORS' REMUNERATION**

|  | <b>Group</b>   |                | <b>Company</b> |                |
|--|----------------|----------------|----------------|----------------|
|  | <b>2009</b>    | <b>2008</b>    | <b>2009</b>    | <b>2008</b>    |
|  | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>£</b>       |
| The remuneration of the directors was as follows             |                |                |                |                |
| Qualifying services  | 500,000        | 500,000        | 500,000        | 500,000        |
| Company contributions to pension schemes                     | 12,500         | 5,963          | 12,500         | 5,963          |
| Benefits in kind   | 212            | 220            | 212            | 220            |
|  | <u>512,712</u> | <u>506,183</u> | <u>512,712</u> | <u>506,183</u> |
| The remuneration of the highest paid director was as follows |                |                |                |                |
| Qualifying services  | 250,000        | 250,000        | 250,000        | 250,000        |
| Company contributions to pension schemes                     | 12,500         | 5,963          | 12,500         | 5,963          |
| Benefits in kind   | -              | 220            | -              | 220            |
|  | <u>262,500</u> | <u>256,183</u> | <u>262,500</u> | <u>256,183</u> |

One director (2008 - one) is a member of the pension scheme

**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**5 STAFF COSTS**

|   | <b>Group</b>           |                        | <b>Company</b>         |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b>2009<br/>Number</b> | <b>2008<br/>Number</b> | <b>2009<br/>Number</b> | <b>2008<br/>Number</b> |
| Average number of persons employed,<br>including directors, during the year |                        |                        |                        |                        |
| Sales and distribution  | 30                     | 27                     | 24                     | 24                     |
| Administration  | 125                    | 128                    | 31                     | 28                     |
|   | <u>155</u>             | <u>155</u>             | <u>55</u>              | <u>52</u>              |
|   |                        |                        |                        |                        |
|   | <b>Group</b>           |                        | <b>Company</b>         |                        |
|   | <b>2009<br/>£</b>      | <b>2008<br/>£</b>      | <b>2009<br/>£</b>      | <b>2008<br/>£</b>      |
| Staff costs incurred during the year in<br>respect of these employees were  |                        |                        |                        |                        |
| Wages and salaries  | 3,003,380              | 2,783,417              | 2,034,742              | 2,140,585              |
| Social security costs   | 318,709                | 330,123                | 246,318                | 322,575                |
| Other pension costs   | 85,548                 | 79,891                 | 44,792                 | 57,166                 |
|   | <u>3,407,637</u>       | <u>3,193,431</u>       | <u>2,325,852</u>       | <u>2,520,326</u>       |

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

|                              | <b>Group</b>      |                   | <b>Company</b>    |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
|                              | <b>2009<br/>£</b> | <b>2008<br/>£</b> | <b>2009<br/>£</b> | <b>2008<br/>£</b> |
| Interest on overdue taxation | -                 | 149               | -                 | 149               |

**7 TAXATION ON ORDINARY ACTIVITIES**

|                                | <b>Group</b>      |                   | <b>Company</b>    |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                | <b>2009<br/>£</b> | <b>2008<br/>£</b> | <b>2009<br/>£</b> | <b>2008<br/>£</b> |
| Foreign corporation tax charge | 36,797            | 9,260             | -                 | -                 |
| Deferred tax assets (Note 14)  | (17,779)          | (22,028)          | -                 | -                 |
|                                | <u>19,018</u>     | <u>(12,768)</u>   | <u>-</u>          | <u>-</u>          |

The average rate of tax applicable to the group for the year is 41% (2008 - 29%)

**ALAMY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009****8 INTANGIBLE FIXED ASSETS**

| <b>GROUP</b>          | <b>Goodwill<br/>£</b> |
|-----------------------|-----------------------|
| <b>Cost</b>           |                       |
| At 1 January 2009     | 14,586                |
| At 31 December 2009   | 14,586                |
| <b>Amortisation</b>   |                       |
| At 1 January 2009     | 3,645                 |
| Charge for year       | 729                   |
| At 31 December 2009   | 4,374                 |
| <b>Net book value</b> |                       |
| At 1 January 2009     | 10,941                |
| At 31 December 2009   | 10,212                |

On 26 February 2004, Alamy Limited acquired 100% of Alamy Images India Private Limited. Goodwill of £14,586 arises from the surplus of the purchase price over the value of the net assets of Alamy Images India Private Limited as at that date.



**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**9 TANGIBLE ASSETS**

| <b>GROUP</b>                    | <b>IT<br/>equipment<br/>&amp; website<br/>£</b> | <b>Leasehold<br/>improvements<br/>£</b> | <b>Fixtures<br/>and fittings<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Total<br/>£</b> |
|---------------------------------|---|---|--|---------------------------------|--------------------|
| <b>Cost</b>                     |   |   |  |                                 |                    |
| At 1 January 2009               | 1,547,178                                       | 64,212                                  | 534,563                                | 27,397                          | 2,173,350          |
| Additions                       | 123,852   | 7,943                                   | 36,266                                 | -                               | 168,061            |
| Disposals                       | (2,648)   | -                                       | (23,075)                               | (15,217)                        | (40,940)           |
| At 31 December 2009             | <u>1,668,382</u>                                | <u>72,155</u>                           | <u>547,754</u>                         | <u>12,180</u>                   | <u>2,300,471</u>   |
| <b>Accumulated depreciation</b> |   |   |  |                                 |                    |
| At 1 January 2009               | 1,419,326                                       | 1,784                                   | 278,474                                | 8,808                           | 1,708,392          |
| Charge for year                 | 150,933   | 20,590                                  | 101,833                                | 4,631                           | 277,987            |
| Disposals                       | (2,648)   | -                                       | (6,961)                                | (8,757)                         | (18,366)           |
| At 31 December 2009             | <u>1,567,611</u>                                | <u>22,374</u>                           | <u>373,346</u>                         | <u>4,682</u>                    | <u>1,968,013</u>   |
| <b>Net book value</b>           |   |   |  |                                 |                    |
| At 1 January 2009               | <u>127,852</u>                                  | <u>62,428</u>                           | <u>256,089</u>                         | <u>18,589</u>                   | <u>464,958</u>     |
| At 31 December 2009             | <u>100,771</u>                                  | <u>49,781</u>                           | <u>174,408</u>                         | <u>7,498</u>                    | <u>332,458</u>     |

**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**9 TANGIBLE ASSETS (continued. )**

| <b>COMPANY</b>                  | <b>IT<br/>equipment<br/>&amp; website<br/>£</b> | <b>Fixtures<br/>and fittings<br/>£</b> | <b>Total<br/>£</b> |
|---------------------------------|---|--|--------------------|
| <b>Cost</b>                     |   |  |                    |
| At 1 January 2009               | 1,211,538                                       | 136,357                                | 1,347,895          |
| Additions                       | 97,048  | 3,233                                  | 100,281            |
| Disposals                       | (895)   | (242)                                  | (1,137)            |
| At 31 December 2009             | <u>1,307,691</u>                                | <u>139,348</u>                         | <u>1,447,039</u>   |
| <b>Accumulated depreciation</b> |   |  |                    |
| At 1 January 2009               | 1,123,419                                       | 78,607                                 | 1,202,026          |
| Charge for year                 | 103,390   | 18,346                                 | 121,736            |
| Disposals                       | (895)   | (60)                                   | (955)              |
| At 31 December 2009             | <u>1,225,914</u>                                | <u>96,893</u>                          | <u>1,322,807</u>   |
| <b>Net book value</b>           |   |  |                    |
| At 1 January 2009               | <u>88,119</u>                                   | <u>57,750</u>                          | <u>145,869</u>     |
| At 31 December 2009             | <u>81,777</u>                                   | <u>42,455</u>                          | <u>124,232</u>     |

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 10 FIXED ASSET INVESTMENTS

|                       | Subsidiary<br>undertakings<br>£ |
|-----------------------|---------------------------------|
| <b>Cost</b>           |                                 |
| At 1 January 2009     | 444,033                         |
| At 31 December 2009   | 444,033                         |
| <b>Net book value</b> |                                 |
| At 1 January 2009     | 444,033                         |
| At 31 December 2009   | 444,033                         |

The company owns 100% of the ordinary share capital of Alamy Images India Private Limited, a company incorporated in India

| Capital and reserves of Alamy Images India Private Limited | 2009<br>£ | 2008<br>£ |
|--|-----------|-----------|
| Called up share capital                                    | 330,219   | 330,219   |
| General reserve reserve                                    | -         | 18,128    |
| Profit and loss account                                    | 485,920   | 327,837   |
| <b>Shareholder's funds</b>                                 | 816,139   | 676,184   |
| Profit for the financial year                              | 158,083   | 38,398    |

The capital and reserves of Alamy Images India Private Limited are based on audited accounts for the year ended 31 December 2009. These accounts were audited by Venkat Associates, an organisation based in India

The company owns 100% of the ordinary share capital of Alamy Inc, a company incorporated in the United State of America

| Capital and reserves of Alamy Inc      | 2009<br>£ | 2008<br>£ |
|--|-----------|-----------|
| Called up share capital                | 99,228    | 99,228    |
| Profit and loss account                | (46,653)  | (67,114)  |
| <b>Shareholder's funds</b>             | 52,575    | 32,114    |
| Profit / (loss) for the financial year | 20,461    | (67,114)  |

The capital and reserves of Alamy Inc are based on un-audited accounts for the year ended 31 December 2009

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 10 FIXED ASSET INVESTMENTS (continued...)

The directors consider that no impairment of the investment in Alamy Inc , is necessary since the losses reported relate to initial setup costs before trading began Alamy Inc commenced trading in March 2009

### 11 DEBTORS

|                                      | Group            |                  | Company          |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
|                                      | 2009             | 2008             | 2009             | 2008             |
|                                      | £                | £                | £                | £                |
| Trade debtors                        | 1,548,166        | 2,111,305        | 1,641,245        | 2,114,541        |
| Amounts owed from group undertakings | -                | -                | 186,335          | 32,107           |
| Prepayments and accrued income       | 240,053          | 302,377          | 136,029          | 263,073          |
| Other debtors                        | 382,474          | 169,897          | 251,752          | 83,640           |
|                                      | <u>2,170,693</u> | <u>2,583,579</u> | <u>2,215,361</u> | <u>2,493,361</u> |

### 12 CURRENT ASSET INVESTMENTS

|                    | 2009           | 2008     |
|--------------------|----------------|----------|
|                    | £              | £        |
| Listed investments | <u>455,487</u> | <u>-</u> |

The cost and market value of the listed investments is as follows

|              | 2009           | 2008     |
|--------------|----------------|----------|
|              | £              | £        |
| Cost         | 455,487        | -        |
| Market value | <u>471,682</u> | <u>-</u> |

### 13 CREDITORS amounts falling due within one year

|                                    | Group            |                  | Company          |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | 2009             | 2008             | 2009             | 2008             |
|                                    | £                | £                | £                | £                |
| Trade creditors                    | 2,540,110        | 3,287,639        | 2,793,526        | 3,477,855        |
| Corporation tax                    | 53,848           | 19,706           | -                | -                |
| Other taxation and social security | 195,885          | 248,021          | 191,008          | 241,914          |
| Accruals and deferred income       | 548,240          | 578,019          | 432,144          | 464,667          |
| Other creditors                    | 128,606          | 244,204          | 103,798          | 229,942          |
|                                    | <u>3,466,689</u> | <u>4,377,589</u> | <u>3,520,476</u> | <u>4,414,378</u> |

Included within trade creditors are amounts which may be the subject of retention of title clauses

**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**14 DEFERRED TAX ASSETS**

|                                | <b>Provided<br/>Group</b> |             | <b>Provided<br/>Company</b> |             |
|--------------------------------|---------------------------|-------------|-----------------------------|-------------|
| <b>Deferred Taxation</b>       | <b>2009</b>               | <b>2008</b> | <b>2009</b>                 | <b>2008</b> |
|                                | <b>£</b>                  | <b>£</b>    | <b>£</b>                    | <b>£</b>    |
| Decelerated capital allowances | 50,128                    | 33,564      | -                           | -           |

**Movements on deferred taxation provision**

|                                 | <b>Group</b> |             | <b>Company</b> |             |
|---------------------------------|--------------|-------------|----------------|-------------|
|                                 | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|                                 | <b>£</b>     | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Balance brought forward         | 33,564       | 10,843      | -              | -           |
| Transfer during the year        | 17,779       | 22,028      | -              | -           |
| Currency exchange (loss) / gain | (1,215)      | 693         |                |             |
| Balance carried forward         | 50,128       | 33,564      | -              | -           |

|                          | <b>Group<br/>Not provided</b> |             | <b>Company<br/>Not provided</b> |             |
|--------------------------|-------------------------------|-------------|---------------------------------|-------------|
| <b>Deferred Taxation</b> | <b>2009</b>                   | <b>2008</b> | <b>2009</b>                     | <b>2008</b> |
|                          | <b>£</b>                      | <b>£</b>    | <b>£</b>                        | <b>£</b>    |
| Losses                   | 244,916                       | 287,832     | 228,587                         | 264,342     |

It is expected that it will take some time for tax losses to be relieved, the recoverability of the resulting deferred tax asset is therefore relatively uncertain and, as such, it is not considered appropriate to recognise the deferred tax asset at present

**15 COMMITMENTS**

Amounts falling due next year under operating leases for land and buildings

|                                  | <b>Group</b> |             | <b>Company</b> |             |
|----------------------------------|--------------|-------------|----------------|-------------|
|                                  | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|                                  | <b>£</b>     | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Expiring in two to five years    | 81,678       | 87,870      | -              | -           |
| Expiring in more than five years | 97,933       | 91,300      | 97,933         | 91,300      |
|                                  | 179,611      | 179,170     | 97,933         | 91,300      |

Amounts falling due next year under hedging derivatives

|  | <b>Company</b> |             |
|--|----------------|-------------|
|  | <b>2009</b>    | <b>2008</b> |
|  | <b>£</b>       | <b>£</b>    |
| Cost of currency committed to buy (in the next year) at the balance sheet date | 309,000        | 2,516,251   |

**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**16 SHARE CAPITAL**

|  | 2009<br>£ | 2008<br>£ |
|--|-----------|-----------|
| <b>Allotted, called up and fully paid:</b> |           |           |
| 1,300,000 ordinary shares of 0 1p each     | 1,300     | 1,300     |

**17 SHARE PREMIUM ACCOUNT**

|                         | 2009<br>£ | 2008<br>£ |
|-------------------------|-----------|-----------|
| Balance brought forward | 675,121   | 675,121   |
| Balance earned forward  | 675,121   | 675,121   |

**18 EMI SHARE RESERVE**

|                         | 2009<br>£ | 2008<br>£ |
|-------------------------|-----------|-----------|
| Balance brought forward | (99,410)  | (99,410)  |
| Balance earned forward  | (99,410)  | (99,410)  |

169,000 ordinary shares were originally purchased at a value of 59 pence per share and are held by a Trust which is legally separate from the company and for the benefit of employees of the company. In accordance with Urgent Issues Task Force Abstract 38, 'Accounting of ESOP Trusts', the balance transferred to the Trust and used to purchase these shares has been reported as a reduction of shareholders' funds.

Options were granted to a number of employees of the company enabling 149,000 (2008 - 149,000) of the 168,000 shares (2008 - 168,000 shares) owned by the Trust at the year end to be bought by the employees at any time up to their expiry date of 11 October 2012.

**19 PROFIT AND LOSS ACCOUNT**

|  | <b>Group</b> |           | <b>Company</b> |           |
|--|--------------|-----------|----------------|-----------|
|  | 2009<br>£    | 2008<br>£ | 2009<br>£      | 2008<br>£ |
| Balance brought forward                | 127,523      | 158,394   | (152,233)      | (146,329) |
| Profit / (loss) for the financial year | 443,872      | (30,871)  | 316,023        | (5,904)   |
| Balance earned forward                 | 571,395      | 127,523   | 163,790        | (152,233) |

**ALAMY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009****20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|  | <b>Group</b> |             | <b>Company</b> |             |
|--|--------------|-------------|----------------|-------------|
|  | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|  | <b>£</b>     | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Profit / (loss) for the financial year after tax | 443,872      | (30,871)    | 316,023        | (5,904)     |
| Net addition to shareholders' funds              | 443,872      | (30,871)    | 316,023        | (5,904)     |
| Opening shareholders' funds                      | 704,534      | 735,405     | 424,778        | 430,682     |
| Closing shareholders' funds                      | 1,148,406    | 704,534     | 740,801        | 424,778     |

**21 RELATED PARTY TRANSACTIONS**

During the year, the following transactions with related parties took place

Alamy Limited made contributions totalling £181,600 (2008 - £1,016,000) to the Fischer Family Charitable Trust of which Michael David Fischer is a Trustee

Alamy Limited made a loan to Systems Biology Laboratory UK CIC Limited of £150,000 (2008 - £nil), a company owned by Fischer Medical Project Limited. Michael David Fischer is a director of both companies. The loan is interest-free, not secured and has no fixed date of repayment. At the end of the year, Systems Biology Laboratory UK CIC Limited owed Alamy Limited £150,000 (2008 - £nil), which is included in other debtors.

**22 CASH FLOWS RELATING TO RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

|                                   | <b>2009</b> | <b>2008</b> |
|-----------------------------------|-------------|-------------|
|                                   | <b>£</b>    | <b>£</b>    |
| Interest received                 | 11,779      | 56,626      |
| Dividends from listed investments | 847         | -           |
| Interest paid                     | -           | (149)       |
| Net cash inflow                   | 12,626      | 56,477      |

**23 CASH FLOWS RELATING TO CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

|   | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Payments to acquire tangible fixed assets       | (168,061)   | (268,466)   |
| Receipts from the sale of tangible fixed assets | 11,722      | -           |
| Net cash (outflow)                              | (156,339)   | (268,466)   |

**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**24 MANAGEMENT OF LIQUID RESOURCES**

|                                | 2009<br>£ | 2008<br>£ |
|--------------------------------|-----------|-----------|
| Purchase of listed investments | (455,487) | -         |

**25 ANALYSIS OF CHANGES IN NET DEBT**

|                           | At 1/01/09<br>£  | Cash flows<br>£ | Other<br>changes<br>£ | At 31/12/09<br>£ |
|---------------------------|------------------|-----------------|-----------------------|------------------|
| Cash at bank and in hand  | 2,022,645        | (373,607)       | -                     | 1,649,038        |
| Current asset investments | -                | 455,487         | -                     | 455,487          |
|                           | <u>2,022,645</u> | <u>81,880</u>   | <u>-</u>              | <u>2,104,525</u> |

**26 ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Michael David Fischer by way of his majority shareholding of the issued share capital of the company