

AVANTI SCREENMEDIA LIMITED

Company No: 3988685

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th June 2008



Avanti Screenmedia Limited

Reports and Financial Statements

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Avanti Screenmedia Limited

Officers and Professional Advisors

DIRECTORS

S Chambers
G Truman

Appointed 13/04/07 and resigned 11/01/08

SECRETARY

G Truman

REGISTERED OFFICE

242B Blackfriars Road
London
SE1 9UF

BANKERS

HSBC Bank Plc
70 Pall Mall
London
SW1Y 5EZ

AUDITORS

Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

SOLICITORS

Osborne Clarke
Apex Plaza
Forbury Road
Reading, RG1 1AX.

Avanti Screenmedia Limited

Report of the Directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30th June 2008.

Principal Activity

The principal activity of the company is the sale of advertising media via a digital media network through plasma screens to the on-trade.

Results and Dividends

The results for the year ended 30th June 2008 are shown on page 4. The directors do not recommend the payment of a dividend for the year ended 30th June 2008 (2007 - £15,000). The loss for the year transferred to reserves is £4,772,345 (2007 loss - £968,630).

Directors

The directors who served during the year were as follows:

G K D Truman

S Chambers Appointed 13/04/07 and resigned 11/01/08

Auditors

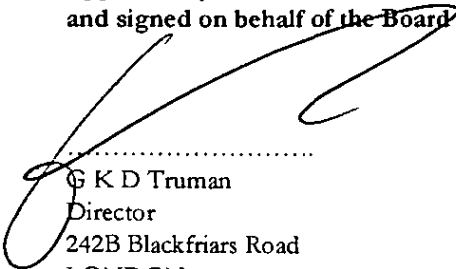
Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed as auditors to the company for the ensuing year.

Disclosure of information to Auditors

- (a) So far as the directors are aware there is no relevant audit information of which the company's auditors are unaware
- (b) The directors have taken all steps that they ought to have taken to make themselves aware of any audit information and to establish that the company's auditors are aware of that information

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 the Directors to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors
and signed on behalf of the Board



.....
G K D Truman
Director
242B Blackfriars Road
LONDON
SE1 9UF

Date: 15/3/09

Avanti Screenmedia Limited

Directors' Responsibilities and Report of the Auditors

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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.

Independent Auditors' Report to the Shareholders of Avanti Screenmedia Limited

We have audited the financial statements of Avanti Screenmedia Limited for the year ended 30th June 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Director's and Auditors

As described in the Statement of Directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the Directors' Report is 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 the directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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.

Avanti Screenmedia Limited
Directors' Responsibilities and Report of the Auditors
Statement of Directors' Responsibilities

Opinion

In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30th June 2008 and loss for the year then ended; the financial statements have been properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements.

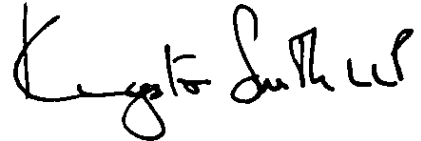
Emphasis of Matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the accounts concerning the company's ability to continue as a going concern. The company meets its working capital requirements through sums advanced by its parent company. The parent company has committed to provide the company with sufficient funds to meet its liabilities as they fall due however the parent company may itself need to raise further funds to meet this commitment. The financial statements do not include the changes that would result if funding is not obtained and the company were unable to continue as a going concern.

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date:

12/3/2009.



Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Avanti Screenmedia Limited

Profit and loss account For the year ended 30 June 2008

	Notes	Year ended 30 June 2008 £	Year ended 30 June 2007 £
Turnover	2	4,250,523	4,525,449
Other operating costs	3	<u>(8,883,258)</u>	<u>(9,340,964)</u>
Operating Loss		(4,632,735)	(4,815,515)
Exceptional Gain	7	<u>-</u>	<u>3,905,189</u>
Loss on ordinary activities before interest		(4,632,735)	(910,326)
Interest receivable and similar income		-	15,620
Interest payable and similar charges	6	<u>(139,610)</u>	<u>(73,924)</u>
Loss on Ordinary Activities before Taxation		(4,772,345)	(968,630)
Taxation	8	<u>-</u>	<u>-</u>
Loss for the Financial Year		<u><u>(4,772,345)</u></u>	<u><u>(968,630)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than the loss for the financial year and consequently a statement of total recognised gains and losses is not presented as part of these financial statements.

The notes on pages 6 to 10 form part of the financial statements.

Avanti Screenmedia Limited

Balance Sheet At 30 June 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed Assets					
Tangible assets	9		2,788,114		3,919,259
Investments	10		<u>1</u>		<u>1</u>
			2,788,115		3,919,260
Current Assets					
Stock of goods for resale		108,958		244,852	
Debtors	11	1,023,607		1,433,294	
Cash at bank and in hand		<u>-</u>		<u>817,401</u>	
		1,132,565		2,495,547	
Creditors: Amounts falling due within one year	12	<u>(11,795,128)</u>		<u>(9,588,808)</u>	
Net Current Liabilities			<u>(10,662,563)</u>		<u>(7,093,261)</u>
Total assets less current liabilities			<u>(7,874,447)</u>		<u>(3,174,002)</u>
Creditors: amounts falling due after one year	13		<u>172,874</u>		<u>100,974</u>
Net liabilities			<u><u>(8,047,321)</u></u>		<u><u>(3,274,976)</u></u>
Capital and Reserves					
Called up share capital	14		<u>1</u>		<u>1</u>
Profit and loss account	15		<u>(8,047,322)</u>		<u>(3,274,977)</u>
			<u><u>(8,047,321)</u></u>		<u><u>(3,274,976)</u></u>

Approved by the Board on 5/3/09
and signed on its behalf:

G.K.D. Truman
Director

The notes on pages 6 to 10 form part of these accounts.

Avanti Screenmedia Limited

Notes to the financial statements for the year ended 30 June 2008

1 Accounting Policies

Basis of Preparation

The financial statements of the company are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company is a wholly owned subsidiary of Avanti Screenmedia Group plc whose financial statements are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No.1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard No.8 from disclosing related party transactions (but not balances) with entities that are part of the Avanti Screenmedia Group plc group.

Going Concern

At the year end the company had net current liabilities of £10,662,563 and net liabilities of £8,047,321.

The company meets its day-to-day working capital requirements through sums advanced by Avanti Screenmedia Group plc, its parent company. These sums are unsecured, interest free and repayable on demand. At the year end a balance of £7,920,214 was due to Avanti Screenmedia Group plc.

Avanti Screenmedia Group plc, which has raised £1,550,000 in convertible loan notes and £240,000 net of expenses through an issue of new share capital since the year end, has confirmed it will continue to provide Avanti Screenmedia Limited sufficient funding to enable the company to continue in business and to meet its liabilities as they fall due for a period of not less than 12 months from the date of signature of these financial statements.

The directors have considered the ability of Avanti Screenmedia Group plc to advance such sums as the company requires to meet its ongoing commitments and are satisfied, based on Avanti Screenmedia Group plc's current financial position, its continuing ability to raise finance and on cashflow forecasts for Avanti Screenmedia Limited prepared by the directors, that it is capable of meeting the company's funding requirements. On this basis, the directors consider it appropriate to prepare these accounts on the going concern basis.

Intangible Assets

Acquired brands and other intangible assets which are controlled through custody or legal rights and could be sold separately from the rest of the business are capitalised, where fair value can be reliably measured. Where intangible assets are regarded as having limited useful economic lives they are amortised on a straight line basis over those lives. Where they are regarded as having indefinite useful lives they are not amortised. Impairment reviews are carried out to ensure that intangible assets are not carried at above their recoverable amounts. Any amortisation or impairment write downs are charged to the profit and loss account. Amortisation is over a maximum of 20 years.

Tangible Fixed Assets

Tangible fixed assets are depreciated on a straight line basis to estimated residual values over their expected useful lives as follows:

Fixtures and fittings	4 years
Network assets	4 years
Computer software	4 years

Reviews are carried out if there is any indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts. Profit or loss on the sale or disposal of assets is charged to the profit and loss account and is calculated as the difference between the disposal proceeds and the net book value.

Fixed Asset Investments

Investments are stated individually at cost less, where appropriate, the provision for diminution in value where such diminution is expected by the directors to be permanent.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. All exchange gains and losses are taken to the profit and loss account. Assets and liabilities in foreign currencies are translated into sterling at the prevailing exchange rate ruling at the end of the financial year.

Avanti Screenmedia Limited

Notes to the financial statements for the year ended 30 June 2008

1 Accounting Policies (Continued)

Pension and other post employment Benefits

The employees of the company have the option to establish their own pension scheme to which the company will match employee contributions up to a maximum amount. There is no liability to the group scheme, and there is no on-going liability to the company beyond the period that the contributions are made.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leases

Where the company has substantially all the risks and rewards of ownership of an asset subject to the lease, the lease is treated as a finance lease and the asset capitalised. Other leases are treated as operating leases, with payments and receipts taken to the profit and loss account on a straight line basis over the life of the asset.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

2 Turnover

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

3 Operating Costs

	2008 £	2007 £
Operating costs include:		
Depreciation on tangible assets		
Owned	1,124,042	834,868
Leased	459,748	341,472
Auditors' remuneration	41,405	15,254
- audit		
- non audit services	-	-

4 Staff Costs

	2008 No.	2007 No.
The average number of employees, including directors, during the year was:		
Selling and Distribution	9	11
Administration	21	33
	30	44

The aggregate remuneration of all employees comprised:

	2008 £	2007 £
Wages and salaries	1,862,531	1,670,415
Employer's social security costs	198,014	253,277
Employer's pension costs	30,902	28,971
	2,091,447	1,952,663

Avanti Screenmedia Limited

Notes to the financial statements for the year ended 30 June 2008

5 Directors' Emoluments

Directors' emoluments were as follows:-

	2008	2007
	£	£
Remuneration	416,576	321,400
Pension contributions	14,250	10,868
	<u>430,826</u>	<u>332,268</u>

The emoluments of the highest paid director were £160,000 (2007 - £152,366) and pension contributions of £14,250 were made in 2008 (2007 - £10,868).

6 Interests Payable and Receivable

	2008	2007
	£	£
Bank interest receivable	-	15,620
Bank Interest Payable	(139,610)	(73,924)
	<u>(139,610)</u>	<u>(58,304)</u>

7 Exceptional item

The Exceptional item relates to the waiver of an intercompany loan as a result of the demerger of the network business in April 2007.

8 Tax on Loss on Ordinary Activities

	2008	2007
	£	£
<i>(a) Analysis of charge in year</i>		
Current tax	-	-
UK corporation tax	-	-
<i>(b) Factors affecting tax charge for the year</i>		
Tax effect on ordinary activities at 29.50% (2007: 30%)	(1,325,533)	(290,589)
Disallowed expenditure	1,816	8,885
Depreciation	451,735	340,385
Exceptional loan write-off	-	(1,171,557)
Tax losses movement	871,982	1,112,876
Current tax charge for the year	<u>-</u>	<u>-</u>

A deferred tax asset of £5,362,300 (2007 £4,463,300) in respect of trading losses carried forward has not been recognised as there is insufficient evidence that the asset will be recoverable.

Avanti Screenmedia Limited

Notes to the financial statements for the year ended 30 June 2008

9 Fixed Assets - Intangible and Tangible Assets

	Intangible Assets £	Computer Software £	Network Assets £	Fixtures and Fittings £	Total £
Cost					
At 1st July 2007	5,785,765	3,582,532	11,301,031	781,327	21,450,655
Additions	-	66,079	383,819	2,747	452,644
At 30th June 2008	5,785,765	3,648,612	11,684,850	784,073	21,903,300
Amortisation/Depreciation					
At 1st July 2007	(5,785,765)	(1,700,026)	(9,459,887)	(585,718)	(17,531,396)
Charge for the year	-	(677,149)	(814,111)	(92,530)	(1,583,790)
At 30th June 2008	(5,785,765)	(2,377,175)	(10,273,998)	(678,248)	(19,115,186)
Net Book Value					
At 30th June 2008	-	1,271,436	1,410,851	105,826	2,788,114
At 30th June 2007	-	1,882,506	1,841,144	195,609	3,919,259

At 30 June 2008 the Company held assets under finance lease agreements with a net book value of £597,817 (2007 - £870,124). Depreciation of £390,235 (2007 - £341,472) has been provided on these assets.

10 Investments

	2008 £	2007 £
Investment in subsidiary undertakings	1	1

Subsidiary undertakings and the percentage of equity owned are as follows: -

Subsidiary Undertakings	Country of Incorporation	Status	Result for the Year	Net Assets	Class and percentage of shares held
Sensav Limited (formerly Fat Cat Kit Limited)	England	Dormant	-	1	100%

All the shares are classed as ordinary and are held directly.

11 Debtors

	2008 £	2007 £
Trade debtors	293,432	1,135,218
VAT	34,442	-
Amounts owed by group undertakings	127,113	63,906
Prepayments and accrued income	568,620	234,169
	1,023,607	1,433,293

12 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdraft	597,377	-
Trade creditors	1,978,450	1,340,512
Amounts owed to group undertakings	7,920,214	7,261,700
Social security and other taxes	158,817	61,563
Obligations under finance leases and Hire purchase contracts	165,881	517,209
Accruals and deferred income	974,389	407,824
	11,795,128	9,588,808

Avanti Screenmedia Limited

Notes to the financial statements for the year ended 30 June 2008

13 Creditors: amounts falling due after one year	2008	2007
	£	£
Obligations under finance leases and hire purchase contracts	<u>172,874</u>	<u>100,974</u>
14 Share Capital	2008	2007
	£	£
Authorised: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and unpaid: 1 Ordinary share of £1	<u>1</u>	<u>1</u>
15 Shareholders' Funds	Share Capital	Profit and Loss Account
2008	£	£
At 1st July 2007	1	(3,274,977)
Dividend paid	-	-
Loss for year	-	(4,772,345)
	<u>-</u>	<u>(4,772,345)</u>
At 30th June 2008	<u>1</u>	<u>(8,047,322)</u>
	Share Capital	Profit and Loss Account
2007	£	£
At 30th June 2006 as restated	1	(2,291,347)
Dividend paid	-	(15,000)
Loss for year	-	(968,630)
	<u>-</u>	<u>(968,630)</u>
At 30th June 2007	<u>1</u>	<u>(3,274,977)</u>
16 Operating lease commitments	2008	2007
	£	£
Leases which expire:		
Within 1 year	41,500	44,702
Within 2 to 5 years	<u>63,429</u>	<u>42,591</u>
	<u>104,929</u>	<u>87,293</u>
17 Obligations under finance leases and purchase contracts	2008	2007
At 30 June 2008 the company had obligations under finance leases and hire purchase contracts which are set out below.	£	£
Net amount payable:		
Within 1 year	165,881	517,209
Within 2 - 5 years	<u>172,874</u>	<u>100,974</u>
	<u>338,755</u>	<u>618,183</u>
18 Ultimate Parent Undertaking		

The ultimate parent undertaking is Avanti Screenmedia Group plc, a company incorporated and registered in England and Wales. The consolidated financial statements of Avanti Screenmedia Group plc for the period ended 30th June 2008 can be obtained from the registered office at 242B Blackfriars Road, London SE1 9UF.