

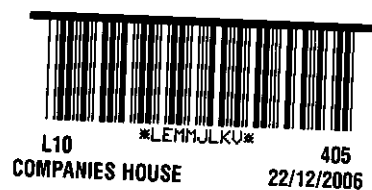
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Company Registration No. 04323657 (England and Wales)

**TANGENT MARKETING SERVICES LIMITED  
(FORMERLY DOCUMEDIA SOLUTIONS (UK) LIMITED)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 February 2006**



6843AB

# TANGENT MARKETING SERVICES LIMITED

## COMPANY INFORMATION

<b>Directors</b>	Nicholas Green	(Appointed 11 July 2005)
	Timothy Green	(Appointed 11 July 2005)
	Graeme Harris	(Appointed 17 August 2005)

<b>Secretary</b>	Graeme Harris
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<b>Company number</b>	04323657
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<b>Registered office</b>	Truscott House, 32-42 East Road London Great Britain N1 6AD
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<b>Auditors</b>	UHY Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH
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<b>Bankers</b>	HSBC plc 27-32 Poultry London EC2P 2BX
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<b>Solicitors</b>	Rosenblatt 9-13 St Andrew Street London EC4A 3AF
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# **TANGENT MARKETING SERVICES LIMITED**

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# TANGENT MARKETING SERVICES LIMITED

## DIRECTORS' REPORT

for the year ended 28 February 2006

The directors present their report and financial statements for the year ended 28 February 2006.

The company changed its name to Tangent Marketing Services Limited on 1 August 2005.

### Principal activities and review of the business

The principal activity of the company is that of digital printing and the provision of print services. Growth in digital marketing continues to outperform traditional media and Tangent remains well placed to capitalise..

On 1 August 2005 the entire business assets and liabilities of London Digital Printing Group Limited, a fellow subsidiary, were transferred into the company.

### Results and dividends

The results for the year are set out on page 4. The directors do not recommend the payment of a dividend.

### Directors

During the financial year the following directors have held office:

#### Current directors

Nicholas Green	(Appointed 11 July 2005)
Timothy Green	(Appointed 11 July 2005)
Graeme Harris	(Appointed 17 August 2005)

#### Former directors

Mark O'Connor and Warren Tayler resigned on 11 July 2005. Herbert Maxwell resigned on 17 August 2005.

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	28 February 2006	1 March 2005
Nicholas Green	-	-
Timothy Green	-	-
Graeme Harris	-	-

The directors hold no interests in the shares of this company. The directors' interests in the shares of the parent company, *Tangent Communications plc*, are disclosed in that company's financial statements.

The directors have been granted options over ordinary shares of 1p in Tangent Communications plc, the details of which are also disclosed in that company's financial statements.

### Auditors

UHY Hacker Young were appointed as auditors to the company and in accordance with section 385 of the Companies Act, a resolution proposing that UHY Hacker Young be re-appointed will be put to the annual general meeting.

# **TANGENT MARKETING SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**for the year ended 28 February 2006**

### **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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

On behalf of the board



Graeme Harris

**Director**

16th May 2006

# TANGENT MARKETING SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF TANGENT MARKETING SERVICES LIMITED

We have audited the financial statements of Tangent Marketing Services Limited on pages 4 to 15 for the year ended 28 February 2006. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

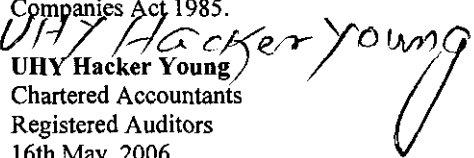
#### **Basis of audit opinion**

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.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company as at 28 February 2006 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
UHY Hacker Young  
Chartered Accountants  
Registered Auditors  
16th May 2006

# TANGENT MARKETING SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 28 February 2006

	Notes	2006 £	2005 £
<b>Turnover</b>	<b>2</b>		
Continuing operations		5,237,236	5,317,201
Acquisitions		1,371,179	-
Discontinued activities		-	1,283,211
		<hr/>	<hr/>
		6,608,415	6,600,412
 Cost of sales	 <b>3</b>	 (3,723,324)	 (3,978,618)
		<hr/>	<hr/>
<b>Gross profit</b>		2,885,091	2,621,794
 Administrative expenses	 <b>3</b>	 (2,164,492)	 (2,651,018)
Administrative expenses – exceptional		-	(70,208)
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>	<b>4</b>		
Continuing operations		524,576	(98,533)
Acquisitions		196,023	-
Discontinued activities		-	(899)
		<hr/>	<hr/>
		720,599	(99,432)
 Non-operating exceptional items	 <b>5</b>	 (176,120)	 167,663
		<hr/>	<hr/>
		(176,120)	167,663
		<hr/>	<hr/>
<b>Profit on ordinary activities before interest</b>		544,479	68,231
 Net interest payable	 <b>6</b>	 (6,073)	 (28,837)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		538,406	39,394
 Tax on profit on ordinary activities	 <b>7</b>	 (16,500)	 -
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>	<b>16</b>	521,906	39,394
		<hr/>	<hr/>

There are no recognised gains and losses other than those passing through the profit and loss account.

# TANGENT MARKETING SERVICES LIMITED

## BALANCE SHEET as at 28 February 2006

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	8	515,871	277,312
<b>Current assets</b>			
Stocks	9	97,920	81,873
Debtors	10	1,632,738	1,091,055
Cash at bank and in hand		763,033	52,915
		<u>2,493,691</u>	<u>1,225,843</u>
<b>Creditors: amounts falling due within one year</b>	11	(1,434,144)	(1,002,143)
<b>Net current assets</b>		<u>1,059,547</u>	<u>223,700</u>
<b>Total assets less current liabilities</b>		<u>1,575,418</u>	<u>501,012</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(4,223,964)	(3,634,728)
<b>Provisions for liabilities and charges</b>	13	(7,264)	(44,000)
		<u>(2,655,810)</u>	<u>(3,177,716)</u>
<b>Capital and reserves</b>			
Called up share capital	15	250,000	250,000
Profit and loss account	16	(2,905,810)	(3,427,716)
<b>Shareholders' funds - equity interests</b>	17	<u>(2,655,810)</u>	<u>(3,177,716)</u>

The financial statements were approved by the Board on 16th May 2006



Graeme Harris  
Director



# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2006

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies all of which are in accordance with applicable United Kingdom Accounting Standards United Kingdom Generally Accepted Accounting Practice), which have been consistently applied. The company has a net liability position at the year end date of £2,655,810 (2005: £3,177,716). The financial statements have been prepared on the basis of a going concern. The company's ability to continue as a going concern is contingent upon the continuing support from its parent company, Tangent Communications plc.

#### 1.2 Turnover

Turnover represents the amounts excluding value added tax receivable during the year for goods and services supplied.

#### 1.3 Tangible fixed assets and depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible assets over their estimated useful lives at the following rates:

Land and buildings Short leasehold	Over the term of the lease
Fixtures, fittings & equipment	Over 3-10 years on cost

#### 1.4 Leasing and hire purchase commitments

Assets acquired under hire purchase and finance leases are recorded in the balance sheet as tangible fixed assets at their equivalent capital value. The corresponding liability is included under creditors due within or after one year. The interest element is charged to profit and loss account and represents a constant proportion of the balance of capital repayments outstanding.

The cost of and income from operating leases is respectively charged and credited to the profit and loss account on a straight line basis over the lease term.

#### 1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price less further costs to completion and disposal.

#### 1.6 Pensions

The company makes contributions to the personal pension plans of certain employees. Contributions are charged in the profit and loss account as they become payable.

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 28 February 2006

### 1 Accounting policies

(continued)

#### 1.7 Deferred taxation

In accordance with Financial Reporting Standard ("FRS") 19 Deferred Tax, full provision is made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. The provision is calculated at the rates of taxation at which it is estimated the liability will arise and is not discounted. No provision is made in respect of timing differences arising from the sale or revaluation of fixed assets unless there is a commitment to the disposal of the assets at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider there to be suitable taxable profits which the underlying timing differences can be deducted.

#### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract rate. Non-monetary assets denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of acquisition of the assets. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction, or at the contracted rate if the transaction is covered by a forward exchange contract. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

#### 1.9 Cash flow statement

The company has not presented a cash flow statement on the grounds that the company is a wholly owned subsidiary company and a group cash flow statement is included in the financial statements of the parent company. The company is therefore exempt from the requirements of Financial Reporting Standard Number 1.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Cost of sales and administrative expenses

	2006			2005		
	Continuing £	Acquisitions £	Total £	Continuing £	Discontinued £	Total £
Cost of sales	2,966,110	757,214	3,723,324	3,221,496	757,122	3,978,618
Administrative	1,746,550	417,942	2,164,492	2,194,238	526,988	2,721,226
Other operating income	-	-	-	-	-	-
	<u>4,712,660</u>	<u>1,175,156</u>	<u>5,887,816</u>	<u>5,415,734</u>	<u>1,284,110</u>	<u>6,699,844</u>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 28 February 2006

<b>4</b>	<b>Operating loss</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	<i>Operating loss is stated after charging:</i>		
	Depreciation of tangible assets	270,385	213,508
	Operating lease rentals		
	- Plant and machinery	37,311	50,404
	- Land and buildings	149,000	155,806
	Auditors' remuneration - audit	30,000	10,500
	- other	5,000	-
	 and after crediting:		
	Profit on disposal of tangible assets	(6,289)	(5,300)
		<hr/>	<hr/>
	The exceptional administrative expenses of £nil (2005: £70,208) represent redundancy costs.		
<b>5</b>	<b>Exceptional items</b>		
	Profit on disposal of trading subsidiary	-	167,663
	Restructuring and integration costs following the acquisition of Tangent Communications Limited and its subsidiaries-	(176,120)	-
			<hr/>
<b>6</b>	<b>Net interest payable</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Interest receivable on deposit	(14,896)	-
	Hire purchase interest	13,306	5,088
	Other interest	7,663	23,749
		<hr/>	<hr/>
		6,073	28,837
		<hr/>	<hr/>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 28 February 2006

### 7 Taxation

	2006	2005
	£	£
<b>Domestic current year tax</b>		
UK corporation tax	2,500	-
<b>Deferred tax</b>		
Deferred tax current year	14,000	-
	<u>16,500</u>	<u>-</u>

The company has unutilised losses of approximately £1,888,000 available for offset against profits of future accounting periods; these have not been recognised as a deferred tax asset because the recognition criteria set out in FRS19 are not met.

	2006	2005
	£	£
<b>Factors affecting the tax charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	538,406	39,394
	<u>          </u>	<u>          </u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%	161,522	11,818
	<u>          </u>	<u>          </u>
Effects of:		
Non deductible expenses	30,068	10,370
Depreciation in excess of capital allowances	5,560	21,627
Short term timing difference	(3,455)	(3,300)
Tax losses surrendered for group relief purposes	-	5,924
Group relief	(7,500)	-
Profit on sale offset against capital losses and capital allowance pool	-	(50,232)
Tax losses carried forward for use in future periods	-	3,793
Income not taxable	(34,431)	-
Utilisation of tax losses	(149,264)	-
	<u>(159,022)</u>	<u>(11,818)</u>
<b>Current tax charge</b>	<u>2,500</u>	<u>-</u>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 28 February 2006

### 8 Tangible fixed assets

	Land and buildings Short leasehold	Fixtures, fittings & equipment	Motor Vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 March 2005	29,127	1,138,041	-	1,167,168
Additions	-	54,123	-	54,123
Transfer from group company	11,915	445,605	4,931	462,451
Disposals	-	(6,100)	(4,931)	(11,031)
At 28 February 2006	41,042	1,631,669	-	1,672,711
<b>Depreciation</b>				
At 1 March 2005	10,043	879,813	-	889,856
On disposals	-	(2,329)	(1,072)	(3,401)
Charge for the year	10,556	258,757	1,072	270,385
At 28 February 2006	20,599	1,136,241	-	1,156,840
<b>Net book value</b>				
At 28 February 2006	20,443	495,428	-	515,871
At 29 February 2005	19,084	258,228	-	277,312

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment £
<b>Net book values</b>	
At 28 February 2006	196,464
<b>Depreciation charge for the year</b>	
28 February 2006	103,223

### 9 Stocks and work in progress

	2006 £	2005 £
Raw materials and consumables	78,719	65,993
Work in progress	19,201	15,880
	97,920	81,873

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 28 February 2006

10 Debtors	2006 £	2005 £
Trade debtors	1,429,784	760,590
Other debtors	854	211,950
Prepayments and accrued income	202,100	118,515
	<u>1,632,738</u>	<u>1,091,055</u>
11 Creditors: amounts falling due within one year	2006 £	2005 £
Trade creditors	769,840	364,194
Net obligations under hire purchase contracts	107,875	42,109
Corporation tax	2,500	-
Taxes and social security costs	207,786	137,377
Amounts owed to parent and fellow subsidiary undertakings	-	122,413
Other creditors	44,809	73,390
Accruals and deferred income	301,334	262,660
	<u>1,434,144</u>	<u>1,002,143</u>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 28 February 2006

12 Creditors: amounts falling due after more than one year	2006	2005
	£	£
Other loans	4,211,238	3,600,000
Net obligations under hire purchase contracts	12,726	34,728
	<u>4,223,964</u>	<u>3,634,728</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	<u>4,211,238</u>	<u>3,600,000</u>
<b>Loan maturity analysis</b>		
In more than two years but not more than five years	<u>4,211,238</u>	<u>3,600,000</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	107,875	42,109
Repayable between one and five years	12,726	34,728
	<u>120,601</u>	<u>76,837</u>
Included in liabilities falling due within one year	<u>(107,875)</u>	<u>(42,109)</u>
	<u>12,726</u>	<u>34,728</u>

Other loans due in more than one year represent a loan of £4,211,238 (2005: £3,600,000) from the company's ultimate parent company Tangent Communications plc.

The loan is not interest bearing and is due for repayment at an unspecified date in not less than one but not more than five years.

### 13 Provisions for liabilities and charges

	<b>Onerous lease provision</b>
	£
Balance brought forward as at 1 March 2005	44,000
Repaid in the year	(36,736)
	<u>7,264</u>

The above provision relates to a lease in the name of a fellow subsidiary that is now being paid by this company following the transfer of the trade of that company to Tangent Marketing Services Limited.

	<b>Deferred taxation</b>
	£
Balance as at 1 March 2005	-
Deferred taxation arising on acquisition	14,000
Profit and loss account	(14,000)
	<u>-</u>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 28 February 2006

### 14 Pension costs

#### Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	31,314	46,086

### 15 Share capital

	2006 £	2005 £
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	250,000	250,000
<b>Allotted, called up and fully paid</b>		
250,000 Ordinary shares of £1 each	250,000	250,000

### 16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 March 2005	(3,427,716)
Retained profit for the year	521,906
Balance at 28 February 2006	(2,905,810)

### 17 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	521,906	39,394
Opening shareholders' funds	(3,177,716)	(3,217,110)
Closing shareholders' funds	(2,655,810)	(3,177,716)



# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 28 February 2006

### 18 Financial commitments

At 28 February 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date:				
Within one year	-	-	-	21,382
Between two and five years	149,000	149,000	18,432	17,586
	<u>149,000</u>	<u>149,000</u>	<u>18,432</u>	<u>38,968</u>

### 19 Directors' emoluments

	2006	2005
	£	£
Emoluments for qualifying services	266,851	130,517
Company pension contributions to money purchase schemes	-	6,042
	<u>266,851</u>	<u>136,559</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2005 - 1).

Emoluments disclosed above include amounts paid to the highest paid director of

	2006	2005
	£	£
Emoluments for qualifying services	<u>92,085</u>	<u>63,000</u>

### 20 Acquisition

On 11 July 2006 the entire issued share capital of Tangent Communications Limited and its subsidiaries, including London Digital Printing Group Limited was acquired by the parent company Tangent Communications plc. On 1 August 2005 the entire business assets and liabilities of London Digital Printing Group Limited were transferred to the company. Details of the assets and liabilities transferred are as follows:

Net assets acquired	£
Tangible fixed assets	462,451
Stock	22,916
Debtors	884,466
Cash at bank	542,100
Finance lease liabilities	(110,100)
Other creditors	(1,018,120)
	<u>783,713</u>

# TANGENT MARKETING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 28 February 2006

### 21 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2006 Number	2005 Number
Production	46	59
Sales	25	22
Administration	9	18
	<u>80</u>	<u>99</u>

#### Employment costs

	£	£
Wages and salaries	2,278,441	2,505,602
Social security costs	249,292	254,420
Other pension costs	31,314	46,086
	<u>2,559,047</u>	<u>2,806,108</u>

### 22 Control

The ultimate controlling party of the company is its parent company Tangent Communications plc, a company registered in England and Wales. Tangent Communications plc prepares group financial statements, which can be obtained from Companies House.

### 23 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.