

Photolibary Group Limited

Report and Financial Statements

Period Ended

31 December 2011

Company Number 04371008



Photolibrary Group Limited

Report and financial statements for the period ended 31 December 2011

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Directors

J A Colligan
J S Lockwood
J J Lapham

Secretary and registered office

B Bailey, 101 Bayham Street, London, NW1 0AG

Company number

04371008

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Photolibrary Group Limited

Report of the directors for the period ended 31 December 2011

The directors present their report together with the audited financial statements for the period from 1 July 2011 to 31 December 2011

Results and dividends

The loss for the period, after taxation, amounted to £1,300,666 (year ended 30 June 2011 – loss of £496,172)
The directors have not recommended a dividend (June 2011 - £Nil)

Principal activities and business review

Prior to the acquisition of the Company by the Getty Images Inc group, the Company's principal activity was the distribution and sales of stock photography. However, in line with standard Getty Images Inc group policy, following the acquisition by the Group, the Company's trade and assets were hived to a fellow Group company and Management's intention is to liquidate Photolibrary Group Limited. As the directors intend to liquidate the company they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Directors

The directors who served the company during the period were as follows

J A Colligan
J S Lockwood
J J Lapham

Directors' responsibilities

The directors are responsible for preparing the directors' 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 (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis,
- applicable UK accounting standards have been followed.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Photolibrary Group Limited

Report of the directors for the period ended 31 December 2011 (*continued*)

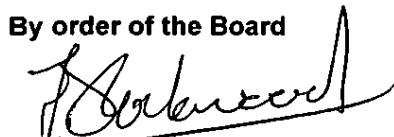
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed during the period and have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the annual general meeting.

In preparing the directors' report, advantage has been taken of the small companies' regime.

By order of the Board



J S Lockwood
Director

Date 12 December 2012

Photolibrary Group Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOTOLIBRARY GROUP LIMITED

We have audited the financial statements of Photolibrary Group Limited for the six months ended 31 December 2011 which comprises the profit and loss account, the balance sheet 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). These financial statements have been prepared under the accounting policies set out therein. As described in note 1, they have not been prepared on a going concern basis.

This report is made solely to the company'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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the period 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.

Emphasis of matter - financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's inability to continue as a going concern and the basis on which the financial statements were prepared. During the period, the directors' have transferred the company's trade and assets to a fellow group undertaking and it is their intention to liquidate the company. Therefore the accounts have not been prepared on a going concern basis.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Photolibrary Group Limited

Independent auditor's report (*continued*)

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 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

BDO LLP

*Kevin Cook (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick*

Date *13/12/12*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Photolibrary Group Limited

Profit and loss account for the period ended 31 December 2011

	Note	Period ended 31 December 2011 £	Year ended 30 June 2011 £
Turnover	2	1,411,067	4,585,640
Cost of sales		655,774	2,152,908
Gross profit		755,293	2,432,732
Administrative expenses		1,462,416	2,795,730
Other operating income		-	(138,825)
Operating loss	3	(707,123)	(224,173)
Interest receivable and similar income		15,010	4,267
Interest payable and similar charges	4	(37,507)	(2,458)
Loss on ordinary activities before taxation		(729,620)	(222,364)
Taxation on loss from ordinary activities	6	571,046	273,808
Loss for the financial period		(1,300,666)	(496,172)

All amounts relate to discontinued activities due to the hive of the company's trade and assets to a fellow group company on 18 October 2011

The company has no recognised gains or losses other than the results for the period as set out above

The notes on pages 7 to 15 form part of these financial statements

Photolibrary Group Limited
Balance sheet at 31 December 2011

Company number 04371008	Note	31 December 2011 £	31 December 2011 £	30 June 2011 £	30 June 2011 £
Fixed assets					
Intangible assets	7		-		2,708,774
Tangible assets	8		24,238		369,401
Investments	9		-		903
			<u>24,238</u>		<u>3,079,078</u>
Current assets					
Debtors	10	5,043,040		2,588,163	
Cash at bank and in hand		134,983		301,149	
		<u>5,178,023</u>		<u>2,889,312</u>	
Creditors: amounts falling due within one year	11	3,539,903		2,994,346	
		<u></u>		<u></u>	
Net current liabilities			1,638,120		(105,034)
Total assets less current liabilities			<u>1,662,358</u>		<u>2,974,044</u>
Creditors: amounts falling due after more than one year	12		6,060		15,148
Provisions for liabilities					
Deferred taxation	13		-		1,932
			<u>1,656,298</u>		<u>2,956,964</u>
Capital and reserves					
Called up share capital	16		3,797,616		3,797,616
Profit and loss account	17		(2,141,318)		(840,652)
			<u>1,656,298</u>		<u>2,956,964</u>
Shareholders' funds	18		<u>1,656,298</u>		<u>2,956,964</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved by the Board of Directors and authorised for issue on 12 December 2012


J S Lockwood
Director

The notes on pages 7 to 15 form part of these financial statements

Photolibrary Group Limited

Notes forming part of the financial statements for the period ended 31 December 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied:

Basis of preparation

Following the acquisition of the Company by the Getty Images Inc. group, in line with standard Getty Images Inc. group policy, during the period under review, the Company's trade and assets were hived to a fellow Group company and Management's intention is to liquidate Photolibrary Group Limited within 12 months from the date that these financial statements were approved for issue. As a result of this and as required by FRS 18/21 and as permitted by SI 2008/420 Schedule 1(10) (2), the Directors have not prepared the financial statements on a going concern basis. In the view of the directors, no further adjustments are required due to this basis of preparation, as the value of assets and liabilities was realised at the time of the trade and assets being hived.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Goodwill and amortisation

Within intangible fixed assets are amounts relating to purchased goodwill transferred from subsidiary companies transferred in 2010 from the cost of the initial investment to reflect the ongoing goodwill value to the company.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill purchased	- Over 10 years
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Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- 12.5% to 25% on cost
Catalogue and film archives	- 20% to 50% on cost
Office equipment	- 25% to 50% on cost

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Photolibrary Group Limited

Notes forming part of the financial statements
for the period ended 31 December 2011 (*continued*)

1 Accounting policies (*continued*)

Operating lease agreements

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

Pension costs

The company does not run its own pension scheme but makes contributions to certain employees' personal plans as part of the remuneration package. Contributions are charged to the profit and loss account when paid.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discontinued.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

2 Turnover

Turnover is wholly attributable to the principle activity of the company and arises solely within the United Kingdom.

Photolibary Group Limited

Notes forming part of the financial statements
for the period ended 31 December 2011 (continued)

3 Operating loss

	31 December 2011 £	30 June 2011 £
This has been arrived at after charging/(crediting)		
Amortisation of intangible assets	2,307	171,714
Impairment of intangible assets	2,706,467	-
Impairment of investments	903	-
Depreciation of owned fixed assets	48,756	77,568
Depreciation of assets held under finance lease agreements	9,090	18,178
Loss on disposal of fixed assets	287,316	95
Loss on disposal of goodwill and investments	153,008	-
Auditors remuneration		
- as auditors	8,755	17,000
- for other services	2,630	2,735
Operating lease costs		
- plant and equipment	-	3,879
Net (profit)/loss on foreign currency translation	(3,556)	155,781

4 Interest payable and similar charges

	31 December 2011 £	30 June 2011 £
Finance charges	37,507	2,458

5 Employees

	31 December 2011 £	30 June 2011 £
Wages and salaries	608,350	1,160,986
Social security costs	47,908	121,519
Pension contributions	2,112	9,103
	658,370	1,219,608

No director was remunerated during the period from the company

Photolibary Group Limited

Notes forming part of the financial statements
for the period ended 31 December 2011 (*continued*)

6 Taxation on profit from ordinary activities

	Period ended 31 December 2011 £	Year ended 30 June 2011 £
<i>Current tax</i>		
UK corporation tax on results of the period	571,132	-
<i>Foreign withholding tax</i>		
Current tax on income for the period	1,846	6,582
Total current tax	572,978	6,582
<i>Deferred tax</i>		
Origination and reversal of timing differences	(1,932)	267,226
Taxation on loss on ordinary activities	571,046	273,808

The directors of the company have reviewed the Company's tax losses at the year end and do not believe there will be sufficient trade to cover the losses

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	Period ended 31 December 2011 £	Year ended 30 June 2011 £
Loss on ordinary activities before tax	(729,620)	(222,364)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 26% (Year ended 30 June 2011 – 27.5%)	(189,701)	(61,150)
Effects of		
Expenses not deductible for tax purposes	681,359	56,030
Capital allowances for year in excess of depreciation	79,474	(4,231)
Utilisation of tax losses	(249,781)	(1,173)
Unrelieved tax losses	-	10,524
Elimination of losses brought forward	249,781	
Items to increase tax liability	1,846	6,582
Current tax charge for year	572,978	6,582

Photolibrary Group Limited

Notes forming part of the financial statements
for the period ended 31 December 2011 (*continued*)

7 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At 1 July 2011	3,026,704
Impairment	(3,026,704)
	<hr/>
At 31 December 2011	-
	<hr/>
<i>Amortisation</i>	
At 1 July 2011	317,930
Charge for the year	2,307
Impairment	(320,237)
	<hr/>
At 31 December 2011	-
	<hr/>
<i>Net book value</i>	
At 31 December 2011	-
	<hr/>
At 30 June 2011	2,708,774
	<hr/>

8 Tangible fixed assets

	Leasehold improvements £	Catalogue and film archives £	Office equipment £	Total £
<i>Cost</i>				
At 1 July 2011	122,017	454,093	386,853	962,963
Disposals	(122,017)	(454,093)	-	(576,110)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	-	-	386,853	386,853
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 July 2011	115,656	144,531	333,376	593,563
Charge for the period	6,361	22,246	29,239	57,846
Disposals	(122,017)	(166,777)	-	(288,794)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	-	-	362,615	362,615
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2011	-	-	24,238	24,238
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011	6,361	309,562	53,478	369,401
	<hr/>	<hr/>	<hr/>	<hr/>

Photolibrary Group Limited

Notes forming part of the financial statements
for the period ended 31 December 2011 (continued)

8 Tangible fixed assets (continued)

Finance lease agreements

The net book value of £24,238 is (30 June 2011 - £33,328) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounts to £9,090 (30 June 2011 - £18,178).

9 Investments

	Subsidiary £
<i>Cost</i>	
At 1 July 2011	903
Impairment	(903)
	<hr/>
At 31 December 2011	-
	<hr/>

The company owns 100% of the issued share capital of Photolibrary Group No. 2 Limited, 81A Limited, the Anthony Blake Photo Library Limited and Garden Picture Library Limited. All entities are registered in England and Wales, were dormant in the current and preceding periods and have no net assets.

10 Debtors

	31 December 2011 £	30 June 2011 £
Trade debtors	306,419	638,210
Amounts owed by group undertakings	4,678,221	1,820,147
Prepayments and accrued income	58,400	129,806
	<hr/>	<hr/>
	5,043,040	2,588,163
	<hr/>	<hr/>

11 Creditors amounts falling due within one year

	31 December 2011 £	30 June 2011 £
Trade creditors	661,733	1,014,512
Amounts owed to group undertakings	2,046,018	1,599,646
Other taxation and social security	38,468	136,655
Finance lease agreements	14,324	18,179
Other creditors	189,441	181,188
Corporation tax	571,132	-
Accruals and deferred income	18,787	44,166
	<hr/>	<hr/>
	3,539,903	2,994,346
	<hr/>	<hr/>

Photolibary Group Limited

Notes forming part of the financial statements
for the period ended 31 December 2011 (*continued*)

12 Creditors: amounts falling due after more than one year

	31 December 2011 £	30 June 2011 £
Amounts due in more than one year but not more than two years		
Finance lease agreements	6,060	15,148
	<u> </u>	<u> </u>

13 Deferred taxation

	31 December 2011 £	30 June 2011 £
The deferred tax included in the balance sheet is as follows		
Included in provisions	-	1,932
	<u> </u>	<u> </u>

The movement in the deferred taxation accounts during the period was

	31 December 2011 £	30 June 2011 £
Balance brought forward	1,932	(265,294)
Profit and loss account movement arising during the period	(1,932)	267,226
	<u> </u>	<u> </u>
Balance carried forward	-	1,932
	<u> </u>	<u> </u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	31 December 2011 £	30 June 2011 £
Excess of taxation allowances over depreciation on fixed assets	-	1,932
	<u> </u>	<u> </u>

The directors of the company have reviewed the company's tax losses at the period end and do not believe there will be sufficient trade to cover the losses

Photolibrary Group Limited

Notes forming part of the financial statements
for the period ended 31 December 2011 (*continued*)

14 Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	31 December 2011 £	30 June 2011 £
Operating leases which expire Within one year	-	122,205

15 Related party transactions

The company has taken advantage of the exemption allowed by FRS 8 paragraph 3(c) and has not therefore made any disclosure of transactions with group companies

16 Share capital

	31 December 2011 £	30 June 2011 £
<i>Allotted, called up and full paid</i> 3,797,616 Ordinary shares of £1 each	3,797,616	3,797,616

17 Reserves

	Profit and loss account £
At 1 July 2012	(840,652)
Loss for the year	(1,300,666)
At 31 December 2011	(2,141,318)

18 Reconciliation of movements in shareholder's funds

	31 December 2011 £	30 June 2011 £
Loss for the financial period	(1,300,666)	(496,172)
Opening shareholder's funds	2,956,964	3,453,136
Closing shareholder's funds	1,656,298	2,956,964

Photolibrary Group Limited

**Notes forming part of the financial statements
for the period ended 31 December 2011 (continued)**

19 Ultimate parent company

Photolibrary Group Limited is a private limited company incorporated in England and Wales

The Company's immediate holding company is Photolibrary Pty Ltd, incorporated in Australia, and the penultimate holding company is Getty Images Inc, incorporated in Delaware, United States of America. In 2008, Getty Images, Inc stockholders voted to approve a merger agreement between Getty Images, Inc and Abe Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Abe Investment Holdings, Inc, a holding company of Abe Investment, L P, which was formed by Hellman & Friedman Capital Partners and its affiliate funds (Merger). Upon completion of the Merger, Getty Images became a wholly owned subsidiary of Abe Investment Holdings, Inc and ceased to be a publicly traded company.

Subsequent to the year end, the ultimate parent company of Hellman & Friedman changed to The Carlyle Group, as detailed in note 19.

20 Subsequent events

Subsequent to the financial year end, management of Getty Images, Inc along with The Carlyle Group, an asset management firm, announced the formation of a partnership to acquire Getty Images, Inc. On 18 October 2012, Getty Images, Inc announced the completion of the transaction and as a result, The Carlyle Group has acquired a controlling stake in Getty Images, Inc, as the ultimate holding company, a company incorporated in Washington, DC.