

Fleming Media LLP
(formerly Fleming Media II LLP)

Annual Report and Financial Statements

31 March 2006

Company Registration Number OC309654
Registered in England & Wales



Fleming Media LLP

Designated Members

Matthew Fleming
Alex Johnston
James Baker
L&L Capital Investors Ltd

Secretary

C E S Stone

Registered Office

Ely House
37 Dover Street
London
W1S 4NJ

Telephone 020 7409 5600
Fax 020 7409 5601

Auditors

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

Registered number

OC309654

Fleming Media LLP

MEMBERS' REPORT FOR THE PERIOD ENDED 31 MARCH 2006

The members present their first report and the financial statements for the period ended 31 March 2006

INCORPORATION

Fleming Media LLP was formed on 20 October 2004 under the Limited Liability Partnership Act 2000 with Partnership No OC309654. The LLP was initially called Fleming Media II LLP but changed its name to Fleming Media LLP on 9 April 2005.

RESULTS AND DIVIDENDS

The loss after members' remuneration and profit shares and after taxation for the period is £778,711.

PRINCIPAL ACTIVITY

The principal activity of Fleming Media LLP and its subsidiary undertakings is that of an investment holding business.

DESIGNATED MEMBERS

The designated members during the period were

Matthew Fleming - appointed 28 October 2004

Alex Johnston - appointed 28 October 2004

James Baker - appointed 28 October 2004

L&L Capital Investors Limited (formerly L&L Media Limited) - appointed 28 October 2004

Ely House Partnership Services Limited - appointed 20 October 2004, resigned 28 October 2004

Ely House Partnership Administration Services Limited - appointed 20 October 2004, resigned 28 October 2004

In accordance with the partnership agreement Matthew Fleming, Alex Johnston and James Baker are deemed to be the Founder Members of the LLP.

SUBSCRIPTION AND REPAYMENT OF MEMBERS CAPITAL

Capital contributions due from L&L Capital Investors Limited and the Founder Members due on the closing date and on the first and second anniversary's of the closing date (where applicable) are detailed in the partnership agreement.

L&L Capital Investors Limited and the Founder Members have certain rights (as detailed in the partnership agreement) to appoint representatives to the Management Committee and the Investment Committee of the LLP.

All members who have made a capital contribution to the LLP have the right to have returned to them the amount of their capital contributions on the winding up or dissolution of the LLP.

No interest shall be paid or payable by the LLP upon any capital contribution.

Fleming Media LLP

PROFIT ENTITLEMENT

The Founder Members are entitled to monthly amounts payable in arrears on account of their Fixed Profit Share

Such amounts are determined by the LLP's Management Committee from time to time as set out in each Founder Member's Letter of Entitlement which outlines all entitlements and additional obligations they owe to the LLP or perform on behalf of the LLP in their capacity as Founder Members

AUDITORS

Kingston Smith LLP were appointed as auditors of the financial statements for the period ended 31 March 2006 and in accordance with section 385 of the Companies Act 1985, as modified for the Limited Liability Partnership Act 2001, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

MEMBERS' RESPONSIBILITIES AND REPORT OF THE AUDITORS

Statement of Members' Responsibilities

The Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnership Act 2000 requires the members to prepare accounts for each financial period, which give a true and fair view of the state of affairs of the LLP and of the profit and loss for that period

In preparing those financial statements, the members 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 LLP will continue in business

The designated members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable the to ensure that the accounts comply with the Limited Liability Partnership Act 2000 They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIENCE & MEDIA LLP

We have audited the financial statements of Fleming Media LLP for the period ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the LLP's members. Our audit work has been undertaken for no purpose other than to draw to the attention of the LLP'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 LLP and LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MEMBERS AND AUDITORS

As described in the Statement of Members' Responsibilities, the LLP's members 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 Limited Liability Partnerships Act 2000. We also report to you whether, in our opinion, the Members' Report is consistent with the financial statements, if the LLP 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 members' remuneration and transactions with the LLP is not disclosed.

We read the Members' 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 members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP'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 in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the members' report is consistent with the financial statements.

Kingston Smith LLP

Kingston Smith LLP

Chartered Accountants and
Registered Auditors

Date: 30/4/2007

Devonshire House
60 Goswell Road
London
EC1M 7AD

Fleming Media LLP

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2006

	Note	Period from 20.10.04 to 31 03 06 £
Consultancy fee receivable		15,000
Administrative expenses	2	(719,148)
Provision against investments made		-
Provision against loans made		-
Operating loss		(704,148)
Income from investments		215,593
Interest receivable and similar income		15,260
Loss for the financial period before members' remuneration and profit shares	9	(473,295)
Members remuneration charged as an expense	9	(305,416)
Loss for the financial period available for discretionary division amongst members		(778,711)

The results above relate to continuing operations

There were no recognised gains or losses other than as disclosed above and therefore no separate statement of recognised gains and losses has been presented

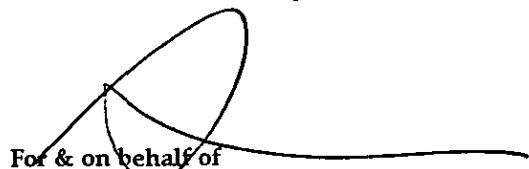
There is no difference between the loss and the retained loss for the financial year stated above and their historical cost equivalents

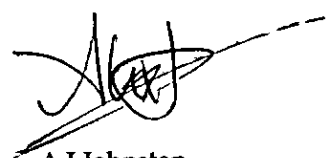
Fleming Media LLP

BALANCE SHEET AT 31 MARCH 2006

	Note	£
Fixed Assets		
Investments	5	4,536,189
Current assets		
Amounts due from Members	9	20,000
Debtors	6	222,583
Cash at bank and in hand		54,480
		297,063
Creditors:		
amounts falling due within one year	7	(76,963)
Net current assets		220,100
Creditors: amounts falling due after one year		
Loans	8	(5,185,000)
NET ASSETS ATTRIBUTABLE TO MEMBERS		(428,711)
REPRESENTED BY:		
Loans and other debts due to members within one year		
Members' capital classified as a liability under FRS 25	9	350,000
Loss to date	9	(473,295)
Members remuneration charged as an expense	9	(305,416)
		(428,711)
TOTAL MEMBERS' INTERESTS		
Amounts due from Members	9	(20,000)
Loans and other debts due from Members	9	(428,711)
		(448,711)

The financial statements were approved on 30 April 2007 and signed on behalf of FLEMING MEDIA LLP by


For & on behalf of
L & L Capital Investors Limited
(Designated member)


A J Johnston
(Designated member)

Notes to the financial statements for the period ended 31 March 2006

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and the SORP 'Accounting by Limited Liability Partnerships' (March 2006). A summary of the more important accounting policies is stated below.

Basis of preparation

The accounts have been prepared on the going concern basis, which assumes that the LLP will continue in operational existence for the foreseeable future, on the basis that the members have indicated their willingness to provide the necessary financial support to the LLP to ensure that it is able to meet its debts as they fall due for a period of not less than 12 months from the date upon which these accounts are signed.

Consolidation

The LLP and its subsidiary undertakings form a small group as defined by statute and therefore the company has taken advantage of the exemption under section 248 of the Companies Act 1985 not to prepare group financial statements.

Fixed asset investments

Fixed asset investments which comprise shares, are stated at cost or valuation in accordance with the "Guidance for the valuation and disclosure of venture capital portfolios" published by the British Venture Capital Association on the basis that all the investments held are early stage investments.

These investments are predominantly in immature companies, including seed, start up and early stage investments. Such investments are valued at cost less any provision considered necessary, until no longer viewed as early stage or unless a significant transaction involving an independent third party at arm's length values the investment at a materially different value.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling on the day of the transaction.

Operating lease agreements

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Cash flow statement

The LLP has taken advantage of the exemption to it under FRS 1 'Cash Flow Statements' not to produce a cash flow statement on the grounds that it is the equivalent of a small company as defined under the terms of the Companies Act 1985 as modified by the Limited Liability Partnership Regulation 2001.

Related party transactions

FRS 8 'Related party transactions' requires disclosure of the details of material transactions between the LLP and related parties.

2. ADMINISTRATIVE EXPENSES

	2006 £
Investment research & development costs	46,818
Salaries, PAYE and NIC	89,371
Employee benefits	6,818
Rent, service charges & rates	80,786
Business travel & entertaining	38,780
Communications	2,188
Office insurance	1,072
General office expenses	38,406
Consultancy fees	99,432
Auditors remuneration	20,000
Legal & professional fees	46,412
Bad debt expense	213,966
Gifts to charities	34,916
Bank charges & interest	183
	<hr/>
	719,148
	<hr/>

3. EMPLOYEES

The average number of employees during the period was 4

4. MEMBERS

The average number of members in the period was 4

5 FIXED ASSET INVESTMENTS

	Total	Subsidiary Undertakings	Loans to Subsidiary Undertakings	Other Investment s
	£	£	£	£
Additions in the period	4,536,189	2,205,085	2,141,282	189,822
Provision for permanent diminution in value	-	-	-	-
As at 31 March 2006	4,536,189	2,205,085	2,141,282	189,822

Subsidiary undertakings

The LLP's investments in its subsidiary companies at 31 March 2006 can be summarised as follows

	Percentage Holding	Activity	Aggregate Share Capital & Reserves at 31 March 2006 £	Profit/(Loss) for the Period Ended 31 March 2006 £	Total Investment at 31 March 2006 £
Science & Media (Holdings) Limited*	48.1%	Investment Holding Company	1,007,813	(5,000)	1,000,000
Science Exhibitions Limited	84.42% B Shares	Investment Holding Company	25,000	(5,000)	85
Player One Limited	70%	Mobile Entertainment Company	(23,066)	(1,009,741)	1,000,000
Brandmaster Limited	50%	Artistic & literary creation & interpretation	(352,127)	(102,887)	205,000
Total					2,205,085

* a further 50% held by a subsidiary undertaking

Other Investments

Other Investments comprise amounts paid in respect of intellectual property rights and certain associated development costs. In the opinion of the Members, the value of these investments is not less than cost.

Fleming Media LLP

Subsidiary Loans

	Percentage Holding	Activity	Aggregate Share Capital & Reserves at 31 March 2006 £	Profit/(Loss) for the Period Ended 31 March 2006 £	Total Loan at 31 March 2006 £
Science & Media (Trading) Limited	No direct shareholding	Investment Holding Company	(255,767)	(1,255,767)	1,846,282
Brandmaster Limited	50%	Artistic & literary creation & interpretation	(352,127)	(102,887)	295,000
Total					2,141,282

6. DEBTORS

	2006 £
Other debtors	4,201
Prepayments and accrued income	18,382
Loan made to subsidiary undertaking	200,000
	222,583

The loan made to subsidiary undertaking is due for repayment in full by 31 December 2007

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £
PAYE and social security	6,422
Other creditors	50,541
Accruals	20,000
	76,963

8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2006 £
Loans	5,185,000

The above loan due to L&L Capital Investors is interest free and repayable in accordance with the partnership agreement

It is not envisaged that the loan shall be repaid within the next five years

Fleming Media LLP

9. MEMBERS' INTERESTS

	Members' capital (Classified as equity)	Revaluation reserve	Other reserves	Total	Loans and other debts due to members less any amounts due from members in debtors	Total members' interests
	£	£	£	£	£	£
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	-	(305,416)	(305,416)
Loss for the financial period available for discretionary division among members	-	-	(473,295)	(473,295)	-	(473,295)
Members' interests after loss for the period	-	-	(473,295)	(473,295)	(305,416)	(778,711)
Introduced by members	350,000	-	-	350,000	-	350,000
Repayments Due	-	-	-	-	-	-
Amounts due to members	350,000	-	(473,295)	(123,295)	(305,416)	(428,711)
Amounts due from members	-	-	-	-	(20,000)	(20,000)
Balance at 31 March 2006	350,000	-	(473,295)	(123,295)	(325,416)	(448,711)

Any loans and other amounts due to members will rank pari passu with unsecured creditors

10 RELATED PARTY TRANSACTIONS

Fleming Media (2003) LLP

The partnership occupies office space which is leased and recharged by Fleming Media (2003) LLP, an LLP which is also controlled by L&L Capital Investors

Fleming Media (2003) LLP invoiced Fleming Media LLP £104,065 (including VAT) in respect of occupational and related costs in respect of the period to 31 March 2006. Fleming Media (2003) LLP has since reconciled all actual costs due to 31 March 2006 and a credit of £14,206 (including VAT), raised after the year end, has been included in debtors as at 31 March 2006. An amount of £1,632 is owed to Fleming Media (2003) as at 31 March 2006.

Andrew Benns

Andrew Benns is a director of L&L Capital Investors Limited. During the period, Fleming Media LLP paid £57,500 in consultancy fees for the provision of the services of Mr Benns.

L&L Capital Investors Limited

A loan has been granted to Fleming Media LLP by L&L Capital Investors Limited. The loan is non-interest bearing until Fleming Media LLP becomes profit-making, and totalled £5,185,000 as at 31 March 2006.

Ian Fleming Publications Limited

Ian Fleming Publications Limited (IFPL) is a related party as Matthew Fleming is a director. A loan was granted to IFPL in the year, totalling £183,821 as at the year end.

Brandmaster Limited

Brandmaster Limited is a related party as Matthew Fleming is a director. A loan was granted to Brandmaster Limited in the year, totalling £295,000 as at the period end. No interest has been charged.

Science & Media (Trading) Limited

Science & Media (Trading) Limited is controlled by Fleming Media LLP by virtue of Fleming Media LLP's control of Science & Media (Holding) Limited, Science & Media (Trading) Limited's holding company. During the period, a loan of £1,846,282 has been granted to Science & Media (Trading) Limited, outstanding at the period end. The maximum loan facility is £2,900,000 and is repayable on 30 June 2015. Interest of £213,996 was charged on this amount, and written off in the period.

Science Exhibitions Limited

Science Exhibitions Limited is a related party as Matthew Fleming is a director. At the period end, Fleming Media LLP owe Science Exhibitions Limited a total of £35,000 regarding their investment in the entity.

Player One Limited

Player One Limited is a related party as Matthew Fleming is a director. A loan of £200,000 was granted to Player One Limited in the period, on which interest of £1,627 has been charged. The total due from Player One at the period end is £201,627.

11. CONTROLLING PARTY

L&L Capital Investors Limited is deemed to be the ultimate controlling party by virtue of its holding in the LLP.