

## Business highlights Year to 31 October 2002

**Sales increased during the year by 114 per cent to £4.9 million and revenue increased by 107 per cent to £3.1 million.** Operating loss, before goodwill amortisation and exceptional restructuring costs, reduced from £376,708 in the previous year to £49,634 in the year under review. **The group, its people and resources have been re-focused and reorganised into a distinct, accountable and customer facing structure.** Successful acquisition and integration of Equanim Group Limited provided a significant boost to operating profits. **Post year end acquisitions of FI Direct, FI System, e-principals plc and Fourninety, double the size of group.** Closure, in March 2003, of the group's loss-making printing business ends our exposure to a commodity market.

At the time of writing this, my first report to shareholders, Media Square plc is a very different business to the one which reported its maiden full year results in December 2001. During the year, the business has more than doubled its size and geographical spread and, during the first three months of the new financial year, we have doubled our size yet again. This rapid pace of change, coupled with the urgent need to put the business on a more sound footing, meant that many difficult decisions had to be taken during the course of last year and in the early part of the current year. The business remains wholly committed to its strategy of developing an integrated marketing communications group, but the management team recognises that the pace of growth must be quicker if we are to build a sustainable business for the future benefit of employees, customers and shareholders alike.



## CHAIRMAN'S STATEMENT (CONTINUED)

### Financial results

The operating loss before goodwill amortisation and exceptional costs for the year to 31 October 2002 was £49,634. The loss before taxation for the year was £922,529 after provision for the loss arising on the closure of a subsidiary undertaking.

While these results are still not as good as we had hoped for, they show real progress year-on-year. The loss before taxation for the previous year to 31 October 2001 was £2,452,287 and the equivalent operating loss was £376,708.

The major proportion of the losses incurred during the year under review relate to redundancy, restructuring, write off of goodwill and fixed asset write downs, all of which had to be undertaken to ensure that the group was correctly positioned to meet the needs of its customers and to provide a secure platform for growth.

Consistent with statements at the time of its initial admission to AIM, whilst the group is in its early stages of development, the board is not proposing to pay a dividend for the foreseeable future.

### Financing

The group has a range of financing facilities in place in order to finance the business. These include a mixture of bank overdraft, medium term bank loans, finance lease and hire purchase contracts. The group's banking facilities were successfully renegotiated and increased during January 2003.

The previous year's cash outflow of some £1.4 million has been reduced to an outflow of £211,411. However, the group is reliant on future trading to ensure its development. As a result it is likely that the group will seek to raise new funds for specific developments during the next few months.

### Acquisitions

On 18 June 2002 the group completed the acquisition of Equanim Group Limited and its subsidiary companies. This acquisition proved both timely and of real value to the business as a whole. Although we have only benefited from five months trading from Equanim, the business contributed an operating profit of £159,687.

More importantly, the Equanim management team has made a significant positive impact on the group as a whole, employing their industry expertise and market knowledge to great effect on our behalf.

## CHAIRMAN'S STATEMENT (CONTINUED)

### Reorganisation

In order to facilitate the expansion of the group, a major reorganisation of the business was undertaken during the last quarter of the year. The reorganisation involved the closure of some loss-making activities, a number of redundancies and several board changes.

Shortly before the publication of our results, your board took the decision to close e.plan Limited, the group's loss-making printing business. The UK printing sector is now fully commoditised and has significant over-capacity and, despite everyone's best efforts, it was not possible for us to stem the losses being incurred.

The group's continuing business is now organised in three distinct, customer focused operating divisions, each of which is led by a strong operational management team.

**Marketing communications** - which trades under the Equanim brand and has offices in London, Sheffield, Leeds, Manchester, Chester and Birmingham.

**Marketing services** - which incorporates the group's interests in commercial and advertising photography, retail and mail order marketing, people marketing and fulfilment services.

**e-business** - which is focused on the exploitation of 'e' channels for marketing communication and business efficiency.

The result of these changes, and the acquisitions completed in January 2003, is that the group is now much more focused on higher margin service and consultancy.

### Management team

Everyone involved with the management and development of the group has worked incredibly hard during the last 12 months and I would like to record our thanks to all our employees and business partners for their commitment and loyalty to the business.

At board level we made a number of changes in line with the reorganisation of the business. This resulted in the departure of Christopher Swan, John Butcher and Mark Cupitt during October and November. In addition, Ian Watson stepped down as chief executive.

I joined the board shortly before the year end on 16 October 2002 as your independent non executive chairman. John Nixon, who is group finance director with Pertemps Group Limited, accepted the post of non executive director and joined the board on 19 November 2002.

Your executive directors, Jeremy Middleton and Graeme Burns, both joined the board on 18 June 2002 following the acquisition of Equanim Group Limited. Jeremy and Graeme are both shareholders in the group and are committed to its long term success.

## CHAIRMAN'S STATEMENT (CONTINUED)

### Post balance sheet acquisitions

On 6 January 2003 the group announced three further acquisitions which will have a material impact on the size and scale of the our business. We acquired the business, assets and employees of FI Direct (a specialist direct marketing business) and FI System (an e-business solutions provider), e-principals plc and its subsidiary Fourninety Limited.

Historically, these business have combined annual sales of more than £5 million and revenues in excess of £3 million. This compares to sales of £4.9 million and revenues of £3.1 million for our group during the whole of last year.

Both Pertemps Group Limited, a major shareholder in Media Square plc, and Jeremy Middleton, group operations director, extended loans of £125,000 to the group so that we could effect these acquisitions. I would like to record our appreciation to them and to the employees of our new businesses for their support and commitment to the success of the group.

### Future plans

The market in which the group operates is at its lowest point for more than a decade. There is little, if any, visibility and most leading market commentators believe that there will be no major improvements until the middle part of 2004.

While these circumstances make it difficult for the group to predict its earnings for the full year with any degree of certainty, it is encouraging to report that the group has traded both profitably and ahead of budget in the first four months of the current financial year.

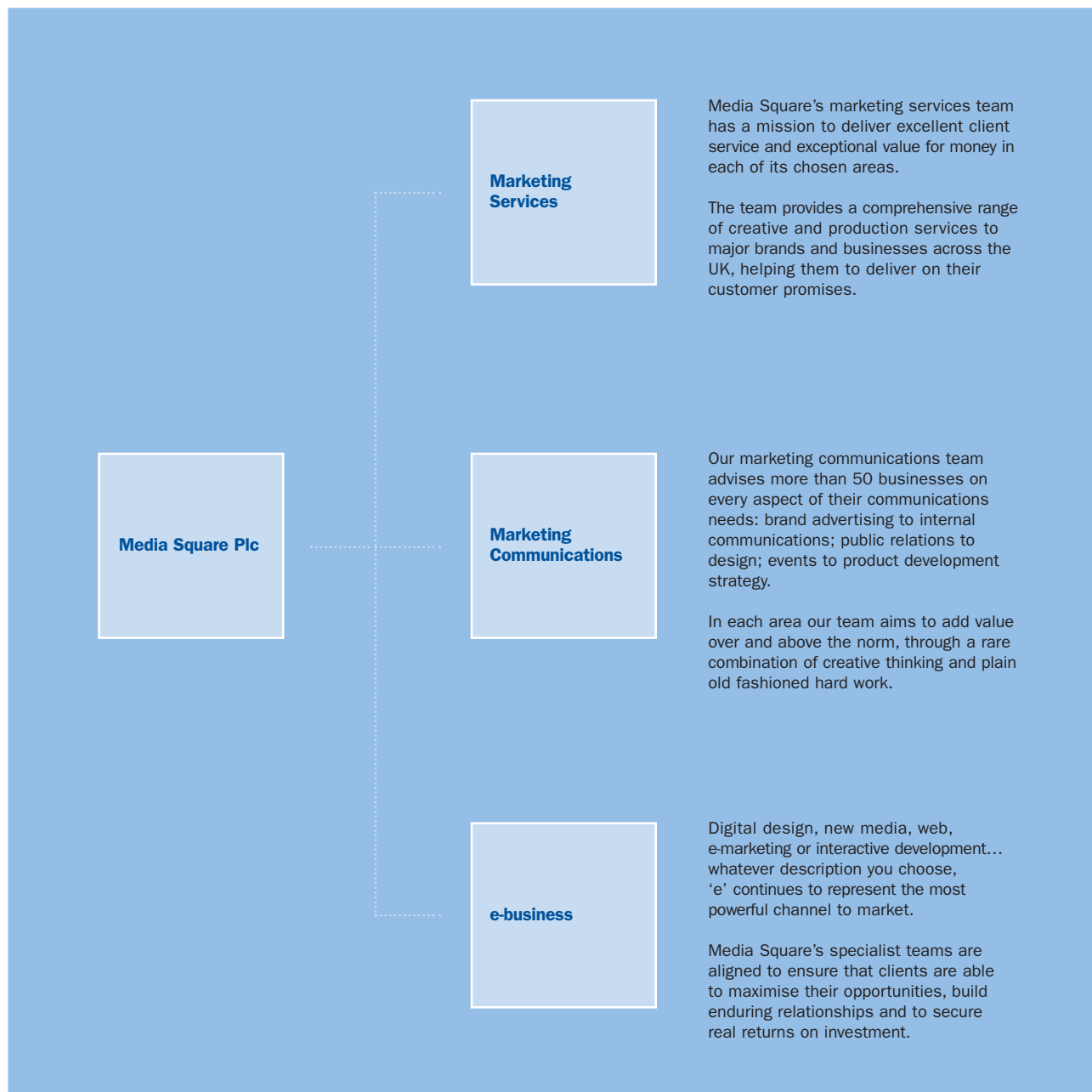
As previously stated, the group is committed to the rapid expansion of its business. The difficult economic climate means that the capital cost of future acquisitions will remain low for the next year or so. We fully intend to take advantage of this situation to build a larger and more robust business that is capable of delivering substantial and sustainable shareholder value.

Finally, we have just launched a new web site for the group, which gives full details of our business, clients and people. If, as a shareholder, you would like to receive regular news about our progress, please take the time to visit the web site [www.mediasquare.co.uk](http://www.mediasquare.co.uk) and register for our e-news bulletins.



**Kevin Steeds**  
Chairman

25 March 2003



Media Square Plc  
**GROUP REVIEW**



## Successful clients

In just two years Media Square has amassed a portfolio of clients that clearly demonstrate the group's commitment to working at the highest level. In each case we aim to make a material contribution to our clients' success in developing their brands, their people and their business through the considered application of lifetime relationship marketing strategies.



Proven performance brings international brands to Media Square



First class client service and added value ensure enduring relationships



Innovation drives our value proposition and delivers measurable results

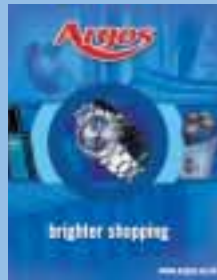


Team working characterises everything we do



## Successful work

Positive outcomes, measurable results, long lasting relationships, brands and businesses built. All contribute to client satisfaction and both business and personal achievement. Regardless of discipline or medium, the Media Square teams aim to make a positive difference to their clients' success, by producing work that quite simply, works.



International advertising solutions for leading retail brands



Cross border on-line communications



Employee motivation & retention programmes



Developing new channels for conventional retailers



One-to-one customer relationship development





Across-the-line media neutral planning



Making learning fun and promoting professionalism



Internal communications to support external objectives



From FMCG to food and financial services to interior fit outs



Media Square Plc  
**GROUP REVIEW (CONTINUED)**



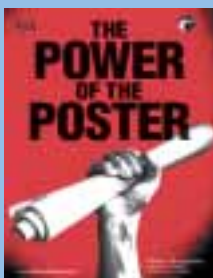
Working with local communities and multi-national organisations



Often simple solutions work the hardest



Customer focused in every respect



Creatively driven, bottom line focused



**CORPORATE INFORMATION**

For the year ended 31 October 2002

Company Registration Number:	4006884
Registered Office:	Corbar Hall Corbar Road Buxton Derbyshire SK17 6TF
Directors:	Kevin Steeds, Non-executive Chairman Jeremy Middleton, Group Operations Director Graeme Burns, Group Commercial Director John Nixon, Non-executive Director
Secretary:	Graeme Burns
Bankers:	Royal Bank of Scotland plc 27 Great Underbank Stockport Cheshire SK1 1LN
Solicitors:	Browne Jacobson 44 Castle Gate Nottingham NG1 7BJ
Auditors:	Grant Thornton Registered Auditors Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ
Nominated Advisers:	Brown, Shipley & Co. Limited One King Street Manchester M2 6AW
Brokers:	Brown Shipley Securities Founders Court Lothbury London EC2R 7HE
Registrars:	Neville Registrars Limited 18 Laurel Lane Halesowen West Midlands B63 3DA

**DIRECTORS' REPORT**

For the year ended 31 October 2002

The directors present their report together with the audited financial statements for the year ended 31 October 2002.

**Principal activities**

The principal activity of the company is that of the provision of management services and a holding company.

The principal activity of the group is that of marketing and advertising services, printing, reprographics and new media together with internet/web strategy design and integration.

**Business review**

The Chairman's Statement appears on pages 2 to 5 of these financial statements.

There was a loss for the year after taxation amounting to £922,529 (2001 : £2,452,287) after charging goodwill amortisation and exceptional costs of £326,289 (2001 : £2,004,153) and accounting for the loss on the closure of a subsidiary undertaking of £445,792. The directors do not recommend the payment of a dividend.

**Directors and their interests**

The directors of the company, all of whom were directors for the whole year unless indicated otherwise and their interests in the shares of the company as at 1 November 2001 and 31 October 2002 (or date of appointment if later) were as follows:

		<b>Number of ordinary shares of 5p each</b>	
		<b>2002</b>	2001
Kevin Steeds	(appointed 16 October 2002)	-	-
Jeremy Middleton	(appointed 18 June 2002)	<b>10,379,541</b>	-
Graeme Burns	(appointed 18 June 2002)	<b>333,333</b>	-
John Nixon	(appointed 19 November 2002)	-	-
Christopher Swan	(resigned 15 October 2002)	<b>1,571,428</b>	1,000,000
John Butcher	(resigned 19 November 2002)	<b>966,666</b>	800,000
Ian Watson	(resigned 15 October 2002)	<b>1,625,000</b>	1,458,334
Mark Cupitt	(appointed 23 November 2001); (resigned 15 October 2002)	<b>166,666</b>	-
Russell Stevens	(contract terminated 23 November 2001)	<b>1,000,000</b>	1,008,000

Kevin Steeds, Jeremy Middleton, Graeme Burns and John Nixon retire by rotation and being eligible offer themselves for re-election.

**Share capital**

Changes in share capital are outlined in note 18 to the financial statements.

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

For the year ended 31 October 2002

### **Substantial shareholdings**

Apart from the interests of the directors, the only interests in excess of 3% of the issued share capital of which the company has been notified at 25 March 2003 are as follows:

	<b>Ordinary shares of 5p each</b>	<b>Percentage of Ordinary share capital</b>
	<b>Number</b>	<b>%</b>
Pertemps Group Limited	7,927,391	24.89
Mr C J Shepherd	1,508,334	4.74
Mr A Varma	977,084	3.07

### **Payment to suppliers**

It is the group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The group does not have a standard or code which deals specifically with the payment of suppliers.

Trade creditors at the year end amount to 68 days (2001 : 70 days) of average supplies for the period.

### **Directors' responsibilities for the financial statements**

Company law in the United Kingdom 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 the group and of the profit or loss of the group 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 group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

By order of the board

**Graeme Burns**  
Company Secretary

25 March 2003

## **CORPORATE GOVERNANCE**

For the year ended 31 October 2002

The directors recognise the value of the Principles of Good Governance and Code of Best Practice (the "Combined Code") and they have taken appropriate measures to ensure that the group has complied with the Combined Code as appropriate for a group of its size.

### **Directors**

The Board is responsible for approving group policy and strategy. It met 9 times during the financial year and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Board are free to seek any further information they consider necessary. All directors have access to independent professional advice at the company's expense.

At the start of the financial year, the Board consisted of a Chief Executive, Ian Watson, a Finance Director, Mark Cupitt from 23 November 2001 and two Non-executive directors.

Following the acquisition of Equanim Group Limited on 18 June 2002, Jeremy Middleton joined the board and became Group Operations Director and Graeme Burns joined the Board as Group Commercial Director. On 15 October 2002 Ian Watson and Mark Cupitt resigned from the Board.

Christopher Swan was Non-executive Chairman until 15 October 2002 and Kevin Steeds assumed this role from 16 October 2002. John Butcher was a Non-executive Director for the whole of the financial year before resigning on 19 November 2002 to be replaced by John Nixon.

The biographies of the directors are set out below:

Kevin Steeds (Non-executive Chairman) - joined the Board on 16 October 2002. He qualified as a chartered accountant with Arthur Young in 1982 and began his career in the marketing services sector in 1985 when he joined Addison Consultancy Group PLC. In 1988 he became Finance Director and a founding shareholder of Citigate Communications Group Limited ("Citigate"). Citigate was acquired by Incepta Group PLC in March 1997 when he became Group Finance Director and Company Secretary of Incepta. In July 1999 he took operational responsibility for the UK public relations, design & branding and research divisions before leaving in September 2001.

John Nixon (Non-executive Director) - joined the Board on 20 November 2002. John is Group Finance Director of Pertemps Group Limited, one of the UK's largest privately owned businesses. He is a qualified chartered accountant who has spent the last 21 years in industry, in both Finance and Commercial Director roles. John has spent the last 10 years with Pertemps, with the previous 11 years involved in manufacture and distribution of fast moving consumer products. He has a broad spectrum of financial and commercial expertise.

Jeremy Middleton (Group Operations Director) - entered the marketing communications sector in 1981. He has knowledge and experience of all major marketing disciplines and his client experience includes working with major public companies both in the UK and internationally. He established Equanim Group in the late 1990s and since then led the company's development and growth. Following the acquisition of Equanim he became Group Operations Director of the company.

Graeme Burns (Group Commercial Director) - is a qualified chartered accountant and prior to the acquisition by Media Square was Commercial Director of Equanim. Previously Graeme held senior commercial and finance positions with Interchange and Namibian Mineral Corporation, both international groups, which operate in the financial services and mining sectors respectively.

## **CORPORATE GOVERNANCE (CONTINUED)**

For the year ended 31 October 2002

### **Relations with shareholders**

The group values the views of its shareholders and recognises their interest in the group's strategy and performance. The Annual General Meeting is used to communicate with shareholders and they are encouraged to participate. The directors will be available to answer questions at the Annual General Meeting. Separate resolutions are proposed on each issue in order that they can be given proper consideration and there is a resolution to approve the annual report and financial statements.

All shareholders can gain access to information about the group through the website [www.mediasquare.co.uk](http://www.mediasquare.co.uk)

### **Accountability and audit**

The Audit Committee consists solely of the non-executive directors and was chaired by Christopher Swan until 15 October 2002 and by Kevin Steeds from 16 October 2002. The terms of reference of the Committee have been established which include keeping under review the scope and results of the external audit and its cost effectiveness. This includes reviewing the nature and extent of non-audit services supplied by the external auditors to the group, seeking to balance objectivity and value for money.

### **Internal control**

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the group's assets. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has considered the need for an internal audit function but has decided that the size of group does not justify it at present.

The Board has reviewed the operation and effectiveness of the group's system of internal financial control for the financial year and of the period up to the date of approval of the financial statements. The directors are responsible for the group's system of financial control and for reviewing its effectiveness.

The key features of the systems of internal financial control are as follows:

- the group is headed by an effective Board which leads and controls the group
- the Board includes a balance of Executive and Non-executive directors. The final selection of any director is performed by the full Board and any appointment is approved by the Board
- the Board receives and reviews on a timely basis financial and operating information appropriate to being able to discharge its duties.

**CORPORATE GOVERNANCE (CONTINUED)**

For the year ended 31 October 2002

**Control environment and procedures**

The group's operating procedures include systems for reporting financial and non-financial information to the Board including:

- preparation and review of annual budgets and monthly cash flow forecasts
- review of the business at each Board meeting, focusing on any new risks arising.

Detailed operational procedures have been developed that embody key controls. The implications of changes in law and regulations are taken into account within these procedures.

There are procedures adopted for monitoring the system of key controls which includes the Audit Committee reviewing the process for identifying and assessing risks.

**Going concern**

Having reviewed the financial position and after making enquiries the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, with the exception of the accounts of a subsidiary undertaking, e.plan Limited, which is now in the process of closure (as detailed in the accounting policies on page 23) and is consolidated on a break up basis, the directors continue to adopt the going concern basis in preparing the financial statements.

**REMUNERATION REPORT**

For the year ended 31 October 2002

**Remuneration committee**

The principal function of the Remuneration Committee is to determine the scale and structure of the Executive directors' remuneration and the terms of their service contracts, including share options.

The Remuneration Committee also makes recommendations to the Board concerning the establishment of share option schemes and other employee incentive schemes.

The remuneration and terms and conditions of appointment of the Non-executive directors will be set by the Board.

No director shall participate in discussions relating to his own remuneration.

The Remuneration Committee consisted solely of the two Non-executive directors. Christopher Swan chaired the Committee until 15 October 2002 when he was replaced by Kevin Steeds. John Butcher was the other member of the Committee until 20 November 2002 when he was replaced by John Nixon.

**Remuneration policy**

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain directors of the necessary calibre and to reward them for enhancing shareholder value and return. The remuneration should also reflect the directors' responsibilities and contain incentives to deliver the group's objectives.

The main elements of the directors' remuneration packages are as follows:

- Base salary
- Performance related bonus
- Benefit package
- Share option incentives

The Remuneration Committee reviews each of the directors' basic salary annually.

**Directors' remuneration**

	Note	Salary/fees £	Benefits in kind £	Compensation for loss of office £	Total 2002 £	Total 2001 £
<b>Executive Directors</b>						
Jeremy Middleton	1	36,665	-	-	<b>36,665</b>	-
Graeme Burns	2	28,125	2,143	-	<b>30,268</b>	-
Ian Watson	3	-	10,569	-	<b>10,569</b>	37,615
Mark Cupitt	4	59,375	12,544	-	<b>71,919</b>	-
Russell Stevens	5	3,000	-	18,000	<b>21,000</b>	36,000
<b>Non-executive Directors</b>						
Kevin Steeds	6	2,000	-	-	<b>2,000</b>	-
John Nixon	7	-	-	-	-	-
Christopher Swan	8	24,000	-	-	<b>24,000</b>	18,000
John Butcher	9	18,000	-	-	<b>18,000</b>	18,000
		<u>171,165</u>	<u>25,256</u>	<u>18,000</u>	<b><u>214,421</u></b>	<u>109,615</u>

## REMUNERATION REPORT (CONTINUED)

For the year ended 31 October 2002

(1) Jeremy Middleton was appointed as a Director on 18 June 2002. Under an agreement with Oast Partners Limited ("Oast"), a company in which he is a Director, he will provide consultancy services to the company. Oast will be entitled to a consultancy fee of £100,000 per annum. The agreement is for an initial period of 12 months and thereafter is terminable on 12 months notice to be given by either party.

(2) Graeme Burns was appointed as a Director on 18 June 2002. Under his service agreement he is entitled to a salary of £75,000 per annum together with a company car, life assurance and private medical insurance allowances. The agreement is for an initial period of 12 months and thereafter is terminable on 12 months' notice to be given by either party.

(3) Ian Watson resigned as a Director on 15 October 2002. Under his service agreement dated 28 February 2001 he was entitled to a salary of £60,000 per annum, increased to £95,000 on 18 June 2002, together with a company car, life assurance and private medical insurance allowances. He waived his salary from 1 November 2001 to 31 October 2002. The agreement was terminable on 12 months notice to be given by either party.

(4) Mark Cupitt resigned as a Director on 15 October 2002. Under his service agreement with e.plan Limited dated 28 February 2001 he was entitled to receive a salary of £50,000 per annum, increased to £75,000 on 18 June 2002, together with a company car, life assurance and private medical insurance allowances. The agreement was terminable on 12 months' notice to be given by either party.

(5) Russell Stevens had his contract terminated on 23 November 2001. The Company had a consulting contract with Hamiltons Securities, a partnership in which he was a Partner, for £36,000 per annum. Under the terms of his consulting contract with the company he was paid a settlement fee of £18,000 on 30 November 2002.

(6) Kevin Steeds was appointed as a Director on 16 October 2002. Under the terms of his appointment he is entitled to receive fees at a rate of £500 per day and his agreement is terminable on 12 months' notice to be given by either party.

(7) John Nixon was appointed as a Director on 20 November 2002. Under the terms of his appointment he is entitled to receive a fee of £12,000 per annum. This appointment is terminable on 6 months notice to be given by either party.

(8) Christopher Swan resigned as a Director on 15 October 2002. Under the terms of a consultancy agreement dated 5 September 2000, Chris Swan Management Services Limited, a company in which he is a Director and shareholder, was entitled to receive directors' fees at a rate of £18,000 per annum for providing his services for attending and preparing for 12 monthly board meetings. Additional time would be charged at a rate of £1,500 per day. This contract was terminable on 6 months notice to be given by either party.

(9) John Butcher resigned as a Director on 20 November 2002. Under the terms of a consultancy agreement dated 5 September 2000, J&A Butcher Associates, a partnership in which he is a partner, was entitled to receive directors' fees at a rate of £18,000 per annum for providing his services for attending and preparing for 12 monthly board meetings. Additional time would be charged at a rate of £1,500 per day. This contract was terminable on 6 months notice to be given by either party.

### Share options

It was the intention of the board to grant Ian Watson and Mark Cupitt options over 104,050 ordinary shares of 5p each in the company during the previous financial year. These options were never granted.

Signed on behalf of the Board

#### **Kevin Steeds**

Chairman - Remuneration Committee

25 March 2003

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MEDIA SQUARE PLC**

For the year ended 31 October 2002

We have audited the financial statements of Media Square plc for the year ended 31 October 2002 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the cash flow statement and notes 1 to 31. These financial statements have been prepared under 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 so that we might state to the company's members those matters 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 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**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Corporate Governance Statement and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 group and 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 and the group as at 31 October 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
BIRMINGHAM**

25 March 2003

## PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 October 2002

### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards. The financial statements have been prepared on the going concern basis, except that the accounts of a subsidiary undertaking, e.plan Limited, have been incorporated on a break up basis on the grounds that on 25 March 2003 the company withdrew financial support from the subsidiary which subsequently passed resolutions to commence winding up proceedings (refer to note 3 to the financial statements for further information).

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

### BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 October 2002. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

### GOODWILL AND INTANGIBLE ASSETS

Goodwill arising on consolidation representing the excess of the fair value of the consideration given and costs of acquisition over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its useful economic life which is estimated to be 20 years.

Purchased goodwill is capitalised and is amortised on a straight line basis over its useful economic life which is estimated to be 20 years.

In accordance with Financial Reporting Standards Numbers ("FRS") 10 and 11: "Goodwill and intangible assets" and "Impairment of fixed assets and goodwill", the carrying values of intangible assets are reviewed annually for impairment on the basis stipulated in FRS 11 and are adjusted to the recoverable amount if required.

### TURNOVER

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Leasehold improvements	period of the lease
Plant and machinery	12.5% to 33% per annum
Fixtures and fittings	25% per annum

## **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

For the year ended 31 October 2002

### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

### **INVESTMENTS**

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

### **STOCKS AND WORK IN PROGRESS**

Stocks and work in progress are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

### **DEFERRED TAXATION**

Deferred taxation is recognised on all timing differences by the balance sheet date where the transactions or events that give the group an obligation to pay more tax in the future, or right to pay less tax in the future have occurred. Deferred tax assets are recognised when it is more likely than not they will be recovered. Deferred tax is measured using rates of tax that have enacted or substantially enacted by the balance sheet date.

### **FINANCIAL INSTRUMENTS**

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 October 2002

	Note	2002 £	2002 £	2001 £
<b>Turnover</b>				
- continuing operations	1	<b>2,833,634</b>		-
- acquisitions	1	<b>1,886,621</b>		2,206,058
		<b>4,720,255</b>		2,206,058
- discontinued operations	1	<b>165,395</b>		81,509
			<b>4,885,650</b>	2,287,567
Material cost of sales	2		<b>(1,815,372)</b>	(801,344)
<b>Revenue</b>			<b>3,070,278</b>	1,486,223
Direct payroll costs	2		<b>(1,723,772)</b>	(997,143)
<b>Gross profit/(loss)</b>				
- continuing operations		<b>866,431</b>		-
- acquisitions		<b>506,053</b>		636,722
		<b>1,372,484</b>		636,722
- discontinued operations		<b>(25,978)</b>		(147,642)
			<b>1,346,506</b>	489,080
Administrative expenses	2	<b>1,477,813</b>		900,533
Administrative expenses - exceptional items	2	<b>244,616</b>		1,969,408
			<b>1,722,429</b>	2,869,941
<b>Operating profit/(loss)</b>				
- continuing operations - pre exceptional items		<b>(251,906)</b>		(206,550)
- continuing operations - exceptional items		<b>(244,616)</b>		(1,929,615)
		<b>(496,522)</b>		(2,136,165)
- acquisitions - pre exceptional items		<b>159,687</b>		(4,574)
- acquisitions - exceptional items		-		(39,793)
		<b>(336,835)</b>		(2,180,532)
- discontinued operations		<b>(39,088)</b>		(200,329)
			<b>(375,923)</b>	(2,380,861)
Loss arising in respect of closure of subsidiary undertaking	3		<b>(445,792)</b>	-
Interest payable and other charges	4		<b>(102,556)</b>	(101,928)
Interest receivable			<b>1,742</b>	30,502
<b>Loss on ordinary activities before taxation</b>	2		<b>(922,529)</b>	(2,452,287)
Tax on loss on ordinary activities	6		-	-
<b>Loss on ordinary activities after taxation</b>	2		<b>(922,529)</b>	(2,452,287)
Dividends			-	-
<b>Loss transferred from reserves</b>	19		<b>(922,529)</b>	(2,452,287)
<b>Basic loss per share</b>	7		<b>(4.51p)</b>	(20.51p)

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

**CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2002**

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Intangible assets	9	<b>1,508,555</b>	1,165,000
Tangible assets	10	<b>846,922</b>	1,222,029
		<u><b>2,355,477</b></u>	<u>2,387,029</u>
<b>Current assets</b>			
Stocks and work in progress	12	<b>112,131</b>	58,955
Debtors	13	<b>1,346,439</b>	876,288
Cash at bank and in hand		<b>76</b>	169,354
		<u><b>1,458,646</b></u>	<u>1,104,597</u>
<b>Creditors: amounts falling due within one year</b>	14	<u><b>(2,141,214)</b></u>	<u>(1,930,558)</u>
<b>Net current liabilities</b>		<u><b>(682,568)</b></u>	<u>(825,961)</u>
<b>Total assets less current liabilities</b>		<b>1,672,909</b>	1,561,068
<b>Creditors: amounts falling due after one year</b>	15	<u><b>(907,097)</b></u>	<u>(1,120,478)</u>
<b>Net assets</b>		<u><b>765,812</b></u>	<u>440,590</u>
<b>Capital and reserves</b>			
Called up share capital	18	<b>1,592,357</b>	693,666
Share premium account	19	<b>2,648,379</b>	2,299,319
Profit and loss account	19	<b>(3,474,924)</b>	(2,552,395)
<b>Equity shareholders' funds</b>	20	<u><b>765,812</b></u>	<u>440,590</u>

The financial statements were approved by the Board of Directors on 25 March 2003 and signed on its behalf by:

**Jeremy Middleton**

Director

**Graeme Burns**

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**COMPANY BALANCE SHEET AT 31 OCTOBER 2002**

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Intangible assets	9	<b>130,000</b>	-
Tangible assets	11	<b>1,166,643</b>	1,165,000
		<u><b>1,296,643</b></u>	<u>1,165,000</u>
<b>Current assets</b>			
Debtors	13	<b>5,495</b>	90,644
Cash at bank and in hand		-	169,057
		<u><b>5,495</b></u>	<u>259,701</u>
<b>Creditors: amounts falling due within one year</b>	14	<u><b>(672,125)</b></u>	<u>(385,559)</u>
<b>Net current liabilities</b>		<u><b>(666,630)</b></u>	<u>(125,858)</u>
<b>Total assets less current liabilities</b>		<b>630,013</b>	1,039,142
<b>Creditors: amounts falling due after one year</b>	15	<u><b>(59,165)</b></u>	<u>(86,874)</u>
<b>Net assets</b>		<u><b>570,848</b></u>	<u>952,268</u>
<b>Capital and reserves</b>			
Called up share capital	18	<b>1,592,357</b>	693,666
Share premium account	19	<b>2,648,379</b>	2,299,319
Profit and loss account	19	<b>(3,669,888)</b>	(2,040,717)
<b>Equity shareholders' funds</b>		<u><b>570,848</b></u>	<u>952,268</u>

The financial statements were approved by the Board of Directors on 25 March 2003 and signed on its behalf by:

**Jeremy Middleton**  
Director

**Graeme Burns**  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 October 2002

	Note	2002 £	2001 £
<b>Net cash inflow/(outflow) from operating activities</b>	21	<b>499,930</b>	(195,019)
<b>Returns on investments and servicing of finance</b>			
Interest received		1,742	30,502
Interest paid		(37,346)	(50,563)
Hire purchase interest paid		(65,210)	(51,365)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(100,814)</b>	(71,426)
<b>Taxation</b>			
UK corporation tax received/(paid)		22,000	(22,000)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(64,988)	(132,187)
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(64,988)</b>	(132,187)
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings	26	(442,425)	(690,358)
<b>Net cash outflow from acquisitions and disposals</b>		<b>(442,425)</b>	(690,358)
<b>Financing</b>			
Issue of ordinary share capital		475,657	-
Share issue costs		(106,949)	(231,034)
Repayment of borrowings		(22,129)	-
Repayment of loan notes		(335,437)	(80,338)
Capital element of hire purchase agreements		(136,256)	(32,776)
<b>Net cash outflow from financing</b>		<b>(125,114)</b>	(344,148)
<b>Decrease in cash</b>	22	<b>(211,411)</b>	(1,455,138)

The accompanying accounting policies and notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

**1. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

The loss on ordinary activities is stated after:

	2002	2001
	£	£
<b>Auditors' remuneration:</b>		
Audit services	23,000	15,000
Non-audit services	28,954	13,932
<b>Depreciation:</b>		
Tangible fixed assets owned	165,737	21,852
Tangible fixed assets held under finance leases and hire purchase contracts	215,332	106,604
Amortisation of goodwill	81,673	34,745
Impairment of goodwill	975,338	1,886,825
Amounts written off fixed assets	221,801	-
Hire of plant and machinery	165,520	-
Other operating lease rentals	118,720	28,190

During the year the auditors also received remuneration of £Nil (2001 : £55,000) which has been charged to investment costs relating to the acquisition of a subsidiary undertaking.

**2. COST OF SALES AND ADMINISTRATION EXPENSES**

	2002	2001
	£	£
<b>Cost of sales</b>		
- continuing operations	1,967,203	-
- acquisitions - pre exceptional items	1,380,568	1,569,336
	3,347,771	1,569,336
- discontinued operations	191,373	229,151
	3,539,144	1,798,487
<b>Disclosed as:</b>		
Material cost of sales	1,815,372	801,344
Direct payroll costs	1,723,772	997,143
	3,539,144	1,798,487
<b>Administrative expenses</b>		
- continuing operations - pre exceptional items	1,118,337	206,550
- continuing operations - exceptional goodwill impairment	-	1,886,825
- continuing operations - exceptional costs	244,616	42,790
- acquisitions - pre exceptional items	346,366	641,296
- acquisitions - exceptional costs	-	39,793
	1,709,319	2,817,254
- discontinued operations	13,110	52,687
	1,722,429	2,869,941

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**2. COST OF SALES AND ADMINISTRATION EXPENSES (CONTINUED)****Exceptional items**

Exceptional items in 2002 relate to a business restructure following the acquisition of Equanim Group Limited and its subsidiaries. The associated consolidation of divisions and restructuring programme resulted in redundancy and related costs and write down of specific fixed assets relating primarily to the consolidation of office locations.

Exceptional items in 2001 relate to restructuring and relocation costs arising as a result of an internal review undertaken and the costs incurred in restructuring the core business. The directors also reassessed the value of the acquisition of e.plan Limited in light of trading and economic events and wrote down the goodwill arising on consolidation to its value based on projected future discounted cashflows.

**3. LOSS ARISING IN RESPECT OF CLOSURE OF SUBSIDIARY UNDERTAKING**

On 25 March 2003, the company withdrew financial support to one of its subsidiary undertakings, e.plan Limited and as a result the subsidiary ceased trading.

The loss in respect of this closure was as follows:

	£
Goodwill impairment	(915,338)
Net liabilities of subsidiary undertaking written back	747,418
Liabilities to be met by Media Square plc	(24,192)
Inter company balances written off	(193,680)
	<u>(445,792)</u>

Whereas at 25 March 2003 the group effectively ceased its reproduction and printing activities, the trade relating to this activity is included in continuing operations in the profit and loss account, in accordance with Financial Reporting Standard 3, as this event occurred more than three months after the period end.

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2002 £	2001 £
On bank loans and overdrafts	25,792	31,603
On loan notes	11,554	18,960
Finance charges in respect of finance leases and hire purchase agreements	65,210	51,365
	<u>102,556</u>	<u>101,928</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**5. DIRECTORS AND EMPLOYEES**

Staff costs during the year were as follows:

	<b>2002</b>	2001
	<b>£</b>	£
Wages and salaries	<b>1,660,910</b>	1,129,459
Social security costs	<b>160,394</b>	137,794
	<b><u>1,821,304</u></b>	<u>1,267,253</u>

The average number of employees of the group during the year was:

	<b>2002</b>	2001
	<b>£</b>	£
	<b>No</b>	No
Production	<b>54</b>	32
Administration and sales	<b>33</b>	27
	<b><u>87</u></b>	<u>59</u>

Remuneration in respect of directors was as follows:

	<b>2002</b>	2001
	<b>£</b>	£
Emoluments	<b>151,421</b>	37,615
Payments to third parties for directors services	<b>45,000</b>	72,000
Compensation for loss of office	<b>18,000</b>	-
	<b><u>214,421</u></b>	<u>109,615</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>2002</b>	2001
	<b>£</b>	£
Emoluments	<b><u>71,919</u></b>	<u>37,615</u>

Further details of the directors' remuneration are given in the Report on Remuneration on page 20.

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

No corporation tax arises on the reported loss for the year.

The tax assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	<b>2002</b>	2001
	<b>£</b>	£
Loss on ordinary activities before tax	<b>(922,529)</b>	(2,452,287)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	<b>(276,759)</b>	(735,686)
<b>Effect of:</b>		
Expenses not deductible for tax purposes	<b>52,826</b>	4,200
Depreciation (less than)/in excess of capital allowances	<b>(42,863)</b>	64,115
Loss of closure of subsidiary undertaking	<b>133,738</b>	-
Amortisation/impairment of goodwill	<b>24,502</b>	576,471
Losses carried forward	<b>108,556</b>	90,900
Current tax charge for period	<b><u>-</u></b>	<u>-</u>

Unrelieved tax losses of £596,544 (2001 : £533,117) are available to offset against future taxable trading profits.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**7. LOSS PER SHARE**

The calculation of the basic loss per share is based on the loss on ordinary activities after tax and on the weighted average number of ordinary shares in issue during the period.

The losses and weighted average number of shares used in the calculations are set out below:

	Loss £	2002 Weighted average number of shares	Loss per share pence	Loss £	2001 Weighted average number of shares	Loss per share pence
<b>Basic loss per share</b>						
Earnings attributable to ordinary shareholders	<u>(922,529)</u>	<u>20,471,941</u>	<u>(4.51)</u>	<u>(2,452,287)</u>	<u>11,955,527</u>	<u>(20.51)</u>

Diluted loss per share calculations have not been disclosed as no instruments currently in issue are considered to be dilutive.

**8. LOSS FOR THE FINANCIAL YEAR**

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £1,629,171 (2001 : £1,940,609).

**9. INTANGIBLE FIXED ASSETS**

Group	Goodwill on consolidation £
<b>Cost</b>	
At 1 November 2001	3,086,570
Additions	1,400,566
	<u>4,487,136</u>
At 31 October 2002	<u>4,487,136</u>
<b>Amortisation</b>	
At 1 November 2001	1,921,570
Amortisation provided in the year	81,673
Impairment	975,338
	<u>2,978,581</u>
At 31 October 2002	<u>2,978,581</u>
Net book amount at 31 October 2002	<u><b>1,508,555</b></u>
Net book amount at 31 October 2001	<u>1,165,000</u>
<b>Company</b>	<b>Purchased goodwill £</b>
Additions, cost and net book amount	
At 31 October 2002	<u><b>130,000</b></u>
At 31 October 2001	<u>-</u>

Purchased goodwill represents amounts purchased from a subsidiary undertaking following the group reorganisation.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**10. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Group</b>				
<b>Cost</b>				
At 1 November 2001	47,835	1,263,322	39,328	1,350,485
On acquisition	-	126,757	22,077	148,834
Additions	-	52,174	26,755	78,929
Amounts written off	(47,835)	(221,825)	(51,617)	(321,277)
Disposals	-	(96,222)	(36,543)	(132,765)
At 31 October 2002	<u>-</u>	<u>1,124,206</u>	<u>-</u>	<u>1,124,206</u>
<b>Depreciation</b>				
At 1 November 2001	5,595	117,253	5,608	128,456
Provided in the year	11,962	319,621	49,486	381,069
Amounts written off	(17,557)	(63,368)	(18,551)	(99,476)
Disposals	-	(96,222)	(36,543)	(132,765)
At 31 October 2002	<u>-</u>	<u>277,284</u>	<u>-</u>	<u>277,284</u>
Net book amount at 31 October 2002	<u>-</u>	<b>846,922</b>	<u>-</u>	<b>846,922</b>
Net book amount at 31 October 2001	<u>42,240</u>	<u>1,146,069</u>	<u>33,720</u>	<u>1,222,029</u>

Included in the above are assets held under hire purchase agreements as follows:

	Plant & machinery £
Net book amount at 31 October 2002	<b>811,254</b>
Net book amount at 31 October 2001	<u>1,061,466</u>

**11. FIXED ASSETS INVESTMENTS**

£

<b>Company</b>	
<b>Cost</b>	
At 1 November 2001	2,902,555
Additions	1,166,643
At 31 October 2002	<u>1,124,206</u>
<b>Amounts written off</b>	
At 1 November 2001	1,737,555
Provided during the period	1,165,000
At 31 October 2002	<u>2,902,555</u>
Net book amount at 31 October 2002	<b>1,166,643</b>
Net book amount at 31 October 2001	<u>1,165,000</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**FIXED ASSETS INVESTMENTS (CONTINUED)**

The company owns 100% of the issued share capital of the following subsidiary undertakings, which are all registered in England and Wales:

<b>Subsidiary undertaking</b>	<b>Principal activity</b>
Equanim Group Limited	Management services and consultancy
APR Photography Limited	Commercial photography services
Indigo 6 Limited	Marketing communications consultancy
Osborne PR Limited	Press and public relations
Second Perspective Limited	Marketing communications consultancy
West North West Limited	Marketing communications consultancy
X Company (UK) Limited	Marketing communications consultancy
Z Digital Limited	Reproduction, printing and digital artwork
e.plan Limited	Reproduction and printing (ceased trading)

**12. STOCKS AND WORK IN PROGRESS**

	<b>2002</b>	2001
	<b>£</b>	£
<b>Group</b>		
Raw materials and consumables	<b>26,108</b>	9,303
Work in progress	<b>86,023</b>	49,652
	<u><b>112,131</b></u>	<u>58,955</u>

**13. DEBTORS**

	<b>2002</b>	<b>Group</b>	<b>2002</b>	<b>Company</b>
	<b>£</b>	2001	<b>£</b>	2001
		£		£
Trade debtors	<b>819,440</b>	806,783	-	-
Other debtors	<b>48,700</b>	2,307	-	2,033
Taxation	-	22,000	-	-
Amounts owed by subsidiary undertakings	-		-	79,881
Prepayments and accrued income	<b>478,299</b>	45,198	<b>5,495</b>	8,730
	<u><b>1,346,439</b></u>	<u>876,288</u>	<u><b>5,495</b></u>	<u>90,644</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002</b>	<b>Group</b>	<b>2002</b>	<b>Company</b>
	£	2001	£	2001
		£		£
Bank loans and overdraft	<b>379,021</b>	546,748	-	-
Trade creditors	<b>875,932</b>	418,444	<b>133,966</b>	9,962
Other taxation and social security	<b>230,783</b>	146,486	<b>51,323</b>	-
Other creditors	<b>1,543</b>	22,988	-	-
Obligations under finance leases and hire purchase contracts	<b>196,646</b>	171,782	-	-
Amounts owed to group undertakings	-	-	<b>7,322</b>	-
Loan notes	<b>145,060</b>	311,126	<b>145,060</b>	311,126
Other loans	-	32,165	-	-
Accruals and deferred income	<b>312,229</b>	280,819	<b>334,454</b>	64,471
	<b><u>2,141,214</u></b>	<u>446,933</u>	<b><u>672,125</u></b>	<u>385,559</u>

The bank loans and overdraft are secured by a fixed and floating charge over the group's assets.

Included in bank loans and overdrafts is an amount of £Nil (2001 : £349,151) relating to confidential invoice discounting which is secured by a fixed charge over the debtor book of e.plan Limited.

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2002</b>	<b>Group</b>	<b>2002</b>	<b>Company</b>
	£	2001	£	2001
		£		£
Bank loans (note 14)	<b>62,165</b>	-	-	-
Obligations under finance leases and hire purchase contracts	<b>785,767</b>	934,107	-	-
Loan notes	<b>59,165</b>	86,874	<b>59,165</b>	86,874
Other loans	-	99,497	-	-
	<b><u>907,097</u></b>	<u>1,120,478</u>	<b><u>59,165</u></b>	<u>86,874</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**16. BORROWINGS**

Borrowings are repayable as follows:

	<b>2002</b>	<b>Group</b>	<b>2002</b>	<b>Company</b>
	£	2001	£	2001
		£		£
<b>Within one year</b>				
Bank loans and overdraft	<b>379,021</b>	546,748	-	-
Obligations under finance leases and hire purchase contracts	<b>196,646</b>	171,782	-	-
Loan notes	<b>145,060</b>	311,126	<b>145,060</b>	311,126
Other loans	-	32,165	-	-
<b>After one and within two years</b>				
Bank loans	<b>40,634</b>	-	-	-
Obligations under finance leases and hire purchase contracts	<b>106,282</b>	171,782	-	-
Loan notes	<b>59,165</b>	86,874	<b>59,165</b>	86,874
Other loans	-	99,497	-	-
<b>After two and within five years</b>				
Bank loans	<b>21,531</b>	-	-	-
Obligations under finance leases and hire purchase contracts	<b>588,795</b>	515,346	-	-
<b>After five years</b>				
Obligations under finance leases and hire purchase contracts	<b>90,690</b>	246,979	-	-
	<b><u>1,627,824</u></b>	<u>2,182,299</u>	<b><u>204,225</u></b>	<u>398,000</u>

Obligations under finance leases and hire purchase contracts which fall due after five years are repayable by equal monthly instalments and at a fixed rate of interest of 8.31%. Such obligations are secured on the assets to which they relate.

**17. DEFERRED TAXATION**

The following timing differences have arisen at 31 October 2002:

	<b>2002</b>	2001
	£	£
Deferred capital allowances	<b>(92,823)</b>	(28,397)
Available tax losses	<b>(286,156)</b>	(159,935)
Other timing differences	<b>1,770</b>	-
	<b><u>(377,209)</u></b>	<u>188,332</u>

The above losses will become recoverable once the group becomes profitable.

No provision has been made for this deferred tax asset.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**18. SHARE CAPITAL**

	<b>2002</b>	2001
	<b>£</b>	£
<b>Authorised</b>		
50,000,000 (2001 :16,000,000) Ordinary shares of 5p each	<u><b>2,500,000</b></u>	<u>800,000</u>
<b>Allotted, called up and fully paid</b>		
31,847,164 (2001 : 13,873,336) Ordinary shares of 5p each	<u><b>1,592,357</b></u>	<u>693,666</u>

During the year the company issued 10,046,208 (2001 : 5,833,336) ordinary shares in relation to the acquisition of Equanim Group Limited. The ordinary shares issued had a nominal value of 5p each, with a total nominal value of £502,310. The mid-market price of the shares issued was 8.75p with a total value of £879,043.

The company also issued 7,927,620 ordinary shares via a placing to fund working capital. The shares issued had a nominal value of 5p each, with a total nominal value of £396,381. The consideration per share was 6p with a total value of £475,657.

Brown, Shipley & Co. Limited, Nominated Adviser to the company, holds options over 241,200 ordinary shares at an exercise price of 25p per share, exercisable at any time between 14 March 2001 and 14 September 2005. Brown Shipley also hold options over a further 312,940 ordinary shares at an exercise price of 6p exercisable at any time between 18 December 2002 and 17 December 2007.

**19. SHARE PREMIUM ACCOUNT AND RESERVES**

	<b>Share premium account</b>	<b>Profit &amp; loss account</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
At 1 November 2001	2,299,319	
Retained loss for the year	-	(2,552,395)
Premium in respect of shares issued (net of professional fees)	349,060	(922,529)
	<u><b>2,648,379</b></u>	<u>-</u>
At 31 October 2002		<u><b>3,474,924</b></u>
<b>Company</b>		
At 1 November 2001	2,299,319	
Retained loss for the year	-	(2,040,717)
Premium in respect of shares issued (net of professional fees)	349,060	(1,629,171)
	<u><b>2,648,379</b></u>	<u>-</u>
At 31 October 2002		<u><b>(3,669,888)</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002	2001
	£	£
<b>Group</b>		
Loss for the financial year	<b>(922,529)</b>	(2,452,287)
Issue of ordinary share capital	<b>1,247,751</b>	1,898,133
Net increase/(decrease) in shareholders' funds	<b>352,222</b>	(554,154)
Shareholders' funds at 1 November 2001	<b>440,590</b>	994,744
Shareholders' funds at 31 October 2002	<b>765,812</b>	440,590

**21. NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2002	2001
	£	£
<b>Group</b>		
Operating loss	<b>(375,923)</b>	(2,380,861)
Depreciation	<b>381,069</b>	128,456
Goodwill amortisation and impairment	<b>81,673</b>	1,921,570
(Increase) in stocks and work in progress	<b>(36,22)</b>	(7,234)
Decrease/(increase) in debtors	<b>462,266</b>	(100,709)
(Decrease)/increase in creditors	<b>(12,933)</b>	243,759
Net cash inflow/(outflow) from operating activities	<b>499,930</b>	(195,019)

**22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2002	2001
	£	£
<b>Group</b>		
Decrease in cash in the year	<b>(211,411)</b>	(1,455,138)
Repayment of borrowings	<b>22,129</b>	-
Repayment of debt	<b>335,437</b>	80,338
Cash outflow from finance leases	<b>136,256</b>	32,776
Change in net debt resulting from cash flows	<b>282,411</b>	(1,342,024)
Inception of finance leases	<b>(13,941)</b>	(946,885)
Net debt acquired	<b>(219,245)</b>	(331,780)
On closure of subsidiary undertaking	<b>485,972</b>	-
Loan notes advanced on acquisition	<b>(150,000)</b>	(470,000)
Movement in net debt in the year	<b>385,197</b>	(3,090,689)
Net (debt)/funds at 1 November 2001	<b>(2,012,945)</b>	1,077,744
Net debt at 31 October 2002	<b>(1,627,748)</b>	(2,012,945)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**23. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 November 2001 £	Cash flows £	Acquisitions £	Closure of subsidiary £	Non cash transactions £	At 31 October 2002 £
Cash at the bank and in hand	169,354	(168,749)	-	(529)	-	76
Bank overdraft	(546,748)	(42,662)	-	260,779	-	(328,631)
	<u>(377,394)</u>	<u>(211,411)</u>	<u>-</u>	<u>260,250</u>	<u>-</u>	<u>(328,555)</u>
Bank loans	-	22,129	(134,684)	-	-	(112,555)
Other debt	(529,662)	335,437	-	140,000	(150,000)	(204,225)
Hire purchase	(1,105,889)	136,256	(84,561)	85,722	(13,941)	(982,413)
	<u>(2,012,945)</u>	<u>282,411</u>	<u>(219,245)</u>	<u>485,972</u>	<u>(163,941)</u>	<u>(1,627,748)</u>

**24. FINANCIAL INSTRUMENTS**

The group uses financial instruments comprising cash and short term deposits and various forms of borrowings. It does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts.

**Short-term debtors and creditors**

Short-term debtors and creditors have been excluded from all the following disclosures.

**Interest rate risk**

The group finances its operations through bank and other borrowings. The group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. At the year end 60% (2001 : 51%) of the borrowings were at fixed rates.

The interest rate exposure of the financial liabilities of the group as at 31 October 2002 was:

	Interest rate			Fixed rate financial liabilities	
	Fixed £	Floating £	Total £	Weighted average fixed interest rate %	Weighted average period for which rate is fixed in years
<b>2002</b>	<u>982,413</u>	<u>645,411</u>	<u>1,627,824</u>	<u>7</u>	<u>6</u>
2001	<u>1,105,889</u>	<u>1,076,410</u>	<u>2,182,299</u>	<u>7</u>	<u>7</u>

The floating rate borrowings bear interest at rates based on the prevailing bank rate.

All borrowings are denominated in sterling.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**24. FINANCIAL INSTRUMENTS (CONTINUED)**

**Liquidity risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The group policy throughout the year has been to ensure continuity of funding. At the year end 5.6% (2001 : 11.3%) of the group borrowings were due to mature in more than five years.

Short-term flexibility is achieved through overdraft facilities. The maturity of financial liabilities is disclosed in note 16.

**25. MAJOR NON - CASH TRANSACTIONS**

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £13,941 (2001 : £946,885).

The consideration for the purchase of the Equanim Group Limited comprised shares and loan notes. In addition, the group took on borrowings of £219,245 held by that group. Further details of this acquisition are given in note 26.

The closure of e.plan Limited resulted in a write back of debt of £485,972.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**26. ACQUISITIONS**

On 18 June 2002 the company acquired all of the ordinary shares in Equanim Group Limited being 100% of its nominal share capital for a consideration, before professional costs, of £1,029,043. Goodwill arising on the acquisition of £1,400,566 has been capitalised. The purchase of Equanim Group Limited has been accounted for by the acquisition method of accounting.

The Equanim Group's loss before tax from the beginning of the subsidiary's financial period on 1 January 2002 to the date of acquisition was £3,548 before fair value adjustments of £292,200. The Equanim Group's profit before tax for the period from acquisition to 31 October 2002 was £143,965.

The assets and liabilities acquired were as follows:

	Book value £	Adjustments £	Fair value £
<b>Fixed assets</b>			
Tangible	149,552	(718)	148,834
<b>Current assets</b>			
Stocks and work in progress	113,862	(79,504)	34,358
Debtors	1,645,353	(100,050)	1,545,303
Bank and cash	293,742	-	293,742
	<u>2,052,957</u>	<u>(179,554)</u>	<u>1,873,403</u>
<b>Creditors</b>			
Bank overdraft	598,567	-	598,567
Bank loans	134,684	-	134,684
Trade creditors	809,402	-	809,402
Other creditors	386,236	3,972	390,208
Hire purchase and similar liabilities	78,269	6,292	84,561
Accruals	137,074	101,664	238,738
	<u>2,144,232</u>	<u>111,928</u>	<u>2,256,160</u>
<b>Net assets/(liabilities) acquired</b>	<u>58,277</u>	<u>(292,200)</u>	<u>(233,923)</u>

£

Satisfied by:	
Issue of shares	879,043
Issue of loan notes	150,000
	<u>1,029,043</u>
Professional costs	137,600
	<u>1,166,643</u>
Net liabilities acquired	233,923
	<u>1,400,566</u>
Goodwill	<u>1,400,566</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**26. ACQUISITIONS (CONTINUED)**

Fair value adjustments were made for:

	£
Depreciation	718
Alignment of overhead absorption in work in progress	42,618
Write off of work in progress	36,886
Debtor provisions	100,050
Onerous property lease	57,000
Provision regarding discontinued operations	44,164
Other accruals/accounting adjustments	10,764
	<u>292,200</u>

The subsidiary undertaking acquired during the year made the following contributions to and utilisations of group cash flow:

	£
Net cash outflow from operating activities	79,813
Returns on investment and servicing of finance	(16,369)
Capital expenditure and financial investment	(66,932)
Financing	(20,245)
<b>Decrease in cash</b>	<u>(23,733)</u>

Analysis of net outflow of cash in respect of the purchase of the subsidiary undertaking:

	£
Cash at bank and in hand acquired	293,742
Bank overdrafts acquired	(598,567)
Professional costs	(137,600)
	<u>(442,425)</u>

**27. POST BALANCE SHEET EVENTS**

On 6 January 2003 the group acquired the business and assets of FI Direct and FI System, divisions of FI System UK plc, for an initial cash consideration of £150,000 with a further £50,000 in cash payable over 13 months.

In addition there are performance related payments, payable in cash over 24 months which are not expected to exceed £150,000. The group also acquired e-principals plc and its subsidiary Fourninety Limited from Jeremy Middleton, the group's operations director. The consideration payable to Jeremy Middleton was £1 in cash. In addition a loan of £125,000 made by Jeremy Middleton to Fourninety Limited was taken over by the Group.

Further details of these acquisitions are given in the Chairman's Statement.

On 25 March 2003 the company withdrew financial support to a subsidiary undertaking, e.plan Limited, as detailed in note 3.

**28. CAPITAL COMMITMENTS**

The company had no capital commitments at 31 October 2002 and 31 October 2001.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**29. CONTINGENT LIABILITIES**

The group had no contingent liabilities at 31 October 2002 and 31 October 2001.

The company has guaranteed subsidiary undertaking borrowings associated with hire purchase agreements and invoice discounting facilities which at 31 October 2002 amounted to £225,722 (2001 : £546,748) and £895,969 (2001: £951,754) respectively.

**30. LEASING COMMITMENTS**

Operating lease payments amounting to £258,808 (2001 : £88,636) are due within one year. The leases to which these amounts relate expire as follows:

	<b>Land and buildings</b>	<b>2002 Other</b>	Land and buildings	2001 Other
	£	£	£	£
<b>Group</b>				
Within one year	<b>7,945</b>	<b>22,207</b>	4,090	5,580
Between one and five years	<b>81,532</b>	<b>45,817</b>	12,100	54,866
In five years or more	<b>101,277</b>	-	12,000	-
	<b>190,784</b>	<b>68,024</b>	28,190	60,446

**31. TRANSACTIONS WITH RELATED PARTIES**

The following transactions were undertaken with related parties:

- i Christopher Swan's services as a director, and reimbursement of expenses of £24,275 (2001: £18,000) were purchased from Chris Swan Management Services Limited. Christopher Swan is a director of Chris Swan Management Services Limited. At 31 October 2002 £6,750 (2001 : £Nil) was owed to Chris Swan Management Services Limited.
- ii John Butcher's services as a director, and reimbursement of expenses of £18,000 (2001: £18,000) were purchased from J & A Butcher Associates. John Butcher is a partner of J & A Butcher Associates. At 31 October 2002 £Nil (2001 : £Nil) was owed to J & A Butcher Associates.

Sales amounting to £136,950 (2001 : £300,643) relating to services were supplied to Pertemps Group Limited. John Butcher was and John Nixon is presently a director of Pertemps Group Limited. At 31 October 2002 £5,095 (2001 : £45,737) was owed by Pertemps Group Limited.

- iii Ian Watson, who was a director of the company, is also a director of Crystal Print Limited. Sales amounting to £Nil (2001: £5,310) and purchases of £Nil (2001: £12,088) were made between the companies. Further, the group also purchased assets from Crystal Print Limited for consideration of £Nil (2001 : £23,072). At 31 October 2002 £Nil (2001 : £5,881) was owed to Crystal Print Limited.

Ian Watson is also a trustee of the Repro Plan Pension Scheme, which at 31 October 2002 had advanced a loan of £140,000 (2001 : £131,662) to the company. Interest of £9,235 (2001 : £6,724) was charged on this loan.

Ian Watson is owed loan notes amounting to £19,486 at 31 October 2002 (2001: £99,500).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 October 2002

**31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

- iv Services amounting to £3,000 (2001 : £15,651) and £Nil (2001 : £36,000) relating to Russell Stevens' services as director, were purchased from Hamiltons City Office Limited and Hamiltons Securities respectively. Russell Stevens was a director of Hamiltons City Office Limited and has an interest in Hamiltons Securities.

Sales of £781 (2001 : Nil) and services amounting to £6,141 (2001 : £10,409) relating to accounting and administration services were purchased from Hamiltons of Halesowen Limited. Mr Stevens was a director of Hamiltons of Halesowen Limited.

Sales amounting to £Nil (2001 : £22,259) and credit notes amounting to £781 (2001 : £Nil) relating to services and products were made to Meriden Group plc. Mr Stevens is a director of Meriden Group plc.

At 31 October 2002 £2,031 (2001 : £13,411) was owed to and £2,318 (2001 : £Nil) was owed from various Hamilton Companies and Meriden Group plc.

- v Jeremy Middleton and Graeme Burns who are directors of the company, are also directors of e-principals plc. Sales amounting to £303,411 (2001: £Nil) and purchases of £8,835 (2001: £Nil) were made between the companies.

Sales amounting to £85,902 (2001 : £Nil) and purchases amounting to £1,860 (2001 : £Nil) relating to services and products were made to/from fourninety Limited. Jeremy Middleton and Graeme Burns are directors of fourninety Limited.

Jeremy Middleton is also a director of Oast Partners Limited, during the year the group made purchases amounting to £1,333 (2001 : £Nil) from this company.

Jeremy Middleton is also a trustee of the Oast Partners Pension Scheme, which during the year rented premises to the group for £27,115 (2001 : £Nil).

Jeremy Middleton is owed loan notes amounting to £120,833 at 31 October 2002 (2001: £Nil).

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related Party Disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Third Annual General Meeting of the Company will be held at Brown, Shipley & Co.Limited, One King Street, Manchester M2 6AW on Friday 16 May 2003 at 9.00 am, for the transaction of the following business:

### **ORDINARY BUSINESS**

1. To receive and adopt the directors' report and financial statements for the year ended 31 October 2002.
2. To elect Kevin Steeds as a director in accordance with the Company's Articles of Association.
3. To elect Jeremy Middleton as a director in accordance with the Company's Articles of Association.
4. To elect Graeme Burns as a director in accordance with the Company's Articles of Association.
5. To elect John Nixon as a director in accordance with the Company's Articles of Association.
6. To re-appoint Grant Thornton as Auditors of the Company to hold office until the next General Meeting at which accounts are laid and to authorise the directors to fix their remuneration.

### **SPECIAL BUSINESS**

To consider and, if thought fit, pass the following resolutions of which resolution 7 is an ordinary resolution and resolutions 8 & 9 are special resolutions.

7. That the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in the Act) up to an aggregate nominal amount of £907,643 to such persons, at such times and on such terms and conditions as the directors determine during the period expiring (unless previously renewed, varied or revoked by the Company in General Meeting) fifteen months after the date of passing of this resolution, but the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement.

#### **Explanation of Resolution 7**

Resolution 7 which will be proposed as an ordinary resolution, would give the directors authority to allot shares up to a maximum nominal amount of £907,643 being the whole of the authorised but unissued share capital of the Company and representing 57% of the Company's current issued share capital. The existing authority would be revoked and this authority would expire on the date of the 2004 Annual General Meeting or 15 August 2004, whichever is the earlier.

## NOTICE OF ANNUAL GENERAL MEETING

### SPECIAL RESOLUTIONS

8. That subject to the passing of resolution 7, the directors be empowered pursuant to section 95 of the Companies Act 1985 ("the Act"), to allot equity securities (within the meaning of the Act) of the Company for cash pursuant to the general authority conferred on them by resolution 7 as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer of securities (whether by way of a rights issue, open offer or otherwise), open for acceptance for a period fixed by the directors, to holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares, subject to such exclusions or other such arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory; and (b) the allotment (otherwise than pursuant to paragraph (a) above) of securities up to an aggregate amount of £79,618.

#### Explanation of Resolution 8

Resolution 8 which will be proposed as a special resolution, would renew the power of the directors to allot shares for cash as though the rights of pre-emption conferred by section 89 (1) of the Act did not apply:

(a) in respect of the whole of the authorised but unissued share capital in connection with an offer to existing shareholders ( to allow the directors to take action to overcome certain practical difficulties which could arise in the case of such offer), and (b) up to a nominal amount of £79,618, being 5% of the current issued share capital of the Company ( to give the directors some flexibility in financing business opportunities as they arise). This power would expire on the date of the 2004 Annual General Meeting or 15 August 2004, whichever is the earlier.

9. That the Company be and is hereby granted general and unconditional authority (pursuant to section 166 of the Act) to make market purchases (as defined in section 163 of the Act) of any of its own ordinary shares of 5p each on such terms and in such manner as the board of directors of the Company may from time to time determine provided that:

(a) the maximum number of shares authorised to be purchased is 1,592,358 ordinary shares of 5p each, being 5% of the shares in issue as at 31 October 2002; (b) the maximum price which may be paid for a share is an amount equal to not more than 105 percent of the average of the middle market quotations for the shares taken from the London Stock Exchange Daily Official List for five business days before the day on which the purchase is made; (c) the minimum price which may be paid for a share is 5p exclusive of any attributable expenses payable by the Company; and (d) the authority conferred by this resolution shall expire on the date of the 2004 Annual General Meeting or 15 August 2004, whichever is the earlier, except that the Company may, before such expiry, enter into a contract for the purchase of its own shares which may be completed by or executed wholly or partly after the expiration of this authority.

## **NOTICE OF ANNUAL GENERAL MEETING**

### **Explanation of Resolution 9**

In certain circumstances it may be advantageous for the Company to purchase its own shares. Resolution 9, which will be proposed as a special resolution, seeks authority from shareholders to do so, such authority to expire on the date of the 2004 Annual General Meeting or 15 August 2004, whichever is the earlier.

The directors intend to exercise this power only if and when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before deciding upon this course of action. Any shares purchased in this way will be cancelled and the number of shares in issue will be accordingly reduced.

This resolution specifies the maximum number of shares which may be acquired (being 5% of the Company's issued share capital as at 31 October 2002 of 31,847,164) and the maximum and minimum prices at which they may be bought.

The board unanimously recommends shareholders to vote in favour of Resolutions 1 to 9 above.

By Order of the Board

**Graeme Burns**  
Company Secretary

25 March 2003

### **Registered Office**

Corbar Hall  
Corbar Road  
Buxton  
Derbyshire  
SK17 6TF

### **NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company. If such an appointment is made, delete the words "the Chairman of the Meeting" and insert the name of the person appointed by proxy in the space provided. Return of a proxy form will not preclude a member from attending and voting at the meeting in person should he decide to do so.
2. In the case of a Corporation, the proxy form must be executed under its seal or under the hand of an officer, attorney or other person authorised to sign the same on its behalf.
3. To be valid, forms of proxy should be completed and returned (together with the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of such power or authority) so as to reach the office of the Company's Registrars, Neville Registrars Limited, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, not less than 48 hours before the start of the Meeting.

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**GROUP DIRECTORY**

**Media Square plc**

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