

Visual Action Holdings Limited

(formerly Visual Action Holdings plc)

Report and Accounts

30 September 1998



Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

Registered No. 3054629

DIRECTORS

R S Ingleby
J Jureller
R Burlinson

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

National Westminster Bank PLC
1st Floor, Argyll House
246 Regent Street
London W1R 6PB

SOLICITORS

Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA

REGISTERED OFFICE

16-18 Acton Park Estate
Stanley Gardens
London W3 7QE

Visual Action Holdings Limited

(formerly Visual Action Holdings plc)

DIRECTORS' REPORT

The directors presents their report and accounts for the nine month period ended 30 September 1998.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £9,649,000 (31 December 1997 - profit of £19,673,000). The directors do not recommend payment of a dividend (31 December 1997 - £852,000).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company during the period was that of a holding company and head office function. The head office function will be wound down during 1999.

On 25 November 1997, the offer by Caribiner Services Limited for the entire issued share capital of the company became unconditional. The company's shares were delisted from The London Stock Exchange in 1997.

In May 1998, the company sold its investments in Cinevideo Asia PTE Limited, ABSI and the broadcast video camera business of Cinevideo Limited resulting in a net profit of £170,430.

In July 1998 the company sold its investments in Blitz Communications Limited and the audio visual video and sound business of Samuelson Communications Limited resulting in a net profit of £2,915,343.

EVENTS SINCE THE BALANCE SHEET DATE

On 25 August 1999 the company sold its investment in Samfreight Limited for £133,235. The company realised a gain on disposal of £63,983. On 1 October 1998, the company merged its US audio visual business with certain other audio visual business already owned by the Caribiner International Inc. group in exchange for an issue of preference shares in Caribiner Intellectual Property Management, Inc., a wholly owned subsidiary of Caribiner International Inc.

RE-REGISTRATION AND CHANGE OF NAME

On 27 March 1998, the company was re-registered as a private company and its name was changed from Visual Action Holdings plc to Visual Action Holdings Limited.

DIRECTORS AND THEIR INTERESTS

The directors at 30 September 1998 and their interests in the share capital of the company were as follows:

R S Ingleby

A Dignam (appointed 10 July 1998; resigned 15 December 1998)

J Jureller (appointed 22 July 1998)

Subsequent to the period end, R Burlinson was appointed a director on 4 April 2000.

There are no directors' interests requiring disclosure under the Companies Act 1985.

YEAR 2000 AND OTHER ASSOCIATED DATE RELATED PROBLEMS

Visual Actions Holdings Limited is participating in the Caribiner International Inc. world-wide Year 2000 programme. Although it is not possible to guarantee that no Year 2000 problems remain, the Group believes that its internal systems are Year 2000 compliant. The Group continues to address the business risk from third parties with whom it deals on business or financial matters, and contingency plans have been developed to minimise the risk of non-compliance caused by disruption from areas where the Group does not have direct control.

To date the Group and this Company have not encountered any significant problems. Although the Millennium date change has passed, the Directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

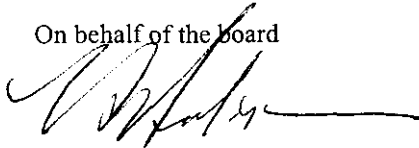
Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Ernst & Young, as auditors, will be put to the members at the annual general meeting.

On behalf of the board



Director

4 APRIL 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

REPORT OF THE AUDITORS
to the members of Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

We have audited the accounts on pages 6 to 16, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 to 9.

Respective responsibilities of the directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

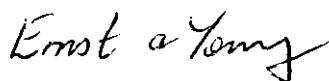
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 September 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

4 APRIL 2000

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

PROFIT AND LOSS ACCOUNT
for the nine month period ended 30 September 1998

		<i>9 month period ended 30 September 1998</i>	<i>Year ended 31 December 1997</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
TURNOVER	2	-	1,660
Administrative expenses		(891)	(2,797)
OPERATING LOSS	3	(891)	(1,137)
Acquisition costs	6	-	(1,514)
Profit on disposal of fixed asset investments	7	3,086	1,142
Exceptional write back of provision against intercompany loans		7,875	-
Amounts written off investments		(7,551)	-
		3,410	(372)
		2,519	(1,509)
Income from investments		6,786	21,187
Interest receivable	8	1,099	660
Interest payable and similar charges	9	(179)	(694)
		7,706	21,153
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,225	19,644
Tax (charge)/credit on profit on ordinary activities	10	(576)	29
PROFIT FOR THE FINANCIAL PERIOD/YEAR		9,649	19,673
DIVIDENDS			
Ordinary dividends on equity shares	11	-	852
PROFIT RETAINED FOR THE FINANCIAL PERIOD/YEAR	18	9,649	18,821

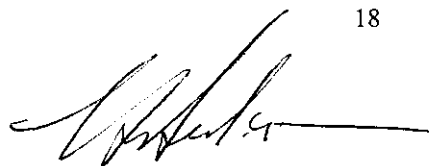
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £9,649,000 in the period ended 30 September 1998 (profit of £19,673,000 in the year ended 31 December 1997).

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

BALANCE SHEET
at 30 September 1998

		30 September 31 December	
		1998	1997
	Notes	£000	£000
FIXED ASSETS			
Tangible assets	12	-	153
Investments	13	53,420	72,490
		<u>53,420</u>	<u>72,643</u>
CURRENT ASSETS			
Debtors	14	27,660	7,991
Cash at bank and in hand		-	1
		<u>27,660</u>	<u>7,992</u>
CREDITORS: amounts falling due within one year	15	(1,621)	(25,846)
		<u>26,039</u>	<u>(17,854)</u>
NET CURRENT ASSETS/(LIABILITIES)			
		<u>79,459</u>	<u>54,789</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>79,459</u>	<u>54,789</u>
PROVISION FOR LIABILITIES AND CHARGES	16	(455)	(289)
		<u>79,004</u>	<u>54,500</u>
CAPITAL AND RESERVES			
Called up share capital	17	10,020	10,020
Share premium account	18	24,444	24,444
Capital reserve	18	14,855	-
Profit and loss account	18	29,685	20,036
		<u>79,004</u>	<u>54,500</u>
EQUITY SHAREHOLDER'S FUNDS	18		
		<u>79,004</u>	<u>54,500</u>


Director

4 APRIL 2000

NOTES TO THE ACCOUNTS
at 30 September 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of preparation

The accounts present information about the company as an individual undertaking and not about its Group. The company is not required to prepare group accounts by virtue of the exemption available under section 228 of the Companies Act 1985. The company is included in the group accounts of Caribiner Services Limited.

Tangible fixed assets

The cost of fixed assets is the purchase cost together with any incidental cost of acquisition.

Depreciation is calculated to write off the cost less estimated residual value of tangible fixed assets by equal annual instalments over the expected useful economic lives as follows:

Plant and machinery	- 15-25%
Fixtures and fittings	- 10%

Profits or losses on the disposal of hire equipment which reflect normal adjustments to depreciation previously charged are included in operating profit as part of the normal depreciation charge.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all material timing differences, to the extent that it is considered probable that the liabilities will crystallise in the foreseeable future.

Cash flow statement

In accordance with FRS 1 (revised 1996) the company is not required to present a cash flow statement as it is a subsidiary, 90% or more of whose voting rights are controlled within the group and consolidated accounts which includes the company and its subsidiaries are publicly available.

Foreign currencies

Transactions in foreign currencies are recorded at average rates of exchange except for material exceptional items which are translated at rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

NOTES TO THE ACCOUNTS
at 30 September 1998

1. ACCOUNTING POLICIES (continued)

Pension schemes

The company operates a defined benefit pension scheme for the benefit of employees of the group and former employees of Eagle Trust plc. The regular cost of providing retirement pensions is charged to the profit and loss account over the employees service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions payable is shown as an asset or as a liability in the balance sheet.

2. TURNOVER

Turnover consists entirely of recharged expenses billed to group undertakings excluding value added tax.

3. OPERATING LOSS

This is stated after charging/(crediting):

	<i>9 month period ended 30 September 1998 £000</i>	<i>Year ended 31 December 1997 £000</i>
Depreciation of owned fixed assets	58	38
Operating lease rentals: - land and buildings	503	674
- other assets	-	21
Auditors' remuneration:		
Audit services	62	71
Other services to the company and its UK subsidiaries	57	-
(Gain)/loss on foreign exchange	(146)	333
	<hr/>	<hr/>

4. DIRECTORS' EMOLUMENTS

	<i>9 month period ended 30 September 1998 £000</i>	<i>Year ended 31 December 1997 £000</i>
Emoluments	-	511
Company contributions paid to individuals' personal pension schemes	-	46
Compensation for loss of office	-	185
	<hr/>	<hr/>
	-	742
	<hr/>	<hr/>

Emoluments of the directors are disclosed in the accounts of the ultimate parent undertaking for services provided as directors during the period to the group as a whole.

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

NOTES TO THE ACCOUNTS
at 30 September 1998

4. **DIRECTORS' EMOLUMENTS** (continued)

The amounts in respect of the highest paid director, including pension contributions, are as follows:

	<i>9 month period ended 30 September 1998 £000</i>	<i>Year ended 31 December 1997 £000</i>
Emoluments	-	250

5. **STAFF COSTS**

	<i>9 month period ended 30 September 1998 £000</i>	<i>Year ended 31 December 1997 £000</i>
Wages and salaries	80	664
Social security costs	10	69
Other pension costs	4	243
	<u>94</u>	<u>976</u>

The monthly average number of employees (including executive directors) during the period was as follows:

	<i>9 month period ended 30 September 1998 No.</i>	<i>Year ended 31 December 1997 No.</i>
Administration	3	8

6. **ACQUISITION COSTS**

Acquisition costs in 1997 relate to the expenses incurred by the company in relation to the acquisition by Caribiner Services Limited.

7. **PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS**

In May 1998, the company sold its investments in Cinevideo Asia PTE Limited, ABSI and the broadcast video camera business of Cinevideo Limited resulting in a net profit of £170,430.

In July 1998 the company sold its investments in Blitz Communications Limited and the audio visual video and sound business of Samuelson Communications Limited resulting in a net profit of £2,915,343.

On 1 October 1998, the company merged its US audio visual business with certain other audio visual business already owned by the Caribiner International Inc. group in exchange for an issue of preference shares in Caribiner Intellectual Property Management, Inc., a wholly owned subsidiary of Caribiner International Inc.

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

NOTES TO THE ACCOUNTS
at 30 September 1998

8. INTEREST RECEIVABLE

	30 September 1998 £000	31 December 1997 £000
Bank interest	47	36
Interest receivable from group undertakings	1,052	624
	<u>1,099</u>	<u>660</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	30 September 1998 £000	31 December 1997 £000
Bank loans and overdrafts	179	694
	<u>179</u>	<u>694</u>

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	30 September 1998 £000	31 December 1997 £000
Irrecoverable ACT	576	-
Corporation tax over provided in previous years	-	29
	<u>576</u>	<u>29</u>

11. DIVIDENDS AND OTHER APPROPRIATIONS

	30 September 1998 £000	31 December 1997 £000
Equity dividends on ordinary shares:		
Interim paid	-	852
	<u>-</u>	<u>852</u>

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

NOTES TO THE ACCOUNTS
at 30 September 1998

12. TANGIBLE FIXED ASSETS

	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Cost:			
At 1 January 1998	196	57	253
Additions	1	-	1
Disposals	(197)	(57)	(254)
At 30 September 1998	-	-	-
Depreciation:			
At 1 January 1998	69	31	100
Provided during the period	58	-	58
Disposals	(127)	(31)	(158)
At 30 September 1998	-	-	-
Net book value:			
At 30 September 1998	-	-	-
At 31 December 1997	127	26	153

13. FIXED ASSET INVESTMENTS

	<i>Subsidiary undertakings</i>		
	<i>Shares £000</i>	<i>Loans £000</i>	<i>Total £000</i>
Cost:			
At 1 January 1998	45,373	40,200	85,573
Acquisitions	7,883	-	7,883
Disposals	(5,617)	(21,660)	(27,277)
At 30 September 1998	47,639	18,540	66,179
Amounts provided:			
At 1 January 1998	-	13,083	13,083
Write back of provision	-	(7,875)	(7,875)
Additions	5,803	1,748	7,551
	5,803	6,956	12,759
Net book value:			
At 30 September 1998	41,836	11,584	53,420
Net book value:			
At 1 January 1998	45,373	27,117	72,490

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

NOTES TO THE ACCOUNTS
at 30 September 1998

13. FIXED ASSET INVESTMENTS (continued)

Interest in group undertakings

The directors consider that to give full particulars of all subsidiary and associated undertakings would lead to a statement of excessive length. The following information relates to those subsidiary and associate undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the group:

Name of company	Proportion of ordinary shares held		Nature of business
	Directly %	Indirectly %	
Companies registered in England and Wales			
Samfreight Limited	100	-	Specialised freight forwarding and travel agents
Caribiner Subco (1) Limited	100	-	Non-trading
Caribiner Audio Visual Services Limited	100	-	Hire of audio visual equipment
MES Holdings Limited	100	-	Holding company
Caribiner Technical Services Limited	-	100	Data capture and management services to the exhibition industry
Melville Exhibition Services Limited	-	100	Services to exhibition organisers and exhibitors
Blitz Vision Limited* ¹	-	100	Hire of audio-visual, video, lighting and sound equipment.
Companies incorporated in the United States of America			
Visual Action Holdings Inc.	100	-	Holding company
Audio Visual Headquarters Corporation	-	100	Hire of audio-visual equipment
Sound and Stagecraft Inc.	-	100	Hire of audio-visual equipment
Advanced Broadcast Services Inc. * ²	-	100	Hire of broadcast cameras and other equipment
Hospitality Resources Inc.	-	100	Hire of audio-visual equipment

There is only one class of shares for each subsidiary and associated undertaking.

All of the above companies operated principally in their country of incorporation or registration.

*¹ Sold on 30 July 1998

*² Sold on 12 May 1998

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

NOTES TO THE ACCOUNTS
at 30 September 1998

14. DEBTORS

	30 September 1998 £000	31 December 1997 £000
Trade debtors	191	32
Amounts owed by group undertakings	26,825	5,007
Other debtors	560	1,232
Prepayments and accrued income	84	120
Dividends receivable	-	1,600
	<u>27,660</u>	<u>7,991</u>

Other debtors include amounts totalling £538,000 (1997 - £750,000) which are recoverable after more than one year.

15. CREDITORS: amounts falling due within one year

	30 September 1998 £000	31 December 1997 £000
Bank loans and overdrafts	1,213	14,618
Trade creditors	214	100
Accruals and deferred income	194	631
Amounts owed to group undertakings	-	6,553
Advance corporation tax	-	213
Other taxation and social security	-	54
Other creditors	-	3,677
	<u>1,621</u>	<u>25,846</u>

16. PROVISION FOR LIABILITIES AND CHARGES

	At 1 January 1998 £000	Addition £000	30 September 1998 £000
Provision for pension scheme funding	184	166	350
Provision for rent on leasehold property	105	-	105
	<u>289</u>	<u>166</u>	<u>455</u>

The company has no liability to deferred taxation at 30 September 1998 (31 December 1997 - £nil).

Visual Action Holdings Limited
(formerly Visual Action Holdings plc)

NOTES TO THE ACCOUNTS
at 30 September 1998

17. SHARE CAPITAL

	<i>30 September 1998 £000</i>	<i>Authorised 31 December 1997 £000</i>
61,000,000 ordinary shares of 20p each	12,200	12,200

	<i>30 September 1998 £000</i>	<i>Allotted, called up and fully paid 31 December 1997 £000</i>
50,098,544 ordinary shares of 20p each	10,020	10,020

18. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Capital reserve £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holder's funds £000</i>
At 1 January 1997	10,020	-	24,444	1,215	35,679
Profit for the year	-	-	-	18,821	18,821
At 1 January 1998	10,020	-	24,444	20,036	54,500
Contribution in period	-	14,855	-	-	14,855
Profit for the period	-	-	-	9,649	9,649
At 30 September 1998	10,020	14,855	24,444	29,685	79,004

19. PENSION COMMITMENTS

The company participates in a defined benefit scheme known as the Samuelson Group plc 1991 pension plan. The scheme is funded by the payment of contributions to a separately administered trust fund. The cost of the scheme is borne by the company. The defined contribution arrangements operated by the company have now discontinued and no further contributions are payable to these arrangements.

The pension cost is determined with advice from an independent qualified actuary on the basis of triennial valuations. The most recent valuation was carried out as at 1 May 1998 which showed the market value of assets was £6.2 million at the valuation date.

The actuarial assumptions adopted for the valuation were those used for calculating the Minimum Funding Requirement, principally a long term investment return between 8-9% pa, earnings increases of 6% pa, and revaluation of pensions at 4% pa. The valuation method used was the defined accrued benefit method.

Visual Action Holdings Limited

(formerly Visual Action Holdings plc)

NOTES TO THE ACCOUNTS

at 30 September 1998

19. PENSION COMMITMENTS (continued)

The valuation disclosed a funding level of 96% and an accrued benefits deficiency of £273,000. The SSAP24 pension charge for the period including amortisation of the deficiency over employees future service is £76,000. The pension charge has reduced significantly from the previous year as there are now very few employee members and no special single contributions have been paid during the period. The closing balance sheet provision in the company accounts is £350,000.

20. CONTINGENT LIABILITIES

The company and its United Kingdom subsidiary undertakings have entered into bank cross composite guarantees with National Westminster Bank PLC in respect of bank borrowings of the company and its UK subsidiary undertakings. The value of this guarantee is unlimited at 30 September 1998. At 30 September 1998 these bank borrowings amounted to £7,424,798.

21. OTHER FINANCIAL COMMITMENTS

	<i>Property</i>		<i>Other</i>	
	<i>30 September 1998</i>	<i>31 December 1997</i>	<i>30 September 1998</i>	<i>31 December 1997</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	-	-	-	3
In two to five years	-	-	-	14
In over five years	666	666	-	-
	<u>666</u>	<u>666</u>	<u>-</u>	<u>17</u>

22. RELATED PARTIES

The company has claimed an exemption from disclosing transactions with entities that are part of the group under FRS 8 on the basis that the group accounts in which Visual Action Holdings Limited is included are publicly available. There are no other related party transactions.

23. POST BALANCE SHEET

On 25 August 1999 the company sold its investment in Samfreight Limited for £133,235. The company realised a gain on disposal of £63,983. On 1 October 1998, the company merged its US audio visual business with certain other audio visual business already owned by the Caribiner International Inc. group in exchange for an issue of preference shares in Caribiner Intellectual Property Management, Inc., a wholly owned subsidiary of Caribiner International Inc.

24. PARENT UNDERTAKING

The company's immediate parent undertaking is Caribiner Services Limited, a company incorporated in the United Kingdom and registered in England and Wales. The results of Visual Action Holdings Limited are included in the group accounts of Caribiner Services Limited for the period to 30 September 1998.

The ultimate parent undertaking of the company is Caribiner International Inc, incorporated in the state of Delaware, United States of America. The results of Visual Action Holdings Limited were included in the consolidated accounts of Caribiner International, Inc. The accounts of Caribiner International, Inc. may be obtained from the company at its registered trade office: 16 West 61st Street, New York 10023 USA.