

COMPANY NO: 2844618

INTEGRATED PUBLISHING SYSTEMS LIMITED

Annual Report

Year ended 31 December 2002



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Company Information

Directors	H Mughal
Secretary	Ultimate Networks PLC
Registered office	Akhter House Perry Road Harlow Essex CM18 7PN
Registered number	2844618
Auditors	RSM Robson Rhodes LLP Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA
Bankers	Lloyds TSB Bank plc Threadneedle Street Branch 39 Threadneedle Street London EC2R 8AU

Report Of The Directors

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company is the provision of computer hardware, software and services to the publishing industry.

Business review and future developments

The results for the year are set out on page 5.

Ultimate parent company

Integrated Publishing Systems Limited is a wholly owned subsidiary of Ultima Networks PLC.

Dividend

The directors do not propose the payment of a dividend (2001 : £Nil).

Directors and directors' interests

The directors who held office during the year were as follows:

H Mughal

H Mughal was a director of the ultimate parent company, Ultima Networks PLC during the year ended 31 December 2002. He is not required to record his interest in other group companies in the register maintained by this company. His interest in Ultima Networks PLC is disclosed in that company's financial statements. He has no interest in the share capital of this company.

Statement of directors' responsibilities for the Annual Report

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

Report Of The Directors (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Auditors

On 3 May 2003, RSM Robson Rhodes, the company's auditors, transferred substantially the whole of their business to RSM Robson Rhodes LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of RSM Robson Rhodes as extending to RSM Robson Rhodes LLP with effect from the 3 May 2003.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of RSM Robson Rhodes as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approval

The report of the director was approved by the Board on 12 June 2003 and signed on it's behalf by:

Ultima Networks PLC
Secretary

A handwritten signature in black ink, appearing to be 'H M J 4', written over a horizontal line.

Independent Auditors' Report To The Shareholders Of

Integrated Publishing Systems Limited

We have audited the financial statements on pages 5 to 12.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders 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 applicable law and United Kingdom 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 the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. 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 information outside the Annual Report.

Basis of audit 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 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 affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes LLP

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Manchester, England

12 June 2003

Profit And Loss Account

for the year ended 31 December 2002

	Note	2002 £ '000	2001 £ '000
Turnover – continuing operations	2	285	394
Cost of sales		(131)	(209)
		<hr/>	<hr/>
Gross profit		154	185
Administrative expenses		(99)	(102)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	55	83
Taxation on profit on ordinary activities	6	14	-
		<hr/>	<hr/>
Retained profit for the financial year	12	69	83
		<hr/>	<hr/>

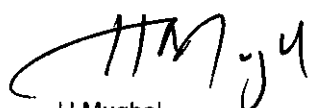
In both the current and preceding year the company has no recognised gains or losses other than the unrecovered gains or losses disclosed above.

Balance Sheet

at 31 December 2002

	Note	2002 £ '000	2001 £ '000
Fixed assets			
Tangible assets	7	1	2
		<hr/>	<hr/>
Current assets			
Debtors	8	316	335
Cash at bank and in hand		22	13
		<hr/>	<hr/>
Creditors: amounts falling due within one year	9	338 (256)	348 (336)
		<hr/>	<hr/>
Net current assets		82	12
		<hr/>	<hr/>
Net assets		83	14
		<hr/>	<hr/>
Capital and reserves			
Called up equity share capital	10	-	-
Capital reserve	11	91	91
Profit and loss account deficit	12	(8)	(77)
		<hr/>	<hr/>
Shareholders' funds – equity	13	83	14
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 12 June 2003 and were signed on its behalf by:



H Mughal
Director

Notes To The Financial Statements

31 December 2002

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Ultima Networks PLC, and its cash flows are included within the consolidated cash flow statement of that company.

New accounting standards

FRS 19 "Deferred Tax" has been adopted for the first time in these accounts. The change had no effect on the company as deferred tax had previously been accounted for on a full provision basis. FRS 18 "Accounting Policies" has also been adopted. It did not cause any other changes in policy, as after careful review, the directors are satisfied that the current accounting policies are the most appropriate for the company.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. The principal annual rates used for other assets are:

Fixtures and fittings	-	25%
Computer equipment	-	50%

Leased assets

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Research and development expenditure

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Deferred Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

2. TURNOVER

The turnover and pre-tax gains are attributed to the principal activity of the company, which is carried out in the United Kingdom.

Notes To The Financial Statements

31 December 2002

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2002 £ '000	2001 £ '000
Exceptional credit on approval of voluntary arrangement	-	(40)
Auditors' remuneration		
Audit work	4	3
Depreciation of tangible fixed assets	1	10
Operating lease rentals:		
Property	-	13
Plant and machinery	-	7
	<u> </u>	<u> </u>

The exceptional credit on approval of voluntary arrangement in 2001 represents the difference between creditors within the scope of the voluntary arrangement at the date of approval of the arrangement and the amount paid to those creditors by way of a distribution.

4. REMUNERATION OF DIRECTORS

	2002 £ '000	2001 £ '000
Directors' emoluments:		
Remuneration as directors	-	4
	<u> </u>	<u> </u>

No share options were exercised by directors during the year (2001 : none).

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2002 Number	2001 Number
Selling and distribution	-	1
Engineering and development	-	2
Management and administration	5	1
	<u> </u>	<u> </u>
	5	4
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2002 £ '000	2001 £ '000
Wages and salaries	139	115
Social security	16	12
	<u> </u>	<u> </u>
	155	127
	<u> </u>	<u> </u>

Notes To The Financial Statements

31 December 2002

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2002 £ '000	2001 £ '000
United Kingdom Corporation Tax		
Current tax on income for the year	-	-
Adjustments in respect of prior years	6	-
	<hr/>	<hr/>
Current taxation	6	-
Deferred taxation		
Net origination (reversal) of timing differences	(20)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	(14)	-
	<hr/>	<hr/>
Current tax reconciliation		
Profit on ordinary activities before taxation	55	83
	<hr/>	<hr/>
Theoretical tax at UK corporation tax rate 30% (2001: 30%)	17	25
Effects of:		
- accelerated capital allowances	(2)	-
- losses	(15)	-
- adjustments in respect of prior years	6	-
- movement on deferred tax not provided	-	(13)
- income not chargeable to corporation tax	-	(12)
	<hr/>	<hr/>
	6	-
	<hr/>	<hr/>

Integrated Publishing Systems Limited
Notes To The Financial Statements

31 December 2002

7. TANGIBLE FIXED ASSETS

	Fixtures, Fittings Tools and Equipment £'000
Cost	
At 1 January 2002	141
Additions	-
	<hr/>
At 31 December 2002	141
	<hr/>
Depreciation	
At 1 January 2002	139
Charge for year	1
	<hr/>
At 31 December 2002	140
	<hr/>
Net book value	
At 31 December 2002	1
	<hr/> <hr/>
At 31 December 2001	2
	<hr/> <hr/>

8. DEBTORS

	2002 £ '000	2001 £ '000
Trade debtors	94	121
Amounts owed by parent and fellow subsidiary undertakings	192	199
Prepayments and accrued income	8	12
Taxation and social security	2	3
Deferred taxation (note 16)	20	-
	<hr/>	<hr/>
	316	335
	<hr/> <hr/>	<hr/> <hr/>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £ '000	2001 £ '000
Trade creditors	41	143
Amounts owed to parent and fellow subsidiary undertakings	-	74
Accruals and deferred income	215	119
	<hr/>	<hr/>
	256	336
	<hr/> <hr/>	<hr/> <hr/>

Notes To The Financial Statements

31 December 2002

10. CALLED UP EQUITY SHARE CAPITAL

	2002 Number	2001 Number
Authorised		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
	£000	£000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	-	-
	<hr/>	<hr/>

11. CAPITAL RESERVE

	£ '000
At 1 January 2002 and 31 December 2002	91
	<hr/>

12. PROFIT AND LOSS ACCOUNT

	£ '000
At 1 January 2002 – deficit	(77)
Profit for the financial year	69
	<hr/>
At 31 December 2002 – deficit	(8)
	<hr/>

13. MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	£ '000
Opening shareholders' funds	14
Profit for the financial year	69
	<hr/>
Closing shareholders' funds	83
	<hr/>

14. OPERATING LEASE COMMITMENTS

There are no operating lease commitments to which the company is party.

15. CONTINGENT LIABILITY

The company has entered into an unlimited multilateral guarantee and debenture to secure the loans and overdrafts of certain group undertakings within the Ultima Networks PLC Group which at 31 December 2002 amounted to £1,780,000 (2001: £1,799,000). The debenture creates a fixed charge on book debts, goodwill and intellectual property and a floating charge over all the other assets of the company.

Integrated Publishing Systems Limited
Notes To The Financial Statements

31 December 2002

16. DEFERRED TAXATION

	Provided		Not Provided	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(5)	-	-	(7)
Losses	(15)	-	(8)	(38)
	<hr/>	<hr/>	<hr/>	<hr/>
	(20)	-	(8)	(45)
	<hr/>	<hr/>	<hr/>	<hr/>
				£'000
Opening balance				-
Transferred from profit and loss account				(20)
				<hr/>
Balance carried forward				(20)
				<hr/>

17. ULTIMATE PARENT COMPANY

Ultima Networks PLC which is incorporated in Great Britain and registered in England and Wales, is the parent company of Integrated Publishing Systems Limited. The financial statements of Ultima Networks PLC can be obtained from Akhter House, Perry Road, Harlow, Essex CM18 7PN.

18. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Ultima Networks PLC the company is exempt under Financial Reporting Standard 8 from the requirement to disclose transactions with fellow group companies.

However, the Chairman of the parent company is the majority shareholder in Akhter Group plc, which together with its related parties has a 47.6% shareholding in Ultima Networks PLC.

During the year, Integrated Publishing Systems Limited made purchases from Akhter Group plc totalling £158,000 (2001: £93,000) and £39,000 (2002: £117,000) was payable to Akhter Group plc at 31 December 2002. All transactions between Akhter Group plc and related parties and Integrated Publishing Systems Limited are conducted at arm's length and a normal commercial basis with extended credit terms granted.