

1788353

INVESTINMEDIA

Annual Report and Accounts

FOR THE EIGHTEEN MONTHS ENDED

30 September 2004



Key statistics

| | Unaudited Twelve months to 30 September 2004 | Unaudited Twelve months to 30 September 2003 |
|--------------------------------------|--|--|
| Continuing profit before tax (£'000) | 2,689 | 2,473 |
| Continuing profit after tax (£'000) | 1,930 | 1,703 |
| EPS continuing | 11.8p | 10.4p |
| EPS continuing diluted | 11.7p | 10.4p |
| Closing net funds/(debt) (£'000) | 2,030 | (9,993) |

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Chairman's statement

I have pleasure in presenting our first Annual Report as InvestinMedia. Following the successful completion of the Demerger of our former core business, your board is now able to focus on and pursue strategies more appropriate to an investment business in the media sector.

To simplify our accounting, your board changed the company's year end to 30 September 2004, the same as that of our principal investment, Complete Communications Corporation Limited ("Complete"). This change means that the Report and Accounts cover the eighteen month period to that date. The results for the eighteen month period ended 30 September 2004 on continuing operations show a profit before tax of £4,086,000. After charging a loss on discontinued operations of £14,786,000, the loss before tax for the eighteen months amounts to £10,700,000. For the twelve months to 30 September 2004, the profit before tax from continuing operations was £2,689,000 (twelve months to 30 September 2003: £2,473,000).

Overall, InvestinMedia performed in line with expectations for the period, thanks to another strong set of results from its investment in Complete and Medal Entertainment & Media plc ("MEM"), which are the focus of the group at present.

Complete, owner of the worldwide rights to 'Who Wants To Be A Millionaire?' and 'You Are What You Eat', continues to invest for the long-term development of its business mainly through its subsidiaries. Celador Productions has several television programmes that are scheduled to be broadcast in the UK in the next twelve months and Celador International has signed a number of new licensing partnerships in the past few months which Complete believes will bring increased rewards from 2006 onwards. Complete's film division will see the release of its second film, 'Separate Lives', a partnership with DNA Films Ltd, early this year and a third film is currently in production with a release planned later in 2005. Complete has also established Celador Radio Broadcasting, a joint venture with UBC Media Group plc. The creation of this company coincided with Ofcom's advertising of new FM licences. Although unsuccessful with its application in respect of Edinburgh, Celador Radio Broadcasting has submitted an application for Belfast and plans to submit further applications during 2005. It is anticipated, therefore, that overall 2005 will be a year of investment for Complete.

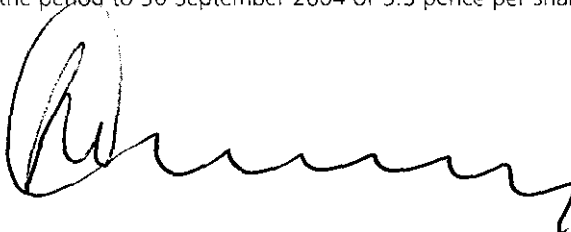
MEM, an AIM quoted media company, published its Interim Announcement for the six months to 30 September 2004, on 16 December 2004. Its Chairman commented "We have continued to develop the range of services offered by the Group and have focused on our core activities. Overall, the Group has performed satisfactorily during the period, particularly given a quiet trading environment for our television studio in the first half. We have also now put in place a solid foundation for developing a low risk approach to television programme production. In the current period the Group is trading strongly and we are making considerable progress in attaining our goal of being a media Group that can originate, produce, publish and distribute programmes for television and home entertainment." He also commented "The second half of the year has started very well and I am confident that the current levels of business being generated will ensure a highly satisfactory outcome for the current year."

Your board views the future of your company and both of our associate company investments with confidence. The board is proposing paying a final dividend of 3.5 pence per share on 6 April 2005, which together with the interim dividend will make a total for the period to 30 September 2004 of 5.5 pence per share.

Richard Murray

Chairman

11 January 2005



Directors' report

The directors have pleasure in presenting their report and the financial statements for the period from 1 April 2003 to 30 September 2004.

Change of name

On 18 February 2004, the company changed its name from Avesco plc to InvestinMedia plc and demerged the group's core activities into a new company that was renamed as Avesco plc and is now quoted on AIM.

Principal activity

The company and its subsidiaries now engage principally in the management of its investments.

Review of the business and future developments

The business is reviewed in the Chairman's statement on page 1, which also includes reference to the group's future prospects.

Results and dividends

The results of the group are set out in detail on page 7. The directors recommend payment of a final dividend for the period ended 30 September 2004 of 3.5 pence per ordinary share to be paid on 6 April 2005 to shareholders on the Register on 4 March 2005, making a total dividend for the period of 5.5 pence per ordinary share (2003: 5.0 pence).

Share capital

Details of the changes in the company's share capital during the period are given in note 21 to the financial statements.

Directors and their interests

The interests of the directors, who held office at 30 September 2004, in the share capital of the company, all of which are beneficial, were as follows:

| | At 30 September 2004 and 11 January 2005 | | At 31 March 2003 | |
|-------------|--|------------------------------|------------------|------------------------------|
| | Ordinary shares | Options over ordinary shares | Ordinary shares | Options over ordinary shares |
| RA Murray | 3,216,074 | 652,652 | 3,116,074 | — |
| CA Maxwell | 50,000 | 489,489 | 40,000 | — |
| AP Stirling | 14,000 | 326,326 | 30,000 | — |

The directors' options over ordinary shares were all granted at 71.1667 pence on 24 February 2004 and are exercisable between 24 February 2007 and 24 February 2011. The closing share price on 30 September 2004 was 81 pence.

Mr Murray's full surname is Murray-Obodyski but he is referred to in the annual report by the name under which he is generally known in the industry.

Graham Andrews, David Brocksom, Nicholas Conn, David Crump, Ian Martin and David Nicholson resigned from the board on completion of the Demerger on 18 February 2004.

Substantial interests

At 7 January 2005, the company had been notified of the following holdings of 3% or more in accordance with sections 198 to 208 of the Companies Act 1985:

| | Ordinary shares | Percentage of allotted Ordinary shares |
|---|-----------------|--|
| RA Murray | 3,216,074 | 19.71% |
| Talpa Beheer B.V. | 2,465,000 | 15.11% |
| Prudential plc | 2,405,711 | 14.74% |
| The Fleming Mercantile Investment Trust PLC | 1,514,600 | 9.28% |
| Complete Communications Corporation Limited | 1,225,000 | 7.51% |
| Schroder Investment Management Limited | 1,004,567 | 6.16% |
| Acquisitor Holdings (Bermuda) Limited | 700,000 | 4.29% |

The holding of Prudential plc includes the shareholding of M&G Investment Fund (3) of 1,832,665 ordinary shares, representing 11.23% of the allotted ordinary shares.

Annual General Meeting

Shareholders will see from the notice of the Annual General Meeting as set out on pages 23 and 24 that they are being asked, *inter alia*, to renew the authority given to the directors to allot relevant securities (resolution 5) and the disapplication of pre-emption rights (Resolution 6). Shareholders are also being asked to pass a resolution to authorise the company to make market purchases of its own shares (Resolution 7). These resolutions comply with ABI guidelines. The directors have no present intention to make any such purchases. If, however, the directors do exercise such authority the ordinary shares purchased will either be cancelled or held in treasury in accordance with the Companies Act 1985.

Statement of directors' responsibilities

Company law 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; and
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Directors' report, continued

Corporate governance

The board of directors is accountable to shareholders for the good corporate governance of the group. The principles of corporate governance and a code of best practice are set out in the Combined Code. Under the rules of the Alternative Investment Market (AIM), the group is not required to comply in full with the Code nor to state where it derogates from it. The board has reviewed the requirements of the Combined Code and complies with its principles where possible given the size and nature of the group.

The board comprises the non-executive Chairman, one other non-executive director and the executive director. Because of the board's size, there are currently no separate audit or remuneration committees and the board as a whole considers all matters. The board will continue to review the level of corporate governance appropriate to the group.

The board undertakes a formal assessment of the auditors' independence each year, which includes a review of non-audit services provided to the group, the related fees and a discussion with the auditors about any relationships with the group or its directors that could affect their independence or the perception of independence.

Payment policy to suppliers

Although the company does not follow a code, the company's policy, which is also applied to the group, is to negotiate payment terms with its suppliers and to abide by the agreed payment terms provided that the supplier has provided the goods and services in accordance with the agreed terms and conditions. The company had no outstanding trade creditors at 30 September 2004 (2003: 70 days).

Political and charitable contributions

The group made no contributions for charitable or political purposes during the period.

Auditors

During the period, the company's auditors, KPMG Audit Plc, resigned and the directors appointed Baker Tilly to fill the casual vacancy. A resolution for the reappointment of Baker Tilly will be proposed at the forthcoming annual general meeting.

By order of the board

Watlington Securities Ltd.

Watlington Securities Limited

Company Secretary

11 January 2005

Board of directors

Richard Alan Murray

Non-executive Chairman, aged 54, founded the company in 1984 and is a non-executive director of Complete and MEM. He is chairman of Charlton Athletic plc and a non-executive director of Avesco plc and Welsh Industrial Investment Trust plc.

Cameron Anderson Maxwell FCA

Executive director, aged 62, joined the Board in 1985 and is a non-executive director of Complete. He was Finance Director of Avesco plc until 1998 and a non-executive director from then until the Demerger in February 2004. He is a member of the Council of the Institute of Chartered Accountants in England and Wales.

Alfred Patrick Stirling FCA

Non-executive director, aged 68, was appointed to the board in 1984. He is Chairman and Managing Director of Gresham House plc and Welsh Industrial Investment Trust plc.

Company Secretary and Registered Office

Secretary: Watlington Securities Ltd, Registered Office: 36 Elder Street, London E1 6BT

E-mail: mail@InvestinMedia.com **Website:** www.InvestinMedia.com

Registered Number 1788363

Share Quotation

The company's shares are quoted on AIM

Registrars and Transfer Office

Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Auditors

Baker Tilly, Chartered Accountants, 2 Bloomsbury Street, London WC1B 3ST

Stockbrokers and Financial Advisers

Durlacher Limited, 155 Moorgate, London EC2M 6XE

Solicitors

DMH Stallard, Centurion House, 37 Jewry Street, London EC3N 2ER

Principal Bankers

*HSBC Bank plc
Anglo Irish Bank Corporation plc*

Independent auditors' report to the members of InvestinMedia plc

We have audited the financial statements on pages 7 to 22.

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 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 have been 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 group is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement and the Directors' 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 audit 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 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'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 and the group as at 30 September 2004 and of the group loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor

Chartered Accountants

2 Bloomsbury Street, London WC1B 3ST

11 January 2005



Consolidated profit and loss account

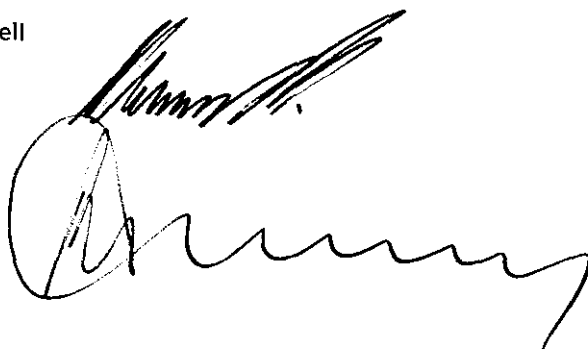
| | | For the eighteen months ended 30 September 2004 | | | For the twelve months ended 31 March 2003 | | |
|---|----|--|-----------------------|----------------|--|-----------------------|----------------|
| | | Continuing Note £'000 | Discontinued £'000 | Total £'000 | Continuing £'000 | Discontinued £'000 | Total £'000 |
| Group and share of associates' turnover | 2 | 28,743 | 46,242 | 74,985 | 21,282 | 59,835 | 81,117 |
| Less: Share of associates' turnover | | (28,293) | — | (28,293) | (20,982) | — | (20,982) |
| Group turnover | | 450 | 46,242 | 46,692 | 300 | 59,835 | 60,135 |
| Cost of sales | | — | (29,705) | (29,705) | — | (38,849) | (38,849) |
| Gross profit | | 450 | 16,537 | 16,987 | 300 | 20,986 | 21,286 |
| Distribution costs | | — | (2,422) | (2,422) | — | (3,150) | (3,150) |
| Administrative expenses | | (393) | (20,416) | (20,809) | (300) | (24,339) | (24,639) |
| Group operating profit/(loss) | | 57 | (6,301) | (6,244) | — | (6,503) | (6,503) |
| Share of associates' operating profit | | 3,653 | — | 3,653 | 2,687 | — | 2,687 |
| Group and share of associates' operating profit / (loss) | | 3,710 | (6,301) | (2,591) | 2,687 | (6,503) | (3,816) |
| Loss on demerger | 27 | — | (7,722) | (7,722) | — | — | — |
| (Loss)/profit on disposal of operations | 30 | — | (235) | (235) | — | 1,061 | 1,061 |
| Profit/(loss) on ordinary activities before interest and taxation | | 3,710 | (14,258) | (10,548) | 2,687 | (5,442) | (2,755) |
| Net interest receivable/(payable) | 3 | 376 | (528) | (152) | 224 | (621) | (397) |
| Profit/(loss) on ordinary activities before taxation | 4 | 4,086 | (14,786) | (10,700) | 2,911 | (6,063) | (3,152) |
| Taxation on ordinary activities | 8 | (1,281) | (20) | (1,301) | (909) | 285 | (624) |
| Profit/(loss) on ordinary activities after taxation | | 2,805 | (14,806) | (12,001) | 2,002 | (5,778) | (3,776) |
| Equity minority interest | | — | 75 | 75 | — | 20 | 20 |
| Profit/(loss) for the period | | 2,805 | (14,731) | (11,926) | 2,002 | (5,758) | (3,756) |
| Dividends | 9 | (897) | — | (897) | (816) | — | (816) |
| Retained profit/(loss) for the financial period | 23 | 1,908 | (14,731) | (12,823) | 1,186 | (5,758) | (4,572) |
| Earnings/(loss) per share — | | | | | | | |
| Basic | 10 | 17.2p | (90.3p) | (73.1p) | 12.3p | (35.3p) | (23.0p) |
| Diluted | 10 | 17.0p | (90.3p) | (73.1p) | 12.3p | (35.3p) | (23.0p) |
| Dividends per share | 9 | 5.5p | | 5.5p | 5.0p | | 5.0p |

Balance sheets

| | Note | Group | | Company | |
|--|------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | | 30 September 2004 £'000 | 31 March 2003 £'000 | 30 September 2004 £'000 | 31 March 2003 £'000 |
| Intangible assets | 11 | — | 4,998 | — | — |
| Tangible assets | 12 | — | 28,141 | — | 192 |
| Investments in associates | 13 | 5,468 | 4,067 | — | — |
| Other investments | 13 | — | 1,472 | 15,000 | 5,820 |
| Fixed assets | | 5,468 | 38,678 | 15,000 | 6,012 |
| Stocks | 15 | — | 698 | — | — |
| Debtors | 16 | 767 | 12,402 | 32 | 41,244 |
| Cash at bank and in hand | | 2,030 | 1,301 | 2,030 | — |
| Current assets | | 2,797 | 14,401 | 2,062 | 41,244 |
| Creditors: amounts falling due within one year | 17 | (641) | (17,360) | (641) | (6,082) |
| Net current assets/(liabilities) | | 2,156 | (2,959) | 1,421 | 35,162 |
| Total assets less current liabilities | | 7,624 | 35,719 | 16,421 | 41,174 |
| Creditors: amounts falling due after more than one year | 18 | — | (5,134) | — | (1,612) |
| Net assets | | 7,624 | 30,585 | 16,421 | 39,562 |
| Capital and reserves | | | | | |
| Called up share capital | 21 | 1,632 | 1,632 | 1,632 | 1,632 |
| Share premium account | 23 | 12,489 | 31,269 | 12,489 | 31,269 |
| Profit and loss account | 23 | (6,497) | (2,316) | 2,300 | 6,661 |
| Equity shareholders' funds | | 7,624 | 30,585 | 16,421 | 39,562 |

The financial statements on pages 7 to 22 were approved by the board of directors on 11 January 2005 and were signed on its behalf by:

Richard Murray
Cameron Maxwell
 Directors



Consolidated cash flow statement

| | | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|---|------|---|---|
| | Note | | |
| Net cash flow from operating activities | 24 | 5,512 | 11,480 |
| Dividends from associate | | 2,784 | 1,514 |
| Interest received | | 39 | 54 |
| Interest paid | | (312) | (295) |
| Interest element of hire purchase payments | | (220) | (378) |
| Returns on investments and servicing of finance | | (493) | (619) |
| Taxation | | 76 | 831 |
| Net cash flow before capital expenditure | | 7,879 | 13,206 |
| Purchase of tangible assets | | (5,540) | (11,554) |
| Sale of tangible assets | | 2,581 | 3,781 |
| Capital expenditure | | (2,959) | (7,773) |
| Acquisition of subsidiaries and businesses | | — | (106) |
| Disposal of subsidiaries and businesses | | (166) | 4,897 |
| Net overdraft disposed of with subsidiaries | | 1,582 | 238 |
| Acquisitions and disposals | | 1,416 | 5,029 |
| Equity dividends paid | | (1,141) | (2,120) |
| Net cash flow before financing | | 5,195 | 8,342 |
| Issue of shares in subsidiaries to minority interests | | — | 20 |
| Change in bank loans | 25 | 1,033 | (5,922) |
| Change in hire purchase obligations | 25 | (3,792) | (2,329) |
| Financing | | (2,759) | (8,231) |
| Change in cash in the period | 25 | 2,436 | 111 |
| Closing net funds/(debt) | 25 | 2,030 | (10,279) |

Consolidated statement of total recognised gains and losses

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|---|---|---|
| Loss for the period | (11,926) | (3,756) |
| Currency translation differences | — | (39) |
| Total recognised gains and losses relating to the period | (11,926) | (3,795) |

Consolidated reconciliation of movement in equity shareholders' funds

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--|---|---|
| Loss for the period | (11,926) | (3,756) |
| Dividends | (897) | (816) |
| Retained loss for the financial period | (12,823) | (4,572) |
| Goodwill previously eliminated against reserves | 8,642 | — |
| Reduction in share capital | (18,780) | — |
| Currency translation differences | — | (39) |
| Net reduction in equity shareholders' funds | (22,961) | (4,611) |
| Opening equity shareholders' funds | 30,585 | 35,196 |
| Closing equity shareholders' funds | 7,624 | 30,585 |

Notes to the financial statements

1 Accounting Policies

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries made up to 30 September 2004. The results of subsidiaries or businesses acquired are included from the date control passes to the group and the results of subsidiaries or businesses disposed of are included up to the date control passes from the group. All intra-group transactions and balances are eliminated on consolidation.

The group accounts for entities in which it has a long-term interest and over which it exercises significant influence, rather than control, as associates. The group uses the equity method of consolidation to account for its associates including the group's share of the profits less losses of the associates in the consolidated profit and loss account and including its interest in their net assets as investments in the consolidated balance sheet.

Associates — Complete Communications Corporation Limited ("Complete"). The following additional accounting policies are relevant to the television programme production and rights exploitation business of Complete,

Turnover is recognised as follows:

- (a) Income from television programmes produced by Complete — For television programmes such as "Who Wants To Be A Millionaire?", income is recognised when the programme is transmitted and right to revenue arises. For longer-term television programme production work, income is recognised in proportion to the production work completed and matched against cost incurred.
- (b) Licence fees from television programmes not produced by Complete — These are spread evenly over the term of a licence until the number of programmes covered by the minimum licence fee is exceeded when the remaining revenue is recognised. Thereafter, additional licence fees are recognised when additional programmes are transmitted.
- (c) Merchandise royalties — These are recognised on an accruals basis when the amounts can be reliably estimated based on statements or reports received from licensees.

Company profit and loss account

The company has taken advantage of the exemption from presenting its own profit and loss account in accordance with section 230(4) of the Companies Act 1985. The loss for the period of the company was £3,464,000 (year to 31 March 2003: £2,363,000 loss).

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Post-retirement benefits

The group has no defined benefit pension arrangements.

Turnover and revenue recognition

Turnover represents the value of services and goods supplied to customers excluding Value Added Tax and net of customer discounts. Revenue is recognised as follows:

- (a) Supply of services — Proportionally over the duration of the service or hire period.
- (b) Supply of goods — When the goods are dispatched to the customer.

Revenue from the disposal of fixed assets is not treated as turnover.

Web site costs

The group uses web sites principally for communication purposes; accordingly, all web site costs are recognised in the profit and loss account as incurred.

Goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired, is capitalised and written off evenly over its useful economic life as in the opinion of the directors this represents the period over which the goodwill is effective. Goodwill arising before 31 March 1998 has been eliminated against reserves in the year of acquisition. If the related business is subsequently disposed of, the goodwill is written back and included in the calculation of the profit or loss on disposal.

Tangible fixed assets

Fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

| | |
|---------------------------------------|------------------------------------|
| Freehold and long leasehold buildings | 30 to 50 years |
| Short leasehold buildings | remaining period of the lease term |
| Plant and machinery | 2 to 10 years |

Notes to the financial statements, continued

1 Accounting Policies continued

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding. All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight-line basis over the lease term.

2 Segmental analysis

The group's continuing business consists of the management of its investments, principally in its two associated companies, Complete Communications Corporation Limited ("Complete"), a television programme production and rights exploitation business based in the United Kingdom, and Medal Entertainment & Media plc ("MEM"), an AIM quoted media company. The Demerger discontinued the rest of the group's business on 18 February 2004. The results are shown after costs directly relating to each class of business.

| | For the eighteen months ended 30 September 2004 | | | For the twelve months ended 31 March 2003 | | |
|-----------------------------|--|--------------------------------------|---------------------|--|--------------------------------------|---------------------|
| | Turnover £'000 | Profit/(loss) before tax £'000 | Net assets £'000 | Turnover £'000 | Profit/(loss) before tax £'000 | Net assets £'000 |
| Our share of Complete | 24,563 | 3,870 | 3,861 | 20,982 | 2,911 | 4,067 |
| Our share of MEM | 3,730 | 124 | 1,607 | — | — | 1,472 |
| Other continuing activities | 450 | 92 | 2,156 | 300 | — | — |
| Total continuing activities | 28,743 | 4,086 | 7,624 | 21,282 | 2,911 | 5,539 |
| Discontinued activities | 46,242 | (14,786) | — | 59,835 | (6,063) | 25,046 |
| Total | 74,985 | (10,700) | 7,624 | 81,117 | (3,152) | 30,585 |
| Less: share of associates | (28,293) | (3,994) | (5,468) | (20,982) | (2,911) | (4,067) |
| Group total | 46,692 | (14,694) | 2,156 | 60,135 | (6,063) | 26,518 |

Turnover by destination

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--------------------------|---|---|
| United Kingdom | 17,662 | 28,417 |
| Mainland Europe | 8,987 | 7,611 |
| United States of America | 19,948 | 23,264 |
| Rest of the World | 95 | 843 |
| Group turnover | 46,692 | 60,135 |

2 Segmental analysis continued

Turnover by origin

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--------------------------|---|---|
| United Kingdom | 18,977 | 29,287 |
| Mainland Europe | 8,355 | 6,682 |
| United States of America | 19,360 | 24,166 |
| Group turnover | 46,692 | 60,135 |

3 Net interest payable

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--|---|---|
| Bank loans and overdrafts | 311 | 293 |
| Hire purchase obligations | 220 | 378 |
| Other | 1 | 1 |
| Group interest payable | 532 | 672 |
| Share of associates' interest payable | 96 | — |
| Group and share of associates' interest payable | 628 | 672 |
| Group interest receivable | (39) | (51) |
| Share of associates' interest receivable | (437) | (224) |
| Group and share of associates' interest receivable | (476) | (275) |
| Net interest payable | 152 | 397 |

4 Profit/(loss) on ordinary activities before taxation

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

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--|---|---|
| Operating lease payments | | |
| — Land and buildings | 1,017 | 1,344 |
| — Plant and equipment | 181 | 280 |
| Depreciation charge | | |
| — Owned tangible assets | 8,339 | 8,839 |
| — Assets held under hire purchase arrangements | 1,281 | 2,422 |
| Amortisation of goodwill | 1,918 | 5,146 |
| Impairment of tangible fixed assets | — | 413 |
| Profit on disposal of tangible assets | (223) | (390) |

The amounts payable to Baker Tilly by the group in respect of both audit and non-audit services are set out below. The amounts payable during the year ended 31 March 2003 were to the group's previous auditors, KPMG Audit Plc.

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--------------------------------------|---|---|
| Services as auditors | 15 | 172 |
| Further assurance services | 35 | 9 |
| Tax compliance and advisory services | 8 | 34 |
| | 58 | 215 |

Notes to the financial statements, continued

5 Directors' remuneration

The emoluments of the directors of the company were:

| | For the eighteen months ended 30 September 2004 | | | For the twelve months ended 31 March 2003 | | |
|--------------------------------|--|------------------|----------------|--|------------------|----------------|
| | Fees/Salary £'000 | Pension £'000 | Total £'000 | Fees/Salary £'000 | Pension £'000 | Total £'000 |
| Executive directors | | | | | | |
| CA Maxwell* | 81 | — | 81 | 15 | — | 15 |
| Non-executive directors | | | | | | |
| RA Murray* | 103 | — | 103 | 108 | — | 108 |
| AP Stirling* | 10 | — | 10 | 13 | — | 13 |
| Former directors | | | | | | |
| DJ Nicholson† | 159 | 17 | 176 | 181 | 19 | 200 |
| GP Andrewst | 137 | 12 | 149 | 155 | 13 | 168 |
| DG Brocksom† | 120 | 10 | 130 | 126 | 12 | 138 |
| NS Conn† | 82 | 7 | 89 | 93 | 8 | 101 |
| DA Crum† | 131 | 12 | 143 | 146 | 13 | 159 |
| IP Martint | 46 | — | 46 | 8 | — | 8 |
| AJ Mortont | — | — | — | 23 | — | 23 |
| JS Kossick† | — | — | — | 128 | 4 | 132 |
| Total | 869 | 58 | 927 | 996 | 69 | 1,065 |

* The fees and salaries of those directors marked with an asterisk were paid to companies connected with the directors.

† Messrs Andrews, Brocksom, Conn, Crump, Martin and Nicholson resigned from the board on completion of the Demerger on 18 February 2004. Messrs Morton and Kossick resigned from the Board during the year ended 31 March 2003.

The company made contributions to defined contribution pension arrangements in respect of five directors (2003: six directors).

6 Employee information

The average number of persons employed by the group was:

| | For the eighteen months ended 30 September 2004 Number | For the twelve months ended 31 March 2003 Number |
|------------------------|--|--|
| Operations | 201 | 390 |
| Administration | 37 | 67 |
| Total employees | 238 | 457 |

At 30 September 2004, the group had no employees (31 March 2003: 423 employees).

The aggregate payroll costs of these former employees were:

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|----------------------------|---|---|
| Wages and salaries | 12,701 | 15,567 |
| Social security costs | 1,329 | 1,620 |
| Other pension costs | 240 | 341 |
| Total payroll costs | 14,270 | 17,528 |

7 Post-retirement benefits

The group operated defined contribution type pension arrangements for certain of its employees both in the UK and overseas. Financial institutions hold the assets of these arrangements entirely separately from those of the group. The cost of these pension arrangements was £240,000 (2003: £341,000), and nil (2003: £31,000) of contributions were unpaid at the period end. The group provides no other post-retirement benefits.

8 Taxation

Analysis of taxation charge for the period

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|---|---|---|
| UK corporation taxation — adjustments in respect of prior years | — | (88) |
| Overseas taxation | 20 | 34 |
| Group current taxation | 20 | (54) |
| Share of associates' current taxation | 1,279 | 988 |
| Group and share of associates' current taxation | 1,299 | 934 |
| Group deferred taxation | — | (231) |
| Share of associates' deferred taxation | 2 | (79) |
| Group and share of associates' deferred taxation | 2 | (310) |
| Group taxation | 20 | (285) |
| Share of associates' taxation | 1,281 | 909 |
| Group and share of associates' taxation | 1,301 | 624 |

Factors affecting the taxation charge

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

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--|---|---|
| Loss on ordinary activities before taxation | (10,700) | (3,152) |
| Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% | (3,210) | (946) |
| Goodwill amortisation | 3,168 | 1,544 |
| Other non-deductible expenses | 248 | 73 |
| Depreciation in excess of capital allowances | 780 | 536 |
| Other timing differences | 213 | (507) |
| Utilisation of tax losses | — | (225) |
| Unrelieved losses of overseas operations | — | 374 |
| Results on disposal of operations, associates and investments | — | 295 |
| Other differences | 100 | (210) |
| Group and share of associates' current taxation | 1,299 | 934 |

Factors which may affect future taxation charges

The group has tax losses carried forward (see note 20) which may be available to reduce future tax payments. None of these losses have been recognised as deferred tax assets due to uncertainties concerning the extent and timing of recoverability. Future recoverability is dependent upon the generation of taxable profits by certain of the group's operations.

9 Dividends

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|---|---|---|
| Interim dividend of 2.0p per share (2003: 2.0p per share) | 326 | 326 |
| Final dividend of 3.5p per share (2003: 3.0p per share) | 571 | 490 |
| Total dividend of 5.5p per share (2003: 5.0p per share) | 897 | 816 |

Notes to the financial statements, continued

10 Earnings per share

Basic earnings per share ("EPS") have been calculated by dividing earnings (profit/loss) after taxation and minority interests by the weighted average number of ordinary shares in issue during the period.

Weighted average number of shares

| | For the eighteen months ended 30 September 2004 Number | For the twelve months ended 31 March 2003 Number |
|----------------------------------|--|--|
| For basic earnings per share | 16,316,297 | 16,316,297 |
| Effect of dilutive share options | 240,455 | — |
| For diluted earnings per share | 16,556,752 | 16,316,297 |

11 Intangible fixed assets

| | Group Goodwill £'000 |
|------------------------|----------------------------|
| Cost | |
| At 1 April 2003 | 22,205 |
| Demerger | (22,205) |
| At 30 September 2004 | — |
| Amortisation | |
| At 1 April 2003 | 17,207 |
| Charge for the period | 1,918 |
| Demerger | (19,125) |
| At 30 September 2004 | — |
| Net book values | |
| At 30 September 2004 | — |
| At 31 March 2003 | 4,998 |

12 Tangible fixed assets

| | Land and Buildings £'000 | Hire Stock £'000 | Other Plant and Equipment £'000 | Group Total £'000 | Company Plant and Equipment £'000 |
|---------------------------|--------------------------------|---------------------|---------------------------------------|-------------------------|--|
| Cost | | | | | |
| At 1 April 2003 | 8,277 | 58,541 | 6,430 | 73,248 | 372 |
| Additions | 694 | 6,046 | 635 | 7,375 | — |
| Disposals and Demerger | (8,971) | (64,587) | (7,065) | (80,623) | — |
| Transfers to subsidiaries | — | — | — | — | (372) |
| At 30 September 2004 | — | — | — | — | — |
| Depreciation | | | | | |
| At 1 April 2003 | 2,717 | 38,601 | 3,789 | 45,107 | 180 |
| Charge for the period | 371 | 8,282 | 967 | 9,620 | 65 |
| Disposals and Demerger | (3,088) | (46,883) | (4,756) | (54,727) | — |
| Transfers to subsidiaries | — | — | — | — | (245) |
| At 30 September 2004 | — | — | — | — | — |
| Net book values | | | | | |
| At 30 September 2004 | — | — | — | — | — |
| At 31 March 2003 | 5,560 | 19,940 | 2,641 | 28,141 | 192 |

12 Tangible fixed assets continued

| | Group At 30 September 2004 £'000 | Group At 31 March 2003 £'000 |
|---|---|---------------------------------------|
| The following assets (which principally comprise hire stock) were held under hire purchase contracts: | | |
| Cost | — | 13,907 |
| Depreciation | — | (6,370) |
| Net book value | — | 7,537 |
| The net book value of land and buildings is analysed as follows: | | |
| Freehold land | — | 900 |
| Freehold buildings | — | 2,709 |
| Long leasehold buildings | — | 152 |
| Short leasehold buildings | — | 1,799 |
| | — | 5,560 |

13 Fixed asset investments

| | Investment in associates £'000 | Other investments £'000 | Group Total £'000 | Company Shareholding in subsidiaries £'000 |
|---------------------------------------|--------------------------------------|-------------------------------|-------------------------|---|
| Cost/share of net assets | | | | |
| At 1 April 2003 | 4,067 | 1,472 | 5,539 | 6,963 |
| Additions | — | — | — | 15,000 |
| Transfers | 1,472 | (1,472) | — | 16,784 |
| Demerger | — | — | — | (23,154) |
| Share of associate's profit after tax | 2,713 | — | 2,713 | — |
| Dividends from associate | (2,784) | — | (2,784) | — |
| At 30 September 2004 | 5,468 | — | 5,468 | 15,593 |
| Provisions for impairment | | | | |
| At 1 April 2003 | — | — | — | 1,143 |
| Demerger | — | — | — | (550) |
| At 30 September 2004 | — | — | — | 593 |
| Net book value | | | | |
| At 30 September 2004 | 5,468 | — | 5,468 | 15,000 |
| At 1 April 2003 | 4,067 | 1,472 | 5,539 | 5,820 |

Principal subsidiaries

The group's subsidiaries at 30 September 2004, which are registered and operate in England and are investment holding companies, are: InvestinMedia Holdings Ltd (100% beneficially owned by InvestinMedia plc) and InvestinMedia Investments Ltd (100% beneficially owned by InvestinMedia Holdings Ltd).

14 Associate undertakings

The group's associates were: Complete Communications Corporation Limited ("Complete"), a company registered in England and Wales and engaged in television programme production and rights exploitation, and Medal Entertainment & Media plc ("MEM"), an AIM quoted media company.

Complete

The group owns 100% of the A ordinary shares which gives the group a 49% economic interest in Complete together with 49% of the voting rights. The group share of the results of Complete was as follows:

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--|---|---|
| Turnover | 24,563 | 20,982 |
| Operating profit | 3,433 | 2,687 |
| Profit on ordinary activities before interest and taxation | 3,433 | 2,687 |
| Net interest receivable and similar items | 437 | 224 |
| Profit on ordinary activities before taxation | 3,870 | 2,911 |
| Taxation on profit on ordinary activities | (1,292) | (909) |
| Profit on ordinary activities after taxation | 2,578 | 2,002 |

Notes to the financial statements, continued

14 Associate undertakings continued

| | At 30 September 2004 £'000 | At 31 March 2003 £'000 |
|---|----------------------------------|------------------------------|
| The group share of the net assets of Complete was as follows: | | |
| Tangible fixed assets | 350 | 411 |
| Intangible fixed assets | 86 | — |
| Investments | 737 | 465 |
| Stocks and work in progress | 1,315 | — |
| Deferred taxation | 199 | 222 |
| Debtors | 3,163 | 4,210 |
| Cash | 6,191 | 6,752 |
| Creditors: amounts falling due within one year | (8,180) | (7,993) |
| Net assets | 3,861 | 4,067 |

MEM

Following announcements made by MEM in early April 2003 regarding changes in management and the development of the organic growth strategy at MEM, the directors have reviewed the status of this investment. As the directors consider the objectives of MEM to be more closely aligned with those of the group, they have decided to retain the investment for the long term and have directed the Chairman of InvestinMedia plc, who has had a seat on the MEM Board from October 2001, to become more actively involved in the affairs of MEM on behalf of the group. The group increased its holding in MEM through the exercise of the warrants, following changes in their terms, on 17 April 2003 to 2,517,943 shares, representing 23.7% of the enlarged share capital of MEM. The directors decided that it was appropriate to treat the investment as an associated undertaking from the date of these changes. As a result of the enlargement of MEM's Share Capital on 15 March 2004, the group now owns 16.7% of the ordinary shares in MEM. The market value of this investment at 30 September 2004 was £2.08 million (31 March 2003: £1.54 million). The group share of the results of MEM was as follows:

| | For the eighteen months ended 30 September 2004 £'000 |
|--|---|
| Turnover | 3,730 |
| Operating profit | 220 |
| Profit on ordinary activities before interest and taxation | 220 |
| Net interest payable | (96) |
| Profit on ordinary activities before taxation | 124 |
| Taxation on profit on ordinary activities | 11 |
| Profit on ordinary activities after taxation | 135 |

| | At 30 September 2004 £'000 |
|--|----------------------------------|
| The group share of the net assets of MEM was as follows: | |
| Tangible fixed assets | 1,192 |
| Intangible fixed assets | 381 |
| Investments | 30 |
| Stocks and work in progress | 146 |
| Deferred taxation | 67 |
| Debtors | 1,066 |
| (Borrowings)/Cash | (837) |
| Creditors: amounts falling due within one year | (438) |
| Net assets | 1,607 |

In the period to 31 March 2003, MEM generated turnover of £6,562,000 and made a profit before tax of £605,000. As at 31 March 2003 it had net capital and reserves of £6,068,000.

15 Stocks

| | Group | | Company | |
|-------------------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 30 September 2004 £'000 | 31 March 2003 £'000 | 30 September 2004 £'000 | 31 March 2003 £'000 |
| Raw materials and consumables | — | 529 | — | — |
| Work in progress | — | 124 | — | — |
| Finished goods and goods for resale | — | 45 | — | — |
| | — | 698 | — | — |

16 Debtors

| | Group | | Company | |
|-------------------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 30 September 2004 £'000 | 31 March 2003 £'000 | 30 September 2004 £'000 | 31 March 2003 £'000 |
| Amounts falling due within one year | | | | |
| Trade debtors | — | 10,302 | — | — |
| Amounts owed by subsidiaries | — | — | — | 40,884 |
| Corporate taxation | — | 96 | — | 96 |
| Other debtors | — | 519 | — | 230 |
| Prepayments and accrued income | 767 | 1,485 | 32 | 34 |
| | 767 | 12,402 | 32 | 41,244 |

17 Creditors: amounts falling due within one year

| | Group | | Company | |
|------------------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 30 September 2004 £'000 | 31 March 2003 £'000 | 30 September 2004 £'000 | 31 March 2003 £'000 |
| Bank overdrafts | — | 1,707 | — | 3,716 |
| Bank loans | — | 1,374 | — | 1,166 |
| Hire purchase obligations | — | 3,365 | — | — |
| Trade creditors | — | 5,200 | — | 168 |
| Amounts owed to subsidiaries | — | — | — | 2 |
| Corporate taxation | — | 449 | — | — |
| Other taxation and social security | 8 | 887 | 8 | — |
| Other creditors | 18 | 104 | 18 | — |
| Accruals and deferred income | 30 | 3,445 | 30 | 201 |
| Dividends payable | 585 | 829 | 585 | 829 |
| | 641 | 17,360 | 641 | 6,082 |

18 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 30 September 2004 £'000 | 31 March 2003 £'000 | 30 September 2004 £'000 | 31 March 2003 £'000 |
| Bank loans | — | 1,612 | — | 1,612 |
| Hire purchase obligations | — | 3,522 | — | — |
| | — | 5,134 | — | 1,612 |

19 Maturity of bank loans and hire purchase obligations

| | Group | | Company | |
|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 30 September 2004 £'000 | 31 March 2003 £'000 | 30 September 2004 £'000 | 31 March 2003 £'000 |
| Bank loans | | | | |
| In one year or less | — | 1,374 | — | 1,166 |
| In more than one year but not more than two years | — | 1,167 | — | 1,167 |
| In more than two years but not more than five years | — | 445 | — | 445 |
| | — | 2,986 | — | 2,778 |
| Hire purchase obligations | | | | |
| In one year or less | — | 3,365 | — | — |
| In more than one year but not more than two years | — | 1,908 | — | — |
| In more than two years but not more than five years | — | 1,614 | — | — |
| | — | 6,887 | — | — |

Notes to the financial statements, continued

20 Provisions for liabilities and charges

| | Group | | Company | |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 30 September 2004 £'000 | 31 March 2003 £'000 | 30 September 2004 £'000 | 31 March 2003 £'000 |
| Deferred taxation | | | | |
| Depreciation in excess of capital allowances | — | 2,314 | — | — |
| Other timing differences | — | 454 | — | — |
| Tax losses carried forward | — | 3,903 | — | 1,650 |
| Unrecognised deferred tax assets | — | 6,671 | — | 1,650 |

The recognition of the potential deferred tax assets and the circumstances in which they would be recoverable are discussed in note 8. There will be carry forward tax losses but until the group relief to the demerged companies is finalised, the amount cannot be quantified.

21 Share capital

| | As at 30 September 2004 | | As at 31 March 2003 | |
|------------------------------------|-------------------------|-------|---------------------|-------|
| | number | £'000 | number | £'000 |
| Authorised | | | | |
| Ordinary shares of 10p each | 21,000,000 | 2,100 | 21,000,000 | 2,100 |
| Allotted, called up and fully paid | | | | |
| Ordinary shares of 10p each | 16,316,297 | 1,632 | 16,316,297 | 1,632 |

On 27 January 2004, the authorised share capital of the company was increased by £25 million by the creation of 250,000,000 "A" shares of 10 pence each in the capital of the company (the "A" Shares") and then on 17 February 2004, £18,780,967 standing to the credit of the company's share premium account was applied in paying up in full at par 187,809,669 "A" Shares.

On 18 February 2004, the share capital of the company was reduced by £18,780,967 by the cancellation and repayment of each of the "A" Shares in issue at par and the cancellation of all such "A" Shares (whether issued or authorised but unissued) such repayment was satisfied by the transfer by the company of the entire issued share capitals of Avesco Finance Limited, Avesco Group plc, Creative Technology Limited, Action SAM, Creative Technology Outside Broadcast Limited, Media Control (UK) Limited, CT Germany Limited and Avesco Overseas Limited) to New Avesco plc (company number 4982392) in consideration of the allotment and issue by New Avesco plc of fully paid ordinary shares of 10p each in the capital of New Avesco plc.

22 Share options

At 30 September 2004, there were 3,346 options outstanding under the 1994 Approved executive share option scheme (1 April 2003: 86,342) and 654 options outstanding under the 1997 Unapproved executive share option scheme (1 April 2003: 408,755) which had been granted prior to the Demerger; all of those options have now lapsed.

On 24 February 2004, the company granted 1,468,467 new options under the 1997 unapproved executive share option scheme at 71.1667 pence each. These options are exercisable between 24 February 2007 and 24 February 2011. The right to exercise these options was subject to a performance condition that has now been satisfied.

23 Capital and reserves

| | Share capital account £'000 | Share premium account £'000 | Profit and loss account £'000 | 2004 Total £'000 | 2003 Total £'000 |
|---|--------------------------------------|--------------------------------------|--|------------------------|------------------------|
| Group | | | | | |
| At 1 April 2003 | 1,632 | 31,269 | (2,316) | 30,585 | 35,196 |
| Capitalisation of reserves | 18,780 | (18,780) | — | — | — |
| Demerger | (18,780) | — | — | (18,780) | — |
| Retained loss for the financial period | — | — | (12,823) | (12,823) | (4,572) |
| Goodwill previously eliminated against reserves | — | — | 8,642 | 8,642 | — |
| Currency translation differences | — | — | — | — | (39) |
| At 30 September 2004 | 1,632 | 12,489 | (6,497) | 7,624 | 30,585 |
| Company | | | | | |
| At 1 April 2003 | 1,632 | 31,269 | 6,661 | 39,562 | 42,741 |
| Capitalisation of reserves | 18,780 | (18,780) | — | — | — |
| Demerger | (18,780) | — | — | (18,780) | — |
| Retained loss for the financial period | — | — | (4,361) | (4,361) | (3,179) |
| At 30 September 2004 | 1,632 | 12,489 | 2,300 | 16,421 | 39,562 |

At 31 March 2003 cumulative goodwill amounting to £8,642,000, which arose on acquisitions of subsidiaries before 31 March 1998, remained eliminated against reserves. During the period, all of these subsidiaries were demerged from the current group.

24 Net cash flow from operating activities

| | For the eighteen months ended 30 September 2004 £'000 | For the twelve months ended 31 March 2003 £'000 |
|--|---|---|
| Group operating loss | (6,244) | (6,503) |
| Depreciation, amortisation and impairment | 11,538 | 16,820 |
| Profit on sale of tangible assets | (223) | (390) |
| Change in stocks | (320) | (18) |
| Change in debtors | 521 | (12) |
| Change in creditors | 240 | 1,583 |
| Net cash flow from operating activities | 5,512 | 11,480 |

25 Analysis of net funds/(debt)

| | At 1 April 2003 £'000 | Cash flow £'000 | Demerger £'000 | Other non-cash changes £'000 | At 30 September 2004 £'000 |
|---------------------------|-----------------------------|--------------------|-------------------|---------------------------------------|-------------------------------------|
| Cash at bank and in hand | 1,301 | 729 | — | — | 2,030 |
| Bank overdrafts | (1,707) | 1,707 | — | — | — |
| | (406) | 2,436 | — | — | 2,030 |
| Bank loans | (2,986) | (1,033) | — | 4,019 | — |
| Hire purchase obligations | (6,887) | 3,792 | (1,688) | 4,783 | — |
| Net (debt)/funds | (10,279) | 5,195 | (1,688) | 8,802 | 2,030 |

26 Financial instruments

As disclosed in note 27, on 18 February 2004 the group demerged its active subsidiaries and consequently significantly reduced its financial instruments and associated risks. Prior to the Demerger, the group's main risks considered to arise from the use of financial instruments were foreign currency risk, interest rate risk and liquidity risk. Subsequent to the Demerger, all of the group's operations are based in the United Kingdom and all financial instruments are denominated in Sterling. The group does not trade in financial instruments. Financial assets and liabilities referred to in this note exclude short-term debtors and creditors.

Financial assets comprise Sterling deposits of £2,030,000 (2003: £1,301,000). Variable rate interest receivable on the cash balances is based on the relevant banks' base rates. All financial assets are receivable within one year or less, or on demand.

There are no financial liabilities at 30 September 2004. Details of financial liabilities as at 31 March 2003 are disclosed in note 19.

27 Demerger

On 18 February 2004 the group demerged the entire issued share capitals of Avesco Finance Limited, Avesco Group plc, Creative Technology Limited, Action SAM, Creative Technology Outside Broadcast Limited, Media Control (UK) Limited, CT Germany Limited and Avesco Overseas Limited to New Avesco plc (company number 4982392). These have been treated as discontinued operations.

| Net assets disposed of on demerger | £'000 |
|---|--------------|
| Intangible fixed assets | 3,080 |
| Tangible fixed assets | 23,536 |
| Stocks | 1,018 |
| Debtors | 11,018 |
| Bank overdraft | (1,582) |
| Bank loans | (4,019) |
| Hire purchase | (4,783) |
| Creditors: amounts falling due within one year | (10,408) |
| | 17,860 |
| Goodwill previously eliminated against reserves | 8,642 |
| Loss on disposal | (7,722) |
| | 18,780 |
| Satisfied by | |
| Cancellation of "A" Shares | 18,780 |

The turnover and operating loss to the date of Demerger were £46,242,000 and £6,301,000 respectively (year ended 31 March 2003: turnover £59,835,000 and operating loss £6,503,000). During the period, the group's discontinued operations generated net cash outflows of £1,009,000. This comprised net cash inflows from operating activities of £5,161,000 and taxation refunds of £76,000, less net cash outflows for returns on investments and servicing of finance of £528,000, for capital expenditure of £2,959,000 and financing of £2,759,000.

Notes to the financial statements, continued

28 Related party disclosures

As disclosed in note 14, Complete Communications Corporation Limited ("Complete") and Medal Entertainment & Media plc ("MEM") are both associated undertakings of the group. During the period, the group made sales to Complete of £776,000 (2003: £776,000), of which nil (2003: £9,000) was included within debtors at the year end. Over the same period, the Group made sales to MEM of £34,000 (2003: nil), of which nil (2003: nil) was included within debtors at the year end.

There were no other transactions with related parties requiring disclosure under FRS 8. The company has taken advantage of the exemption under FRS 8 which permits the non-disclosure of intra-group transactions with 90% subsidiaries.

29 Commitments and contingent liabilities

The company has given indemnities to and received indemnities from certain former subsidiaries in connection with the Demerger and certain transactions prior thereto. It is the view of the directors that such indemnities are not expected to result in financial loss to the group.

The group had no capital commitments at the balance sheet date (2003: £57,000). The company has no significant operating lease commitments. At 31 March 2003, the group had the following annual commitments under non-cancellable operating leases:

| | Land & buildings £'000 | Plant & equipment £'000 |
|---|------------------------------|-------------------------------|
| Operating leases which expire: Within one year | 113 | 49 |
| Operating leases which expire: Between one and five years | 295 | 112 |
| Operating leases which expire: After five years | 773 | 1 |
| Total | 1,181 | 162 |

30 Disposal

On 16 June 2003, CTOB, the group's only outside broadcast television business and last remaining television facilities business, was sold to NMT Outside Broadcast (UK) Limited for a consideration of between £1.0 million and £1.4 million depending on certain levels of business in the three years from completion.

The consideration, which is payable in quarterly instalments, includes an amount to cover the rental of the fixed assets of the business for a two-year period and an option payment of £550,000 payable over a third year to purchase the legal title to those fixed assets. The assets formed part of the demerged businesses. The costs in respect of this transaction were £167,000, which together with a provision of £68,000 in respect of an onerous lease that was transferred on Demerger resulted in a loss on disposal of £235,000. The results of CTOB have been included as part of the demerged activities. The turnover and operating loss to the date of disposal were £314,000 and £153,000 respectively (year to 31 March 2003: turnover £2,917,000 and operating loss £732,000).

Notice of meeting

NOTICE is hereby given that the twenty-first Annual General Meeting of InvestinMedia plc will be held at 36 Elder Street, London E1 6BT on the 3rd day of March 2005 at 11.00 a.m. for the following purposes:

Ordinary business

1. To receive the Report of the Directors and the Accounts for the period ended 30 September 2004, together with the Report of the auditors.
2. To declare a final dividend on the ordinary 10p shares of the company of 3.5p per share.
3. To re-elect RA Murray as director.
4. (a) To reappoint the auditors, Baker Tilly, as auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company.
(b) To authorise the directors to determine the auditors' remuneration.

Special business

To consider and, if thought fit, to pass the following resolutions, of which Resolution 5 will be proposed as an ordinary resolution and Resolutions 6 and 7 as special resolutions:

5. THAT the directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the company to allot relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £468,370.30. This authority shall expire at the conclusion of the next Annual General Meeting after the passing of this resolution (or 15 months from the passing of this resolution (if sooner)) except that after the date when it expires the directors may use this authority to allot relevant securities in accordance with the terms of any offer or agreement made by the company before that date. All outstanding general authorities under Section 80 of the Act shall be revoked.
6. THAT in accordance with section 95 of the Companies Act 1985 (the "Act") the directors be given power:
 - (i) to allot equity securities (within the meaning of section 94 of the Act as at the date hereof) pursuant to the authority given by Resolution 5 above; and
 - (ii) to allot equity securities (within the meaning of section 94 of the Act as amended by the Regulations) which are held by the company in treasury;

as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of such equity securities:

- (a) in connection with or which are the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to holders of ordinary shares of 10p each and such other equity securities of the Company as the directors may determine on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or legal or practical problems under the laws or requirements of any regulatory body or any stock exchange in any territory); and
- (b) (otherwise than pursuant to subparagraph (a) above) up to an aggregate nominal value of £81,581.40;

and shall expire at the conclusion of the next Annual General Meeting of the company after the passing of this resolution (or 15 months from the passing of this resolution (if sooner)) except that after the date when it expires the directors may use this authority to allot such equity securities in accordance with the terms of any offer or agreement made by the company before that date. All outstanding powers under Section 95 of the Act shall be revoked.

For the purposes of this resolution, "the Regulations" means The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003.

Notice of meeting, continued

7. THAT the company be and is generally and unconditionally authorised to make a market purchase or market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of its own ordinary shares of 10p each ("shares") in such a manner and on such terms as the directors may from time to time determine provided that:
- (a) the maximum aggregate number of shares hereby authorised to be so acquired is 1,631,629 or, if the shares have a nominal value other than 10p each, such number as has an aggregate nominal value equal to £163,162.90;
 - (b) the minimum price which may be paid for each share is 10p (exclusive of expenses) or, if each share has a nominal value other than 10p, that nominal value;
 - (c) the maximum price (exclusive of expenses) which may be paid for each share is not more than 5 per cent above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase of the shares;
 - (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the company to be held in 2006 or 18 months from the date this Resolution is passed, whichever is the earlier, unless such authority is revoked, varied or renewed prior to such time; and
 - (e) the company may, prior to the expiry of the authority hereby conferred, enter into a contract to purchase shares, which will or may be executed wholly or partly after such expiry, and may purchase shares pursuant to such contract.

TO TRANSACT ANY OTHER BUSINESS

BY ORDER OF THE BOARD



Watlington Securities Ltd, Secretary

12 January 2005

Registered Office: 36 Elder Street, London E1 6BT

NOTES:

1. A member entitled to vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. The proxy need not be a member of the company. A form of proxy is enclosed with this Notice for use at the Meeting.
2. To be valid, the instrument appointing a proxy (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be deposited at or posted to the office of the Registrars of the company, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU to be received not less than 48 hours before the time fixed for the Meeting. Completion and return of the form of proxy will not preclude shareholders from attending or voting at the Meeting in person.
3. The company specifies, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, that those shareholders registered on the register of members of the company as at 11.00 a.m. on 1 March 2005 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 11.00 a.m. on 1 March 2005 shall be disregarded in determining the rights of any person entitled to attend or vote at the Meeting.
4. The following documents are available for inspection by members at the registered office of the Company on weekdays (except Saturdays) during normal business hours, and at the place of the meeting from not less than 15 minutes before the Meeting to its conclusion:
 - (i) the Register of directors' Interests required to be kept under Section 325 Companies Act 1985; and
 - (ii) copies of the directors' contracts of service.
5. **Important notice to bearers of share warrants:** You will not be entitled to attend or vote at the Annual General Meeting unless your Share Warrant is converted to registered form by lodging it with the Company Secretary not later than 11.00 a.m. on 28 February 2005.