

Company Registration No. 00946580

International Management Group (UK) Limited

Report and Financial Statements

31 December 2007

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International Management Group (UK) Limited

Report and financial statements 2007

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International Management Group (UK) Limited

Report and financial statements 2007

Officers and professional advisers

Directors

J Raleigh

A Crispino

John Loffhagen (appointed on 29 September 2008 and resigned on 27 November 2008)

Graham Wallace (appointed on 29 September 2008)

Secretary

John Loffhagen (resigned on 27 November 2008)

Registered Office

McCormack House

Burlington Lane

Chiswick

London

W4 2TH

Bankers

HSBC

70 Pall Mall

London

SW1Y 5EY

Solicitors

MacFarlane's

10 Norwich Street

London

EC4A 1BD

Auditors

Deloitte LLP

Chartered Accountants

London

International Management Group (UK) Limited

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2007.

Principal activities

The company has principal activities in the fields of sport, music, modelling and entertainment. Within these fields, the company is involved in the management/representation of individuals and organisations and the management and promotion of events and consultancy, all of which the directors regard as a single class of business.

Going concern

IMG Worldwide, Inc., an intermediate parent undertaking, has confirmed it will provide continuing financial support for at least 12 months from the date of approval of the financial statements.

Business review

Growth in turnover arises principally from increasing transaction volumes, renegotiated contracts plus new services. In the normal course of business, from time to time, the company will enter into commercial contract negotiations regarding scope and duration of contract.

Administrative expenses are measured into two distinct categories, selling, general and administrative and depreciation. Selling, general and administrative expenses include staff costs, rent and rates, technology related costs and all other. Staff costs are primarily comprised of salaries, social security and employer pension contributions.

It is expected that operating margins can be maintained at historic levels and the company will look to improve margins as a result of new business wins, our continued new business initiatives associated with the positive long-term industry trends and our continuing focus on cost-reduction.

On April 2, 2007, the Company acquired all of the outstanding stock of Quintus Group Limited ("Quintus") for cash consideration of £15,509,812. The Company's ultimate parent company, IMG Worldwide Holdings, Inc., also issued 655,000 shares of Class A common shares valued at £447,237. Thus, the total consideration for Quintus was £15,957,049. Quintus' core business includes sponsorship, corporate hospitality and event management, complementing the Company's existing Sports & Entertainment business model. Quintus' current portfolio of events includes the Blackrock Masters Tennis, the Mazda London Triathlon and the Microsoft UK Challenge, which is part of the Challenger World corporate team building series. The 2007 consolidated financial statements of the ultimate parent company, IMG Worldwide Holdings, Inc. includes the results of the operations of Quintus from April 2, 2007 through December 31, 2007.

On April 4, 2007, the Company acquired all of the outstanding stock of BSI Speedway Limited ("BSI") for cash consideration of £13,821,268. As part of the Company's growth strategy the acquisition of BSI adds the commercial rights of the FIM World Individual Speedway Grand Prix Series and the FIM Speedway World Cup to the Company's Events & Federations portfolio. The 2007 consolidated financial statements of the ultimate holding company, IMG Worldwide Holdings, Inc. includes the results of the operations of BSI from April 4, 2007 through December 31, 2007.

The company's results for the year and the financial position at the end of the year are shown in the attached financial statements.

International Management Group (UK) Limited

Directors' report

Key performance indicators

The Board uses a range of performance indicators to monitor and manage the business and to ensure focus is maintained on the key priorities of the company. The relative focus on these will vary from period to period. The Key Performance indicators used to manage the business are:

- Financial performance against expectations, in particular focus on revenue, gross profit and EBITDA.
- Delivery of contracted services against client agreements.

Risks

The principal risks and uncertainties facing the company are:

- Loss of clients – The company may lose contracts/and or clients due to their merger or acquisition, business failure, or contract expiration or a strategic reassessment by the client to take services 'in-house'. Such a loss may have a material impact on its profitability.
- Credit Risk – The company transacts with large blue chip clients which by nature assist in reducing credit risk. Invoicing is agreed with the customer in advance and the company does not offer extended credit terms. In addition, trade debtor balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is minimised.
- Exchange rate fluctuations – The company currently operates in several countries and is, and will continue to be, exposed to foreign currency rate fluctuations. The company uses external advice on currency dealings with its bank. Where possible natural hedges are used.

Results and dividends

The profit for the year after taxation amounted to £7,988,960 (2006: loss £4,384) of which £7,988,960 (2006: loss £4,384) has been transferred to reserves.

No dividends were paid during the year (2006: nil).

Directors and their interests

The following directors held office during the year:

J Raleigh (USA)
A Crispino (USA)

Employees

The company endeavours to treat all employees and job applicants on the basis of merit and ability to do the job without any discrimination unjustifiable in terms of equality of opportunity.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

This policy does not form part of any employee's contract of employment and the company reserves the right to amend or issue a replacement policy at any time.

The company offers employee consultation and involvement through regular pitching hours, atrium gatherings and via a continual system of open appraisals.

International Management Group (UK) Limited

Directors' report

Political and charitable contributions

The company made no political contributions during the year.

The company made a total of £8,593 (2006: £11,850) worth of charitable donations during the year.

Policy and practice on payment of creditors

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors at 31 December 2007 were equivalent to 21 days purchases (2006: 10 days purchases), based on the average daily amount invoiced by suppliers during the year.

Disclosure of information to auditors

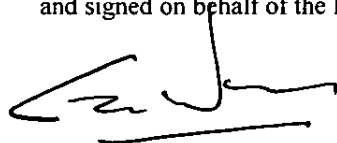
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G Wallace
Director

19/1/2009

International Management Group (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 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 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.

Independent auditors' report to the members of International Management Group (UK) Limited

We have audited the financial statements of International Management Group (UK) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you, whether in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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.

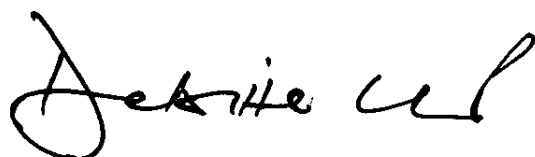
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of
International Management Group (UK) Limited
(continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
London

22 January 2009

International Management Group (UK) Limited

Profit and loss account

For the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover		45,115,997	30,740,112
Cost of sales		(24,014,736)	(18,524,338)
Gross profit		21,101,261	12,215,774
Administrative expenses		(15,228,230)	(13,272,192)
Other operating income	5	1,154,093	2,205,931
Operating profit		7,027,124	1,149,512
Profit on disposal of subsidiary	2	-	100,086
Profit on sale of fixed assets	2	7,720	-
Profit on ordinary activities before interest		7,034,844	1,249,598
Interest receivable and similar income	6	224,029	41,617
Interest payable and similar charges	7	(10,286)	(1,122,535)
Profit on ordinary activities before taxation	2	7,248,587	168,680
Tax credit/(charge) on profit/(loss) on ordinary activities	8	740,373	(173,064)
Profit/(loss) for the financial year	18	7,988,960	(4,384)

There are no material differences between the Company's results as reported above and their historical cost equivalents, so, accordingly, no historical cost profit and loss has been prepared.

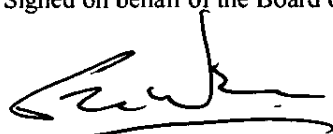
All results relate to continuing activities in the current year.

International Management Group (UK) Limited
Balance sheet
At 31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	9	767,095	502,852
Investments	10	32,107,859	100
		<u>32,874,954</u>	<u>502,952</u>
Current assets			
Debtors	11	22,942,902	17,684,736
Cash at bank and in hand		<u>1,912,438</u>	<u>555,473</u>
		24,855,340	18,240,209
Creditors: amounts falling due within one year	12	<u>(41,559,015)</u>	<u>(10,231,347)</u>
Net current assets/(liabilities)		<u>(16,703,675)</u>	<u>8,008,862</u>
Creditors: amounts falling due after more than one year	13	(122,113)	-
Provisions for liabilities and charges	14	<u>(2,954,630)</u>	<u>(3,290,000)</u>
Net assets		<u>13,094,536</u>	<u>5,221,815</u>
Capital and reserves			
Called up share capital	15	1,100	1,100
Share premium account	16	6,753,000	6,753,000
Profit and loss account	16	<u>6,340,436</u>	<u>(1,532,285)</u>
	18	<u>13,094,536</u>	<u>5,221,815</u>

The notes on pages 11 to 26 form part of these accounts

These financial statements were approved by the Board of Directors on 19/1/2009.
Signed on behalf of the Board of Directors



G Wallace
Director

International Management Group (UK) Limited
Statement of total recognised gains and losses
Year ended 31 December 2007

	2007 £	2006 £
Opening shareholders' funds	5,221,815	5,016,071
Profit/(loss) for the financial year	7,988,960	(4,384)
Share based payments	(116,239)	210,128
	<u>13,094,536</u>	<u>5,221,815</u>

The company has no recognised gains and losses other than those shown above.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The directors have received a letter of support from IMG Worldwide, Inc, the intermediate parent company of the Company, stating that IMG Worldwide Inc. will make sufficient funding available to enable the company to continue to trade and meet its obligations as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of the accounts they have no reason to believe that it will not continue.

Based upon the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The company has taken the exemption available within FRS 1 'Cash Flow Statements', not to prepare a cash flow statement on the grounds that the results of the company are included in the consolidated accounts of the ultimate parent company IMG Worldwide Holdings, Inc., which are available from the address given in note 23.

As the company is a wholly owned subsidiary of IMG Worldwide Holdings, Inc., the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of IMG Worldwide Holdings, Inc., within which this Company is included, can be obtained from the address given in note 23.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

1. Accounting policies (continued)

Turnover

Turnover is in respect of event and client commissionable revenues, net of Value Added Tax. In particular, event revenue is primarily comprised of sponsorship income, domestic and foreign TV sales income, ticket income and hospitality services. Client revenues consist of commissions received from client prize money, appearance fees and merchandising rights.

Revenue is recorded as earned. Revenue is earned when the company has provided services or completed commissionable activities. When revenues from contractual agreements are dependent upon the occurrence of future events, recognition of revenue is deferred until such events have occurred. Accordingly, costs incurred relating to future revenues are also deferred until such events occur.

Revenue from client management activities is earned when the company has provided services to the client or when the company has substantially completed all services required under a contractual arrangement and collectability is reasonably assured.

Revenue from IMG owned sports and performing arts events is earned during the period the event occurs. Revenue from non-owned events is recorded when services are completed and collectability is reasonably assured. Revenue from non-owned event consulting services is recorded as services are provided throughout the event representation period.

The company does not recognise the client portion of revenues. Revenue from all other activities is recorded as services are provided and collection is reasonably assured.

The company manages certain events in the capacity of an agent acting on behalf of its clients. Revenue earned from these events is accounted for on a net basis.

Depreciation

Depreciation of fixed assets is provided to write off the cost less the residual value amount of the tangible fixed assets over their expected useful lives on the straight line basis at the following rates per annum:

Short leasehold property and improvements	-	over the period of the lease
Fixtures and fittings	-	10 years
Office equipment	-	3-10 years

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings and associated undertakings are translated at the closing exchange rates. Profit and loss accounts are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Post retirement benefits

The company is a member of group defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Leased assets

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease even if payments are not made on such a basis.

Share based payments

For equity-settled share-based payments, the fair value of equity instruments (options and shares) granted after 7 November 2002 and not vested as at 1 January 2005 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the equity instruments.

The share option schemes allow employees to acquire shares of the ultimate parent company, IMG Worldwide Holdings, Inc. There are no grants to employees of equity instruments in the Company and there is no policy of the ultimate parent company making linked-clearly recharges to the Company for the provision of these equity instruments.

The fair value of the options granted is measured using the Black-Scholes option-pricing model for option pricing, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

Where the parent, IMG Worldwide Holdings, Inc, grants options over its own shares to the employees of its subsidiaries, including International Management Group (UK) Limited, the subsidiary records an employee expense and a corresponding increase in shareholders' equity.

The effect on the current year of the new policy is firstly to present £210,127 as additional compensation expense and a credit to shareholders' equity that would otherwise have not been recognised. The net effect of the above on the Company is to increase the loss by £116,239. There is no effect on the primary statements in the comparative year as the amounts related to share based payments are not material.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

2 Profit/(loss) on ordinary activities before taxation

	2007 £	2006 £
Profit on ordinary activities before taxation is stated after charging		
Depreciation charged on owned assets	288,187	133,675
Depreciation on assets held under finance leases	46,885	-
Auditors' remuneration:		
audit of these financial statements	26,500	79,000
Operating lease rentals – land and buildings	459,307	349,303
Operating lease rental – other	83,663	102,647
Profit on disposal of subsidiary	-	100,086
Profit on disposal of fixed assets	7,720	-
	<u> </u>	<u> </u>

3 Staff numbers and costs

The average number of employees of the company (excluding joint ventures) during the year was as follows:

	2007 Number	2006 Number
Management and administration	<u>253</u>	<u>213</u>

The aggregate payroll costs to the company of these persons were as follows:

	2007 £	2006 £
Wages and salaries	12,444,753	9,955,283
Social security costs	1,462,908	1,113,768
Other pension costs	863,073	602,873
Other personnel costs	<u>1,260,302</u>	<u>1,288,123</u>
	<u>16,031,036</u>	<u>12,960,047</u>

4 Remuneration of directors

None of the directors who served in the financial year ending 31 December 2007 received remuneration or pension contributions from the company for their services (2006: £nil).

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

5 Other operating income

	2007 £	2006 £
Foreign exchange gains/(losses) in respect of trading activities	(100,907)	(649,069)
Head office recoveries	1,255,000	2,855,000
	<u>1,154,093</u>	<u>2,205,931</u>

6 Interest receivable and similar income

	2007 £	2006 £
Bank interest	61,314	-
Foreign exchange gains in respect of non trading activities	145,170	-
Intercompany interest received	17,545	41,617
	<u>224,029</u>	<u>41,617</u>

7 Interest payable and similar charges

	2007 £	2006 £
Bank interest expense	99	1,989
Interest element of finance leases	10,187	-
Foreign exchange losses in respect of non trading activities	-	1,120,546
	<u>10,286</u>	<u>1,122,535</u>

8 Taxation

Analysis of charge in period

	2007 £	2006 £
UK corporation tax		
Current tax on income for the period	520,420	175,862
Adjustments in respect of prior periods	9,832	(2,798)
Total current tax	<u>530,252</u>	<u>173,064</u>
Deferred taxation		
Origination and reversal of timing differences	1,865,008	-
Adjustment for prior year	(3,135,633)	-
Total tax on profit on ordinary activities	<u>(740,373)</u>	<u>173,064</u>

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

8 Taxation (continued)

Factors affecting current year tax charge

The current tax charge for the year is lower (2006: lower) than the standard rate of corporation tax in the UK 30% (2006: 30%)

	2007 £	2006 £
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	7,248,587	168,680
Current tax at 30% (2006: 30%)	2,174,576	50,064
Effect of		
Expenses not deductible for tax purposes	132,980	188,858
Capital allowances in excess of depreciation	(10,430)	(59,035)
General provisions	(116,520)	-
Utilisation of tax losses	(1,611,603)	-
Adjustments to tax charges in respect of previous periods	9,832	(2,798)
Profit on disposal of investments	(2,316)	(30,826)
Chargeable gain	-	30,216
Temporary differences	(46,267)	(3,955)
Tax on profit on ordinary activities	530,252	173,064

Factors that may affect future current and total tax charges

As at 31 December 2007 there were unrelieved losses in the group of approximately £2,310,436 (2006: £7,682,446)

The amount of deferred tax assets not recognised comprises:

	2007 £	2006 £
Tax losses carried forward	-	2,304,734
Difference between accumulated depreciation and capital allowances	-	171,574
General provisions	-	629,859
Share based payments	-	24,896
	-	3,131,063

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

9 Tangible fixed assets

	Fixtures and fittings	Office equipment	Leasehold improvements	Total
	£	£	£	£
Cost				
At 1 January 2007	499,310	164,216	138,447	801,973
Additions	39,570	450,087	109,658	599,315
At 31 December 2007	<u>538,880</u>	<u>614,303</u>	<u>248,105</u>	<u>1,401,288</u>
Depreciation				
At 1 January 2007	180,232	84,158	34,731	299,121
Charge for year	146,700	169,904	18,468	335,072
At 31 December 2007	<u>326,932</u>	<u>254,062</u>	<u>53,199</u>	<u>634,193</u>
Net book value				
At 31 December 2007	<u>211,948</u>	<u>360,241</u>	<u>194,906</u>	<u>767,095</u>
At 31 December 2006	<u>319,078</u>	<u>80,058</u>	<u>103,716</u>	<u>502,852</u>

Included in the total net book value for office equipment is £239,640 (2006: £nil) in respect of assets held under finance leases and depreciation of £46,885 (2006: £nil) charged thereon.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

10 Fixed asset investments

The values of the investments in which the company's interest at year end was more than 20% are as follows:

	Subsidiary undertakings £
Cost	
At 1 January 2007	100
Additions	32,107,759
	<hr/>
At 31 December 2007	32,107,859
	<hr/>
Net book value	
At 31 December 2007	32,107,859
	<hr/>
At 31 December 2006	100
	<hr/>

On 2 April 2007, the company acquired all of the ordinary share capital of Quintus Group Limited ("Quintus") a United Kingdom based company that is involved in sports sponsorship and event management.

The acquisition was completed with a combination of cash and Class A shares. The purchase price comprises:

	£
Initial cash consideration	15,509,812
Shares allotted	447,237
	<hr/>
	15,957,049
Acquisition costs	1,992,292
	<hr/>
Cost of investment	17,949,341
	<hr/>

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

10 Fixed asset investments (continued)

On 4 April 2007, the company acquired all of the ordinary share capital of BSI Speedway Limited, a United Kingdom based company that is involved runs the World FIM Speedway.

The acquisition was completed with cash consideration. The purchase price comprises:

	£
Initial cash consideration	13,821,268
Acquisition costs	337,150
	<hr/>
Cost of investment	14,158,418
	<hr/>

The company owns the issued share capital of the following companies:

	Country of incorporation	% of ordinary shares and voting rights held	Nature of business
Subsidiary undertakings			
Quintus Group Limited	England	100	Sponsorship and event management
BSI Speedway Limited	England	100	World FIM speedway
Investments in joint ventures			
European Golf Design Limited	England	50%	Design of golf courses, club houses and associated facilities
International Stadia Group LLP	England	50%	Provision of sales and marketing services for sports stadia

The issued share capital of each subsidiary and joint venture is in ordinary shares

On 19 February 2007, the Company, with its partner Bastion Stadiums LLP, set up a joint venture partnership, International Stadia Group LLP. As at the balance sheet date, this company had not committed any capital contributions and as such the investment at the balance sheet date is £nil.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

11 Debtors

	2007 £	2006 £
Trade debtors	3,740,566	3,787,188
Amounts owed by parent undertaking and fellow subsidiaries	7,136,153	8,242,647
Corporation tax	-	111,804
Other debtors	241,744	119,779
Deferred taxation	1,270,625	-
Prepayments and accrued income	10,553,814	5,423,318
	<u>22,942,902</u>	<u>17,684,736</u>

The deferred tax asset of £1,270,625 is made up as follows:

Excess of capital allowances over depreciation	135,303	-
General provisions	443,719	-
Losses carried forward	658,475	-
Share based payments	33,128	-
	<u>1,270,625</u>	<u>-</u>

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	1,843,639	1,156,063
Amounts owed to parent undertaking and fellow subsidiaries	26,920,115	2,597,670
Corporation tax	218,525	-
Other taxes and social security	397,438	462,429
Other creditors	86,877	192,596
Accruals and deferred income	12,012,541	5,822,589
Obligations under finance leases	79,880	-
	<u>41,559,015</u>	<u>10,231,347</u>

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

13 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Obligations under finance leases	122,113	-
	<u>122,113</u>	<u>-</u>
	2007 £	2006 £
Finance leases		
Between one and two years	-	-
Between two and five years	201,993	-
After five years	-	-
On demand or within one year	-	-
	<u>201,993</u>	<u>-</u>

14 Provisions for liabilities and charges

	Onerous lease £	Severance £	Sub-tenant deposit £	Total £
At 1 January 2007	1,413,000	1,877,000	-	3,290,000
Additions in the year	-	-	148,030	148,030
Utilised during the year	(95,000)	(388,400)	-	(483,400)
At 31 December 2007	<u>1,318,000</u>	<u>1,488,600</u>	<u>148,030</u>	<u>2,954,630</u>

A provision of £1,318,000 has been made in respect of the company's vacant portion of the leasehold property, Pier House, located in Chiswick, London. Provision has been made for the residual lease commitments, together with other outgoings for the remaining period of the lease, which at 31 December 2007 is approximately 9 years. The initial provision takes into account the expectation that the premises will be sub-let at the market rate following an initial rent free period. In determining the provision, the cash flows have been discounted using a factor of 5%.

A provision of £1,488,600 has been made in respect of severance costs payable to an employee who was notified of redundancy prior to 31 December 2005. Payments will be spread over 20 years. In determining the provision, the cash flows have been discounted using a factor of 6%.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

15 Called up share capital

	2007 £	2006 £
Authorised:		
Equity: 20,900 ordinary shares of £1 each	20,900	20,900
Called up, allotted and fully paid		
Equity: 1,100 ordinary shares of £1 each	1,100	1,100

Allotted share capital consists of 300 'A' ordinary shares of £1 each and 800 'B' ordinary shares of £1 each.

16 Share premium and reserves

	Share premium £	Profit and loss account £
At 1 January 2007	6,753,000	(1,532,285)
Profit for the financial year	-	7,988,960
Share based payments	-	(116,239)
At 31 December 2007	6,753,000	6,340,436

The share based payments of £116,239 is the credit in shareholders' equity matching to the fair value of equity instruments recognised as an employee expense in the year to 31 December 2007. See note 17 for further details of the share based payment charges.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

17 Share based payments

The company has the following stock purchase and incentive plans:

Stock option plan:

At the balance sheet date, the Company's ultimate parent company IMG Worldwide Holdings, Inc. (which is incorporated in the USA) operated a share option scheme. The scheme permits the grant of share options to employees of the group for up to 31.5 million class A common shares.

The purpose of the scheme is to provide financial incentives to the directors and employees of the Company whose entrepreneurial and management talents and commitments will contribute to the continued growth and expansion of the Company's business.

Option awards are generally granted with an exercise price equal to the market price of IMG Worldwide Holdings Inc.'s class A common shares at the date of grant; those option awards vest based on 4 years of continuous service and have 10-year contractual terms. Options provide for accelerated vesting in the event of a total or partial sale (as defined in the scheme). In the event of a total sale and at its sole discretion, the Compensation Committee of IMG Worldwide Holdings Inc.'s Board of Directors can require the redemption of unexercised options.

Movements in the number of share options outstanding and their related weighted average exercise prices are presented below:

	2007 Weighted average exercise prices USD(\$)/ share	Options Quantity	2006 Weighted average exercise prices USD(\$)/ share	Options Quantity
Outstanding at beginning of the period	1.16	1,715,000	1.11	550,000
Granted	1.34	175,000	1.21	1,165,000
Outstanding at end of period	1.25	1,890,000	1.16	1,715,000
Exercisable at the end of the period	1.16	566,250	1.11	137,500

The weighted average share price at the date of exercise of share options exercised during the period was nil (2006: nil).

The options outstanding at the year end have an exercise price in the range of USD \$1.11 to USD \$1.34 and a weighted average contractual life of 8.1 years remaining.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

17. Share based payments (continued)

The estimate of fair value of the services received is measured on a Black-Scholes option pricing model and the inputs and assumptions into the model are as follows:

	31 December 2007 £	31 December 2006 £
Weighted average share price USD(\$)	(1.87)	(1.28)
Weighted average exercise price USD(\$)	1.67	1.21
Expected dividend yield	0%	0%
Expected volatility	28%	35%
Risk-free interest rates	3.83%	4.70%
Expected lives of the options (years)	6.25	6.25

The expected volatility was based on an analysis of the average volatility exhibited in companies representing the global television broadcasting and advertising industry. These volatilities have been calculated over a 6.25 year period, in conjunction with the expected term of the options.

The contractual life of the options is in accordance with the scheme rules. Options issued during the years ended 31 December 2007 and 2006, have a ten year original contract term and graded vesting over four years (25% of the options vest annually) resulting in an expected term of 6.25 years.

The risk-free rate is based on the yield on 7-year US Treasury notes as of the grant date.

The company recognised total expenses of £116,239 (2006: £82,986) in respect of stock options during the year.

Class B shares

Senior management are entitled to purchase class B shares in the company's ultimate parent company IMG Worldwide Holdings, Inc. (which is incorporated in the USA). They pay fair value for the shares upon grant and are issued a fully authorised stock certificate. These shares then vest 25% annually. The fair value of the class B shares are measured as if they were vested and issued on the date of grant.

IMG Worldwide Holdings, Inc. may reacquire an employee's unvested class B shares at the lesser of fair value or the price paid by the employee to acquire the shares once their employment is terminated for any reason ("Class B Unvested Put Option"). An employee also has the option to put back to IMG Worldwide Holdings, Inc. any unvested class B shares for fair value once their employment is terminated for any reason except for "cause" (as defined in the stockholder's agreement) ("Class B Unvested Put Option"). The Class B Unvested Put Option gives employees the ability to avoid the risks and rewards associated with share ownership for a reasonable period of time after the vesting period is complete.

There are 4,163,856 class B shares outstanding at 31 December 2007 (4,163,856 at 31 December 2006) of which 2,419,766 are unvested (2006: 2,109,378). The cost is expected to be recognised over a weighted average of 2 years.

In the year ended 31 December 2007, class B shares were granted with a weighted average fair value per unit of \$nil (2006: \$0.296).

The company recognised total expenses of £nil (2006: £127,141) in respect of class B shares during the year.

The total expense relating to share-based payments, which are all equity settled transactions, was £116,239 (2006: £210,127).

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

17. Share based payments (continued)

As the Company has taken advantage of the transitional provisions of FRS 20, the charge only includes grants made after 7 November 2002 that had not vested by 1 January 2005.

18 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	5,221,815	5,016,071
Profit/(Loss) for the financial year	7,988,960	(4,384)
Share based payments	(116,239)	210,128
	<u>13,094,536</u>	<u>5,221,815</u>

19 Financial commitments

The company had annual commitments under non-cancellable operating leases as set out below:

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	20,540	-	9,994
In two to five years	32,648	41,302	32,648	99,066
After five years	474,600	-	474,600	-
	<u>507,248</u>	<u>61,842</u>	<u>507,248</u>	<u>109,060</u>

The lease of land and buildings is subject to rent reviews.

Leases are held in the name of the company on behalf of related parties. These amounts are not disclosed in the above figures.

Land and buildings

The company holds operating leases for land and buildings on behalf of IMG Media Limited by whom the lease costs are incurred. There are no commitments relating to leases expiring within 1 year (2006: £nil). There are no commitments relating to leases expiring in 2-5 years are £250,000 (2006: £nil). Commitments relating to leases expiring after 5 years are £2,398,100 (2006: £2,648,100). During the year the company made payments totalling £2.7 million for operating leases of buildings on behalf of IMG Media Limited.

International Management Group (UK) Limited

Notes to the accounts

Year ended 31 December 2007

19 Financial commitments (continued)

Other

The company holds operating leases for motor vehicles on behalf of IMG Media Limited by whom the leases costs are incurred. Commitments relating to leases expiring within 1 year are £7,524 (2006: £12,735). Commitments relating to leases expiring in 2-5 years are £56,612 (2006: £59,073).

20 Related party transactions

The Company's ultimate parent company is IMG Worldwide Holdings, Inc.

Under FRS 8 'Related Party Disclosures', the Company is exempt from the requirement to disclose transactions with entities that are part of the IMG group, or investees of the group qualifying as related parties, as all of the Company's voting rights are controlled within the Group. There are no transactions with any other related parties.

21 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £863,073 (2006: £602,873).

In addition to this, the company operates a defined benefit (final salary) funded pension plan. The latest full actuarial valuation was carried out at 1 January 2006 and revealed a funding shortfall of £56,000 for which the company paid a contribution of £56,000 in March 2007. The number of employees in the defined benefit plan at 31 December 2007 was 8 (2006: 10) and it is closed to new entrants. As at 31 December 2007, total market value of assets was £190,900 (2006: £163,571) and the present value of the plan liability was £122,200 (2006: £192,380). The directors do not consider the assets and liabilities of this scheme to be material to these financial statements and have not included the results therein.

22 Subsequent Events

The directors are not aware of any significant events since the balance sheet date.

23 Ultimate parent company

The company is a wholly owned subsidiary of IMG Worldwide, Inc. IMG Worldwide, Inc. is owned by IMG Worldwide Holdings, Inc. which is incorporated in the USA and is controlled by certain Forstmann Little & Co. partnerships.

Requests for financial information should be addressed to John Raleigh, IMG Center, Suite 100, 1360 East Ninth Street, Cleveland, Ohio, 44114, USA.