

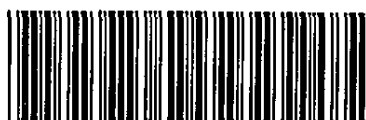
Registered number. 2005521

IG COMMUNICATIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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IG COMMUNICATIONS LIMITED

COMPANY INFORMATION

DIRECTORS	C R Adams (appointed 11 April 2011 & resigned 31 January 2012) S P Withey T Broadhead (resigned 11 April 2011) M Morrow (appointed 31 January 2012)
COMPANY SECRETARY	J K Lees
COMPANY NUMBER	2005521
REGISTERED OFFICE	15-17 Huntsworth Mews London NW1 6DD
AUDITORS	Ernst & Young LLP 1 More London Place London SE1 2AF
BANKERS	Lloyds TSB Bank plc PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

IG COMMUNICATIONS LIMITED

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IG COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of an intermediate holding company. This activity is unlikely to change in the foreseeable future.

BUSINESS REVIEW

The Company's operating loss improved by £1,987,000 during the year. Net assets have increased by £3,882,000 to £81,592,000.

RESULT

The profit for the year, after taxation, amounted to £3,882,000 (2010 - £16,402,000).

DIRECTORS

The Directors who served during the year and subsequently were

C R Adams (appointed 11 April 2011 & resigned 31 January 2012)
S P Withey
T Broadhead (resigned 11 April 2011)
M Morrow (appointed 31 January 2012)

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and position, are set out above. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with Huntsworth plc and fellow subsidiaries.

On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

IG COMMUNICATIONS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

AUDITORS

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on *26th June 2012* and signed on its behalf

J K Lees

J K Lees
Secretary

IG COMMUNICATIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors are responsible for preparing the Directors' 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 judgments 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,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

IG COMMUNICATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IG COMMUNICATIONS LIMITED

We have audited the financial statements of IG Communications Limited for the year ended 31 December 2011, which comprise the Profit and loss account the Balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

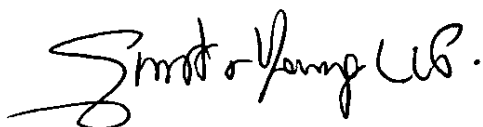
IG COMMUNICATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IG COMMUNICATIONS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Eamonn McGrath (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

1 More London Place

London

SE1 2AF

Date 26th June 2012

IG COMMUNICATIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £000	2010 £000
Administrative expenses		(273)	(2,260)
OPERATING LOSS	2	(273)	(2,260)
EXCEPTIONAL ITEMS			
Net profit on sale of investment in subsidiaries	6	-	15,879
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(273)	13,619
Income from shares in group undertakings		248	-
Interest receivable and similar income	4	5,684	3,141
Interest payable and similar charges	5	(208)	(93)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,451	16,667
Tax on profit on ordinary activities	7	(1,569)	(265)
PROFIT FOR THE FINANCIAL YEAR	13	3,882	16,402

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 8 to 14 form part of these financial statements

IG COMMUNICATIONS LIMITED
REGISTERED NUMBER: 2005521

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£000	2011 £000	£000	2010 £000
FIXED ASSETS					
Investments	8		219,700		219,700
CURRENT ASSETS					
Debtors	9	113,259		112,994	
CREDITORS: amounts falling due within one year	10	(5,927)		(9,544)	
NET CURRENT ASSETS			107,332		103,450
TOTAL ASSETS LESS CURRENT LIABILITIES			327,032		323,150
CREDITORS: amounts falling due after more than one year	11		(245,440)		(245,440)
NET ASSETS			81,592		77,710
CAPITAL AND RESERVES					
Called up share capital	12		10,092		10,092
Share premium account	13		95,129		95,129
Merger reserve	13		58,005		58,005
Profit and loss account	13		(81,634)		(85,516)
SHAREHOLDERS' FUNDS	14		81,592		77,710

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26th June 2012



S P Withey
Director

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Related party transactions

The Company has taken advantage of the exemption under FRS 8 not to disclose transactions with group undertakings as a subsidiary which is wholly owned by the ultimate parent undertaking.

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Taxation

Current 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.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

2. OPERATING LOSS

The operating loss is stated after charging

	2011	2010
	£000	£000
Difference on foreign exchange	273	1,786
Impairment of investment in subsidiaries	-	455

Auditor's remuneration in the current and prior year was borne by Huntsworth plc. If the auditors' remuneration was borne by this company it would have been £1,200 (2010: £1,150)

3. STAFF COSTS AND DIRECTORS' EMOLUMENTS

The Company has no employees other than the Directors, who did not receive any remuneration (2010 - £NIL)

4. INTEREST RECEIVABLE

	2011	2010
	£000	£000
Interest receivable from group companies	5,684	3,141

5. INTEREST PAYABLE

	2011	2010
	£000	£000
On loans from group undertakings	208	93

6. EXCEPTIONAL ITEMS

	2011	2010
	£000	£000
Net profit on sale of investment in subsidiaries	-	15,879

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. TAXATION

	2011 £000	2010 £000
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	1,574	750
Adjustments in respect of prior periods	(5)	(485)
Tax on profit on ordinary activities	1,569	265

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	5,451	16,667
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	1,444	4,667
Effects of:		
Expenses not deductible for tax purposes	195	529
Adjustments to tax charge in respect of prior periods	(5)	(485)
Non-taxable income	(65)	(4,446)
Current tax charge for the year (see note above)	1,569	265

Factors that may affect future tax charges

The UK's Finance Bill 2012 introduced legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012, rather than the 1% reduction already enacted in the Finance Act 2011

The UK Government has also announced that it intends to enact further reductions to the main rate of corporation tax by 1% each year to 22% by 1 April 2014

The effect of the reduction in the rate to 22% is not considered to be significant for these accounts

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Other fixed asset investments £000	Total £000
Cost or valuation			
At 1 January 2011 and 31 December 2011	279,077	15	279,092
Impairment			
At 1 January 2011 and 31 December 2011	59,392	-	59,392
Net book value			
At 31 December 2011	219,685	15	219,700
<i>At 31 December 2010</i>	219,685	15	219,700

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

8. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were the principal subsidiary undertakings of the company

Name	Class of shares	Holding
Citigate & Trimedia Norden AB	Ordinary	100%
Huntsworth Spain SL	Ordinary	100%
Citigate First Financial BV	Ordinary	100%
Citigate Dewe Rogerson iMAGE Pte Limited	Ordinary	100%
Dewe Rogerson Group Limited	Ordinary	100%
Huntsworth Holdings GmbH	Ordinary	100%
Citigate Communications Group Limited	Ordinary	100%

9 DEBTORS

	2011	2010
	£000	£000
Amounts owed by group undertakings	113,188	112,923
Other debtors	71	71
	113,259	112,994

Interest is receivable on intercompany loan notes of US\$30 million (£18.2 million) at 6.75% per annum, on intercompany loan notes of US\$26.3 million (£15.9 million) at 7.5% per annum and on intercompany loan notes of £40.4 million at LIBOR plus 2.5%

10. CREDITORS:

Amounts falling due within one year

	2011	2010
	£000	£000
Amounts owed to group undertakings	4,724	8,945
Corporation tax	1,203	599
	5,927	9,544

11. CREDITORS:

Amounts falling due after more than one year

	2011	2010
	£000	£000
Amounts owed to group undertakings	245,440	245,440

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

12. SHARE CAPITAL

	2011 £000	2010 £000
Authorised		
262,000,000 Ordinary shares of £0.05 each	<u>13,100</u>	<u>13,100</u>
Allotted, called up and fully paid		
201,842,734 Ordinary shares of £0.05 each	<u>10,092</u>	<u>10,092</u>

13. RESERVES

	Share premium account £000	Merger reserve £000	Profit and loss account £000
At 1 January 2011	95,129	58,005	(85,516)
Profit for the year			3,882
At 31 December 2011	<u>95,129</u>	<u>58,005</u>	<u>(81,634)</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Opening shareholders' funds	77,710	36,077
Profit for the year	3,882	16,402
Share premium on shares issued (net of expenses)	-	25,231
Closing shareholders' funds	<u>81,592</u>	<u>77,710</u>

15. CONTINGENT LIABILITIES

In connection with the Group's banking and borrowing facilities, on 15 March 2011 the Company and certain other group companies entered into cross-guarantee and indemnity arrangements with Lloyds TSB Bank plc, The Royal Bank of Scotland plc and Clydesdale Bank plc. The guaranteed facilities of these companies at 31 December 2011 were £110.0 million (2010: £87.0 million).

The Company is registered with HM Revenue & Customs as a member of a group for VAT purposes and as a result is jointly and severally liable on a continuing basis for amounts owing by any other members of that group in respect of unpaid VAT. At the balance sheet date the outstanding VAT group liability was £2.2 million (2010: £1.9 million).

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16. OPERATING LEASE COMMITMENTS

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		2011 £000	Other 2010 £000
	2011 £000	2010 £000		
Expiry date:				
Within 1 year	88	-	-	-
Between 2 and 5 years	-	177	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The cost of these operating leases is borne by another Group company

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent company is Huntsworth Holdings Limited. The ultimate parent company is Huntsworth plc. Huntsworth plc is the smallest and largest group to consolidate these financial statements. Copies of Huntsworth plc's consolidated financial statements, which include the Company, are available from its registered office at 15-17 Huntsworth Mews, London, NW1 6DD.