

BITE COMMUNICATIONS LIMITED
(Registered number: 3023521)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004



BITE COMMUNICATIONS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 JULY 2004

The directors present their report together with the audited financial statements of Bite Communications Limited ("the Company") for the year ended 31 July 2004.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the provision of international public and press relations services, dealing principally with clients in the high-technology sector. The company has a branch operating in Sweden.

REVIEW OF BUSINESS

The state of the Company's affairs at the balance sheet date was satisfactory. The directors report a profit after tax of £434,748 (2003: £480,024) for the year. They are confident that this performance will be improved upon in future years.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of an interim or final dividend for the year (2003: Nil) and the retained profit of £434,748 (2003: £480,024) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year except as noted are shown below. No directors had any beneficial interest in the share capital of the company.

T W Lewis, C Armitage, S Seitz, H Macphail, I Kirk and J Wilks are also directors of the immediate parent undertaking, Bite Communications Group Limited, and their interests in the share capital of that company are shown in its financial statements.

T W Lewis is also a director of the ultimate parent undertaking, Next Fifteen Communications Group plc, and his interest in the share capital of that company is shown in its financial statements.

	Appointed	Resigned
T W Lewis	-	-
C Armitage	-	-
S Seitz	-	-
H Macphail	-	-
I Kirk	-	-
J Wilks	-	-
C Cartwright	-	13 May 2004
R Bachmann	11 August 2003	-
P Mackender	11 August 2003	-
B Dodworth	6 April 2004	-

CHARITABLE DONATIONS

During the year the Company made charitable donations of £1,040 (2003: £844) to the Charities Aid Foundation under a Give As You Earn scheme.

BITE COMMUNICATIONS LIMITED

REPORT OF THE DIRECTORS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

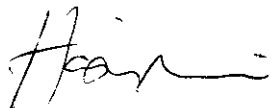
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to 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 ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

On 18 August 2004, Deloitte & Touche LLP resigned from the position of the Company's auditors and BDO Stoy Hayward LLP were appointed to fill the vacancy. A resolution to re-appoint BDO Stoy Hayward LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



H Macphail
Director
9 May 2005

BITE COMMUNICATIONS LIMITED

Independent auditors' report to the shareholders of Bite Communications Limited

We have audited the financial statements of Bite Communications Limited for the year ended 31 July 2004 on pages 5 to 15. These financial statements have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP
BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors

London

9 May 2005

BITE COMMUNICATIONS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JULY 2004**

	Year Ended 31 July 2004 £	Year Ended 31 July 2003 £
TURNOVER (Notes 1 and 2)	5,326,492	5,184,580
Other external charges	<u>(627,053)</u>	<u>(583,677)</u>
TURNOVER LESS OTHER EXTERNAL CHARGES	4,699,439	4,600,903
Wages and salaries	(2,401,772)	(2,225,251)
Social security costs	(334,565)	(285,182)
Other pension contributions	(98,105)	(93,626)
Depreciation	(155,934)	(161,544)
Other operating charges	<u>(1,055,002)</u>	<u>(1,114,770)</u>
	<u>(4,045,378)</u>	<u>(3,880,373)</u>
OPERATING PROFIT (Note 3)	654,061	720,530
Interest payable and similar charges (Note 5)	<u>(6,529)</u>	<u>(8,489)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	647,532	712,041
Tax on profit on ordinary activities (Note 6)	<u>(212,784)</u>	<u>(232,017)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (Note 14 and 15)	<u>434,748</u>	<u>480,024</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**FOR THE YEAR ENDED 31 JULY 2004**

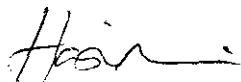
	Year Ended 31 July 2004 £	Year Ended 31 July 2003 £
Profit attributable to members	434,748	480,024
Currency translation differences on overseas branch	<u>(5,040)</u>	<u>7,675</u>
Total recognised gains relating to the year	<u>429,708</u>	<u>487,699</u>

The accompanying notes on pages 7 to 15 form an integral part of these financial statements.

BITE COMMUNICATIONS LIMITED**BALANCE SHEET****AS AT 31 JULY 2004**

	<u>2004</u> £	<u>2003</u> £
FIXED ASSETS		
Tangible assets (Note 7)	482,991	547,281
Investments (Note 8)	382,859	220,131
	865,850	767,412
CURRENT ASSETS		
Debtors (Note 9)	1,741,816	1,058,743
Deposits	19,724	-
Cash at bank and in hand	391,505	565,662
	2,153,045	1,624,405
CREDITORS – Amounts falling due within one year (Note 10)	(1,065,250)	(1,020,631)
NET CURRENT ASSETS	1,087,795	603,774
TOTAL ASSETS LESS CURRENT LIABILITIES	1,953,645	1,371,186
CREDITORS – Amounts falling due after more than one year (Note 11)	(391,484)	(233,012)
Provisions for liabilities and charges (Note 12)	(17,912)	(23,633)
NET ASSETS	1,544,249	1,114,541
CAPITAL AND RESERVES		
Called up share capital (Note 13)	50,000	50,000
Reserves (Note 14)	1,494,249	1,064,541
TOTAL EQUITY SHAREHOLDERS' FUNDS (Note 15)	1,544,249	1,114,541

APPROVED BY THE BOARD ON 7 MAY 2005

H MACPHAIL
FINANCE DIRECTOR

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004

1 ACCOUNTING POLICIES

The Company's financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies have been consistently applied throughout the year and the preceding year and are as follows:

(1) Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis. The Company has taken advantage of s.228 of the Companies Act 1985 and has not prepared Group accounts. Consequently these financial statements contain information about the Company only and not its Group.

(2) Turnover

Turnover represents the invoiced value of services supplied excluding all sales taxes after adjusting for any change in the level of accrued income during the year.

(3) Accrued income

Accrued income is valued on the basis of the cost of services provided up to the balance sheet date and not yet invoiced. Profit is taken on all work completed by that date. Provision is made for the full amount of foreseeable losses.

(4) Fixed Assets

Fixed assets are stated at cost, net of accumulated depreciation. Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Short leasehold property	Depreciated over minimum length of the lease
Office furniture	20% per annum straight line
Motor vehicles	25% per annum straight line
Office equipment	33% per annum straight line

(5) Foreign currencies

The results of overseas subsidiaries are translated at the average rates during the year and the balance sheets of these undertakings are translated at the year end exchange rates. Exchange differences arising on retranslation of opening net assets of foreign subsidiaries and branches are taken to reserves.

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the balance sheet date. Foreign currency transactions are expressed in sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses and translation differences are taken directly to the profit and loss account.

(6) Deferred taxation

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 taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004 (continued)

1 ACCOUNTING POLICIES (continued)

(7) Pension costs

Pension costs, which relate to payments to employees' own defined contribution pension plans, are charged to the profit and loss account as incurred.

(8) Leasing transactions

Assets held under finance leases are included in the balance sheet at cost, less accumulated depreciation. The interest element on these obligations is charged to the profit and loss account using the sum of digits method so as to achieve a constant interest rate over the life of each agreement. Operating lease rentals are charged to the profit and loss account as incurred.

(9) Investments

Fixed asset investments and investments in Group undertakings are stated at cost less provisions for impairment in value.

2 TURNOVER

All of the Company's turnover arises from the provision of public relations consultancy services within Europe.

3 OPERATING PROFIT

	<u>2004</u>	<u>2003</u>
Operating profit is stated after charging / (crediting):	£	£
Auditors' remuneration:		
Audit services	10,566	9,720
Tax services	3,275	2,100
Depreciation of tangible fixed assets: Owned	104,168	112,260
Depreciation of tangible fixed assets: Leased	51,766	43,365
Loss on disposal of tangible fixed assets	263	7,553
Operating lease rentals: Land and buildings	313,362	353,884
Operating lease income	(68,660)	(18,531)
Foreign exchange loss/(gain)	2,303	(9,450)

4 STAFF COSTS

	<u>2004</u>	<u>2003</u>
Staff costs (including directors) consist of:	£	£
Wages and salaries	2,401,772	2,225,251
Social security costs	334,565	285,182
Other pension costs	98,105	93,626

The average monthly number of employees during the year was as follows:

	<u>2004</u>	<u>2003</u>
	No.	No.
Directors	7	7
Direct Public Relations	50	45
Administration	9	9
	66	61

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004 (continued)

4 STAFF COSTS (continued)

Directors' emoluments

	Year Ended 31 July 2004 £	Year Ended 31 July 2003 £
Emoluments of highest paid director:		
Aggregate emoluments excluding pension contributions	175,845	134,100
Company contributions to defined contribution scheme	9,076	8,200
	<u>184,921</u>	<u>142,300</u>
Total emoluments of all Directors:		
Aggregate emoluments excluding pension contributions	812,770	544,983
Company contributions to defined contribution schemes	45,482	37,037
	<u>858,252</u>	<u>582,020</u>
The number of directors to whom retirement benefits are accruing is:	Year Ended 31 July 2004 No	Year Ended 31 July 2003 No
Defined contribution schemes	<u>7</u>	<u>5</u>

Tom Lewis is also a director of the ultimate parent company, Next Fifteen Communications Group plc (Note 19), and is also a director of a number of other group companies. The amount of total emoluments he received during the year are disclosed in the accounts of the ultimate parent company since it is not practicable to apportion his emoluments between the companies.

Directors emoluments are shown within staff costs in the profit and loss account.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2004</u>	<u>2003</u>
	£	£
Bank charges	4,715	4,503
Finance lease interest	1,814	3,986
	<u>6,529</u>	<u>8,489</u>

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004 (continued)

6	TAX ON PROFIT ON ORDINARY ACTIVITIES	2004	2003
		£	£
	UK Corporation tax at 30% (2003: 30%)	217,936	230,695
	Prior year under provision	569	9,660
	Foreign tax	28,589	19,748
	Double taxation relief	(28,589)	(19,748)
	Group relief payable	-	36
	Current tax charge for the year	218,505	240,391
	Deferred taxation (Note 11)	(5,721)	(8,374)
		212,784	232,017
	Reconciliation of current year tax charge	£	£
	Profit on ordinary activities before taxation	647,532	712,041
	Tax on profit on ordinary activities at the standard rate	194,260	213,612
	Factors affecting charge:		
	Disallowed expenses	4,500	2,460
	Depreciation in excess of capital allowances	19,176	14,659
	Prior period adjustment	569	9,660
		218,505	240,391

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004 (continued)

7 TANGIBLE FIXED ASSETS

	Short Leasehold <u>Premises</u>	Office <u>Equipment</u>	Office <u>Furniture</u>	Motor <u>Vehicles</u>	<u>Total</u>
	£	£	£	£	£
COST					
At 1 August 2003	421,049	511,313	164,354	5,050	1,101,766
Additions	31,880	66,255	1,936	-	100,071
Disposals	-	(12,153)	-	-	(12,153)
Exchange Differences	-	(584)	-	-	(584)
At 31 July 2004	452,929	564,831	166,290	5,050	1,189,100
DEPRECIATION					
At 1 August 2003	69,793	367,558	115,555	1,579	554,485
Charge for the year	51,766	83,860	19,046	1,262	155,934
Disposals	-	(3,978)	-	-	(3,978)
Exchange Differences	-	(332)	-	-	(332)
At 31 July 2004	121,559	447,108	134,601	2,841	706,109
NET BOOK VALUE					
As at 31 July 2004	331,370	117,723	31,689	2,209	482,991
As at 31 July 2003	351,256	143,755	48,799	3,471	547,281

The net book value of short leasehold assets includes £66,421 (2003: £83,613) in respect of assets held under finance lease.

8 INVESTMENTS

	<u>2004</u>
	£
SHARES IN GROUP UNDERTAKINGS	
Cost at 1 August 2003	220,131
Additions	218,750
Disposals	(56,022)
Cost at 31 July 2004	382,859

The investment represents a holding of ordinary shares in Bite Communications Group Limited, a company incorporated in Great Britain that acts as an investment holding company. The holding represents 9% of the shares in Bite Communications Group Limited and are held in an Employee Share Ownership Plan Trust (ESOP) as described in Note 18.

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004 (continued)

9 DEBTORS

	<u>2004</u> £	<u>2003</u> £
Trade debtors	926,360	778,106
Amounts owed by parent undertaking	344,579	-
Amounts owed by fellow subsidiaries	239,925	91,626
Other debtors	11,062	15,371
Prepayments and accrued income	219,890	173,640
	<u>1,741,816</u>	<u>1,058,743</u>

10 CREDITORS: Amounts falling due within one year

	<u>2004</u> £	<u>2003</u> £
Obligations under finance leases	9,116	35,120
Trade creditors	155,427	136,602
Amounts owed to parent undertaking	26,427	105,262
Amounts owed to fellow subsidiaries	74,309	18,153
Other creditors including tax and social security	206,783	159,994
Amount owed to parent undertaking in relation to UK corporation tax	226,591	240,391
Accruals and deferred income	366,597	325,109
	<u>1,065,250</u>	<u>1,020,631</u>

The bank overdraft is secured by a fixed and floating charge over the Company's assets.

11 CREDITORS: Amounts falling due after more than one year

	<u>2004</u> £	<u>2003</u> £
Obligations under finance leases	-	9,037
Amounts owed to fellow subsidiary	391,484	223,975
	<u>391,484</u>	<u>233,012</u>

There are no finance lease obligations payable after more than one year.

12 PROVISION FOR LIABILITIES AND CHARGES

	<u>2004</u> £	<u>2003</u> £
Analysis of deferred tax liability		
Accelerated capital allowances	17,912	23,633
	<u>17,912</u>	<u>23,633</u>

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004 (continued)

12 PROVISION FOR LIABILITIES AND CHARGES (continued)

Analysis of movement in provisions	<u>2003</u>	<u>Movement in</u> <u>profit and loss</u> <u>account</u>	<u>2004</u>
	£	£	£
Deferred tax liability	23,633	5,721	17,912

13 CALLED UP SHARE CAPITAL

At 1 August 2003 and at 31 July 2004:	<u>2004</u>	<u>2003</u>
	£	£
Authorised		
1,000,000 ordinary shares of 5p each (2003: 1,000,000 ordinary shares of 5p each)	50,000	50,000
Allotted, called up and fully paid	£	£
1,000,000 ordinary shares of 5p each (2003: 1,000,000 ordinary shares of 5p each)	50,000	50,000

14 RESERVES

	<u>2004</u> Profit & loss Account £	<u>2003</u> Profit & loss Account £
Opening balance at 1 August 2003	1,064,541	576,842
Retained profit for the year	434,748	480,024
Currency translation differences	(5,040)	7,675
Closing balance at 31 July 2004	1,494,249	1,064,541

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2004</u> £	<u>2003</u> £
Profit after taxation for the year	434,748	480,024
Currency translation differences	(5,040)	7,675
Net addition to shareholders' funds	429,708	487,699
Opening shareholders' funds	1,114,541	626,842
Closing shareholders' funds	1,544,249	1,114,541

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004 (continued)

16 RELATED PARTIES

The Company has taken advantage of paragraph 3 of Financial Reporting Standard 8 "Related Party Disclosures", not to disclose transactions with Group undertakings as more than 90 percent of its shares are controlled within the Group which is headed by Next Fifteen Communications Group plc as described in note 19 below.

17 OPERATING LEASE COMMITMENTS

The Company has entered into operating leases and has annual commitments under these expiring as follows:

	2004	2003
	Land and Buildings	Land and Buildings
	£	£
Between two and five years	-	24,903
After five years	313,362	313,446

18 EMPLOYEE SHARE OWNERSHIP PLAN TRUST (ESOP)

The Company formed an Employee Share Ownership Plan Trust (ESOP) during the year ended 31 July 1998.

The purpose of the ESOP is to enable the Company to offer participation in the ownership shares in Bite Communications Group Limited, the immediate parent company.

Arrangements for the distribution of benefits to employees which may be the ownership of shares in Bite Communications Group Limited or the granting of options over shares in Bite Communications Group Limited held by the ESOP are made at the ESOP's discretion in such manner as the ESOP considers appropriate.

Administration costs of the ESOP are accounted for in the profit and loss account of the Company as they are incurred.

Shares owned by the ESOP

At 31 July 2003 the ESOP held 2,661,000 "A" Ordinary shares of 5p each in Bite Communications Group Limited. The following shares were sold to employees during the year:

- 372,000 shares exercised at 3.1p and sold for £11,532;
- 924,000 shares exercised at 3.85p and sold for £35,574; and
- 71,332 shares exercised at 12.5p and sold for £8,916.

On 11 November 2003, the ESOP purchased a further 875,000 "A" Ordinary shares for £218,750 at a price of 25p each.

The conditional shares become eligible for payment on the following dates:

- The first one third of the total number sold two years prior to the vesting date;
- The second one third of the total number sold one year prior to the vesting date; and
- The final one third of the total number sold on the vesting date.

The vesting date varies between employees but for the majority of employees it is 4 May 2006.

Once eligible for payment and paid for, the conditional shares gain full voting, dividend and winding-up rights and rank pari passu with the ordinary shares.

A condition of the employee's ownership of the Conditional Shares is that:

- if the employee's employment with all Group companies terminates before the Vesting Date; or
- if the employee attempts to dispose of the Conditional Shares without prior written approval of the Board of directors of the Company; then

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2004 (continued)

18 EMPLOYEE SHARE OWNERSHIP PLAN TRUST (ESOP) (continued)

the employee will forfeit all rights to and derived from the Conditional Shares which they have not yet paid for and must transfer them back to the Bite ESOP at the same price at which they were sold to them.

The shares of Bite Communications Group Limited are not openly traded and as such do not have a market price.

19 IMMEDIATE AND ULTIMATE PARENT COMPANY

The ultimate parent undertaking and the parent company of the smallest and largest group into which the company is consolidated is Next Fifteen Communications Group plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Next Fifteen Communications Group plc are available to the public and can be obtained from Power Road Studios, 114a Power Road, London, W4 5PY. The immediate parent undertaking is Bite Communications Group Limited.