

International Herald Tribune Limited

Company Registration No. 1106659 (England and Wales)

Directors' report and financial statements

For the year ended 31 December 2004



INTERNATIONAL HERALD TRIBUNE LIMITED

COMPANY INFORMATION

Directors	R Wooldridge C Perot
Secretary	C Perot
Company number	1106659
Registered office	40 Marsh Wall Isle of Dogs London E14 9TP
Auditors	Mazars LLP Times House Throwley Way Sutton, Surrey SM1 4JQ

INTERNATIONAL HERALD TRIBUNE LIMITED

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INTERNATIONAL HERALD TRIBUNE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Principal activities and review of the business

The principal activities of the company continued to be to act as an advertising sales agency for its parent undertaking, International Herald Tribune SAS, which publishes the daily international paper The International Herald Tribune, and to organise international conferences.

2004 was as a disappointing year with advertising revenues being severely depressed. As a result commission income fell to £964,739 (2003: £1,009,519). Conferences fared a little better with revenues rising to £876,412 (2003: £558,604), although net profit from conferences remained roughly the same at £165,095 (2003: £168,571).

Administration costs jumped to £2,187,237 (2003: £1,739,910). This was largely due to the increase in conference activity, and also rental costs following a rent review.

Net results for the year showed a loss of £326,792 (2003: £55,410). 2005 will again be a tough year with advertising revenues remaining low.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 January 2004:

D Taylor	(Resigned 14 July 2005)
R Wooldridge	
C Perot	

Directors' interests

There are no directors' interests requiring disclosure under Companies Act 1985.

Auditors

Mazars LLP were appointed by the Board as the independent auditor to the Company during the year upon the resignation of Mazars. A resolution to reappoint Mazars LLP as auditors of the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

INTERNATIONAL HERALD TRIBUNE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

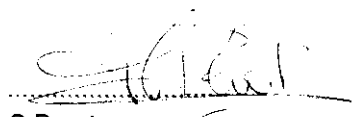
Directors' responsibilities

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

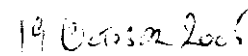
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

On behalf of the board



C Perot
Director



Date

INTERNATIONAL HERALD TRIBUNE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL HERALD TRIBUNE LIMITED

We have audited the financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and 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 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 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 the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 misstatement within it.

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 circumstances of the company, 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 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars LLP

Mazars LLP

Chartered Accountants
and Registered Auditors

26 October 2005

Times House
Throwley Way
Sutton,
Surrey, SM1 4JQ

INTERNATIONAL HERALD TRIBUNE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	1,849,620	1,568,123
Administrative expenses		(2,187,237)	(1,739,910)
Other operating income		9,201	119,138
Operating loss	3	(328,416)	(52,649)
Other interest receivable and similar income		1,971	1,249
Loss on ordinary activities before taxation		(326,445)	(51,400)
Tax on loss on ordinary activities	4	(347)	(4,010)
Loss on ordinary activities after taxation	10	(326,792)	(55,410)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

INTERNATIONAL HERALD TRIBUNE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	5		78,463		79,726
Current assets					
Debtors	6	1,881,986		2,328,040	
Cash at bank and in hand		228,947		80,188	
		<u>2,110,933</u>		<u>2,408,228</u>	
Creditors: amounts falling due within one year	7	<u>(583,812)</u>		<u>(555,581)</u>	
Net current assets			<u>1,527,121</u>		<u>1,852,647</u>
Total assets less current liabilities			<u><u>1,605,584</u></u>		<u><u>1,932,373</u></u>
Capital and reserves					
Called up share capital	9		5,000		5,000
Profit and loss account	10		<u>1,600,584</u>		<u>1,927,373</u>
Shareholders' funds - equity interests	11		<u><u>1,605,584</u></u>		<u><u>1,932,373</u></u>

The financial statements were approved by the Board on 10 October 2005



C Perot
Director

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	Between 3 and 15 years on a straight line basis
Computer equipment	Over 5 years on a straight line basis
Fixtures and fittings	Over 5 years on a straight line basis
Motor vehicles	Over 5 years on a straight line basis

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates 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 profit and loss account.

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

2 Turnover and loss on ordinary activities before taxation

Class of business	Turnover	
	2004 £	2003 £
Advertising commissions	964,739	1,009,519
Conferences	876,412	558,604
Other operating income	8,469	-
	<u>1,849,620</u>	<u>1,568,123</u>

Geographical market

	Turnover	
	2004 £	2003 £
United Kingdom	1,002,064	1,466,638
Europe	40,168	-
Middle East	158,003	66,235
Africa	59,383	-
Far East	590,002	-
Classified sources	-	35,250
	<u>1,849,620</u>	<u>1,435,653</u>

3 Operating loss

	2004 £	2003 £
Operating loss is stated after charging:		
Depreciation of tangible assets	47,939	63,505
Auditors' remuneration	12,500	12,500
	<u></u>	<u></u>

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

4	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	-	4,010
	Adjustment for prior years	347	-
	Current tax charge	<u>347</u>	<u>4,010</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(326,445)</u>	<u>(51,400)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	<u>(97,934)</u>	<u>(15,420)</u>
	Effects of:		
	Non deductible expenses	8,340	11,347
	Depreciation	14,093	18,704
	Capital allowances	(9,991)	(10,621)
	Tax losses not utilised	85,491	-
	Adjustments to previous periods	347	-
		<u>98,280</u>	<u>19,430</u>
	Current tax charge	<u>347</u>	<u>4,010</u>

The company has estimated losses of £ 308,410 (2003: £ 23,441) available for carry forward against future trading profits.

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

5 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2004	90,344	124,708	128,601	43,410	387,063
Additions	-	10,719	14,036	27,536	52,291
Disposals	-	-	(9,326)	(28,615)	(37,941)
At 31 December 2004	90,344	135,427	133,311	42,331	401,413
Depreciation					
At 1 January 2004	67,860	110,472	103,220	25,785	307,337
On disposals	-	-	(6,983)	(25,343)	(32,326)
Charge for the year	12,800	11,444	12,787	10,908	47,939
At 31 December 2004	80,660	121,916	109,024	11,350	322,950
Net book value					
At 31 December 2004	9,684	13,511	24,287	30,981	78,463
At 31 December 2003	22,484	14,236	25,381	17,625	79,726

6 Debtors

	2004 £	2003 £
Trade debtors	43,653	88,535
Amounts owed by parent and fellow subsidiary undertakings	1,765,270	2,170,970
Other debtors	4,095	9,142
Prepayments and accrued income	68,968	59,393
	<u>1,881,986</u>	<u>2,328,040</u>

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

7	Creditors: amounts falling due within one year	2004	2003
		£	£
	Bank loans and overdrafts	-	3,799
	Trade creditors	313,780	235,635
	Corporation tax	-	4,008
	Other taxes and social security costs	98,397	133,204
	Other creditors	-	3,358
	Accruals and deferred income	171,635	175,577
		<u>583,812</u>	<u>555,581</u>
8	Pension costs		
	Defined contribution		
		2004	2003
		£	£
	Contributions payable by the company for the year	<u>45,875</u>	<u>47,009</u>
9	Share capital	2004	2003
		£	£
	Authorised		
	5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
	Allotted, called up and fully paid		
	5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
10	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 January 2004		1,927,376
	Retained loss for the year		(326,792)
	Balance at 31 December 2004		<u>1,600,584</u>

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

11 Reconciliation of movements in shareholders' funds	2004 £	2003 £
Loss for the financial year	(326,792)	(55,410)
Opening shareholders' funds	1,932,373	1,987,783
Closing shareholders' funds	1,605,584	1,932,373

12 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Expiry date:				
Within one year	-	-	-	1,370
Between two and five years	150,000	-	1,300	-
In over five years	-	122,938	-	-
	150,000	122,938	1,300	1,370

13 Directors' emoluments	2004 £	2003 £
Emoluments for qualifying services	45,821	50,159
Company pension contributions to money purchase schemes	4,714	10,280
	50,535	60,439

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

14 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
	32	31
Employment costs		
	£	£
Wages and salaries	683,233	653,497
Social security costs	72,039	87,506
Other pension costs	45,875	47,009
	801,147	788,012

15 Control

The immediate parent company is International Herald Tribune SAS, incorporated in France, and the ultimate parent company is The New York Times, incorporated in the United States.

The parent company of the smallest group to include the company in its consolidated financial statements is International Herald Tribune SA, a company incorporated in France.

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.