

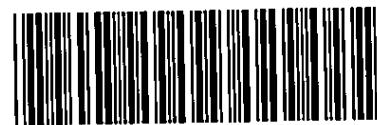
Company Registration No. 2788181 (England And Wales)

dsicmm Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

FRIDAY



LD2 09/10/2009 310
COMPANIES HOUSE

dsicmm Limited

COMPANY INFORMATION

Directors

A.M. Burrows
T.M. Drake
M. Felstead
K.E. Hayley
A.D. Maclean
Y.J. Noble
D.N. Reynolds
M.R. Williams
A. Young

Secretary

A. Young

Company number

2788181

Registered office

Evolution House
Choats Road
Dagenham
Essex
RM9 6BF

Auditors

Kingston Smith LLP
Orbital House
20 Eastern Road
Romford
Essex
RM1 3PJ

dsicmm Limited

CONTENTS

	Page
Directors' report	1 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 24

dsicmm Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The directors present their report and financial statements for the year ended 30 June 2008.

Directors

The following directors have held office since 1 July 2007:

A.M. Burrows	
T.M. Drake	
M. Felstead	
K.E. Hayley	(Appointed 2 July 2007)
A.D. Maclean	(Appointed 2 July 2007)
Y.J. Noble	(Appointed 2 July 2007)
D.N. Reynolds	
M.R. Williams	(Appointed 30 July 2007)
A. Young	
G. Bull	(Appointed 2 July 2007 and resigned 28 February 2008)

Principal activities and business review

dsicmm Limited provides a diverse range of services in the processing of data, printing, mailing, distribution and the distribution of information via the Internet. The results for the company show a pre-tax profit of £2.3 million (2007: £0.8 million) for the year and sales of £68.9 million (2007: £31.4 million).

The directors have proposed a dividend of £0.3 million (2007: £0.4 million); £0.15 million of which has been paid prior to 30 June 2008.

Review of risks and future outlook

In reviewing the business environment it should be recognised that the structure of the industry reflects the diversity of its products and fragmented nature of its markets. The printing, packaging and graphics communications industry is part of the UK's fourth largest manufacturing industry by turnover and second largest by value added. It remains extremely competitive however competition is fragmented and there continues to be a great deal of consolidation within the sectors that the company operates.

In overall terms however the business environment in which the company operates is buoyant but is undergoing significant change:

- Selection, speed and access to information becoming drivers
- Personalised content and communication is increasingly more expected
- Continued integration between print and electronic media
- Increase in print & communication on demand using the web to drive print
- Traditional areas of the business (e.g. litho printing) are increasingly becoming commodities traded at the lowest price

The wider economic environment is expected to remain uncertain as the United Kingdom economy continues to adjust to the global financial crisis. We, however, remain confident that we will maintain our current level of performance in the future due to the high proportion of work that we produce being contracted, transactional and regulatory in nature.

dsicmm Limited

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2008

Strategy

The strategy of the business is defined as follows:

- To continue the consolidation of its operations into the key sites in the UK, delivering synergy savings and improving cash generation
- To conduct ongoing operational review and implementation of processes to improve productivity and quality
- To complete a strategic investment programme in enclosing technologies, delivering Automated Document Factory (ADF) as well as improvements in enclosing speed and capacity
- To continue its research and development ensuring that the company's world leading development platform (nexdax) continues to provide unique solutions for our clients and drives increased revenues for the company
- To continue to build contracted revenues focussing on data led applications utilising the market leading position dsicmm have created using nexdax and digital printing solutions.
- To secure core revenues that can be delivered into the company's existing operations, without the need for further specialist capital investment

Strategic Acquisitions and Mergers

On 27 June 2007 dsicmm Group Limited was inserted as the parent of dsicmm Limited in a group reconstruction. The strategy of the group in previous years has been to develop its business in size and scale to compete more effectively in a consolidating market. In line with these objectives, dsicmm Limited transacted the following acquisitions:

- On 31 July 2007, dsicmm Limited purchased the trade and assets from fellow group subsidiary Corporate Mailing Matters Limited for a consideration of £12.4 million.
- On 20 June 2008, dsicmm Limited purchased the remaining 50% share in Colourworks Docklands Limited, previously accounted for as a joint venture for the group, for a consideration of £2.31 million.
- On 4 September 2008, dsicmm Limited purchased a trading division from Dataforce for a consideration of £0.30 million.

Further details of these transactions, including the payment of the considerations and the financing of these transactions, can be found in Note 11 Fixed Asset Investments and Note 28 Acquisitions.

No further acquisitions or mergers are currently planned.

Research & Development

The directors regard the investment in research and development as integral to the continuing success of the business and ensuring that we remain in the forefront of our industry.

The company has established itself as a world leader in the processing of data and the output of variable data printing and internet based delivery of information. Throughout the year the company has refined its in-house software to develop faster processing, improved graphics handling and improved integration to new media channels such as the internet, digital TV, and SMS. A broader resource of developers and supporting staff has been trained to provide greater capacity to deliver evermore complex output solutions and to provide resilience in the maintenance of its in-house software.

Operational Efficiencies

As part of the dsicmm group, the company has participated in the re-location of a number of the group businesses from 26 buildings (on three sites to the east of London and one to the west) to its newly built 175,000 square foot site in Dagenham, Essex. The re-location has enabled the overall group to commence its rationalisation programme to improve cost and production efficiencies and to realise the synergies from the acquired businesses and assets.

The new state-of-the-art facility has delivered significant infrastructure improvement in a number of areas including fire suppression, physical security, power, and environment. Additionally operating from a single site is starting to deliver the forecast synergistic savings and operational efficiencies.

dsicmm Limited

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2008

Investment in New Equipment

To ensure that the company continues to deliver the quality and speed of service that its clients require, it will continue to keep abreast and to invest in new technology to meet their requirements. In particular the company has completely refreshed its litho equipment base delivering quality and environmental benefits; refreshed its already significant digital printing facilities; and delivered new best in class enclosing technology to the new Dagenham site.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters that affect them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event 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 other employees.

Creditor payment policy

The company's current policy concerning the payment of its creditors is to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders. The company continues to review payment terms and it is a strategic objective to improve terms on an ongoing basis.

Charitable and Political Donations

The company made no political donations. During the year the company made charitable donations totalling £50,887 (2007 - £36,922)

Auditors

Kingston Smith LLP were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Directors' responsibilities

The directors are responsible for preparing 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 for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

dsicmm Limited



**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

The directors are responsible for keeping proper accounting records that 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


A Young
18 September 2009 

dsicmm Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DSICMM LIMITED

We have audited the financial statements of dsicmm Limited for the year ended 30 June 2008 set out on pages 7 to 24. 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 the directors and auditors

The directors' responsibilities for preparing 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 also 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.

dsicmm Limited

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF DSICMM LIMITED

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 30 June 2008 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.

Emphasis of matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern.

As described in note 1 the company has short term cash flow difficulties which have principally arisen due to the use of invoice discounting facilities to finance planned long term capital projects as a result of difficulty in obtaining long term project funding in the current economic climate. As a result of these financing arrangements the company's balance sheet at 30 June 2008 shows net current liabilities of £4,974,023.

Whilst the directors have instituted a number of measures to conserve cash and secure additional finance, these circumstances create uncertainties over future cash flows which may cast doubt about the company's ability to continue as a going concern. After making enquiries, and considering the uncertainties, the directors nevertheless have every expectation that the company will have adequate resources to continue in operational existence for the foreseeable future and for these reasons they continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that may result if the company was unable to continue as a going concern.



Kingston Smith LLP

Chartered Accountants

Registered Auditors

18 September 2009

Orbital House
20 Eastern Road
Romford
Essex
RM1 3PJ

dsicmm Limited

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008**

		2008	Eleven months ended 30 June 2007
	Notes	£	£
Turnover	2	68,901,806	31,369,812
Cost of sales		(38,950,445)	(19,071,719)
Gross profit		29,951,361	12,298,093
Administrative expenses		(26,200,639)	(10,925,131)
Other operating income		629,716	34,100
Operating profit	3	4,380,438	1,407,062
Loss on sale of tangible assets		(143,246)	(8,257)
Profit on ordinary activities before interest		4,237,192	1,398,805
Investment income	4	140,193	204,772
Other interest receivable and similar income		34,120	2,883
Amounts written off investments	5	(1,015,952)	(377,550)
Interest payable and similar charges	6	(1,078,130)	(411,251)
Profit on ordinary activities before taxation		2,317,423	817,659
Tax on profit on ordinary activities	7	(904,171)	(476,717)
Profit for the year	20	1,413,252	340,942

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.

dsicmm Limited

**BALANCE SHEET
AS AT 30 JUNE 2008**

	Notes	2008 £	£	2007 £	£
Fixed assets					
Intangible assets	9	2,828,192		2,036,926	
Tangible assets	10	11,255,526		4,280,055	
Investments	11	3,656,222		1,076,477	
			17,739,940		7,393,458
Current assets					
Stocks	12	402,799		370,895	
Debtors	13	22,641,688		7,667,755	
Cash at bank and in hand		47,309		2,258	
			23,091,796		8,040,908
Creditors: amounts falling due within one year	14	(28,065,819)		(10,761,617)	
Net current liabilities			(4,974,023)		(2,720,709)
Total assets less current liabilities			12,765,917		4,672,749
Creditors: amounts falling due after more than one year	15		(7,259,468)		(1,145,096)
Provisions for liabilities	16		(1,469,281)		(1,029,845)
Accruals and deferred income	17		(742,791)		(316,683)
			3,294,377		2,181,125
Capital and reserves					
Called up share capital	19	29,906		29,906	
Other reserves	20	838,674		838,674	
Profit and loss account	20	2,425,797		1,312,545	
Shareholders' funds	21	3,294,377		2,181,125	

Approved by the Board and authorised for issue on 18 September 2009


A Young
Director

dsicmm Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1 Accounting policies

1.1 Accounting convention and comparative figures

The financial statements are prepared under the historical cost convention. Comparative figures represent the results for the eleven months ended 30 June 2007.

As a subsidiary of the dsicmm Group Limited, dsicmm Limited (the 'company') has been party to the group's overall strategy following a planned path of acquisition, merger and consolidation. This process included the consolidation of many business sites, including a number of the company's sites, into one new location in Dagenham, the move being essential following expiry of the main lease at the head office. While sales have continued to grow for the company, margins have been squeezed due to the global banking crisis. The combination of these factors together with severe tightening in the availability of funding has caused short term cash flow difficulties. As a result the company's balance sheet at 30 June 2008 shows net current liabilities of £4,974,023.

In order to overcome short term cash flow issues, the company has successfully approached various key creditors to obtain longer payment terms; the shareholders/directors have provided short term loans and have at the same time carried out a cost reduction exercise across the organisation. The company is continuing to approach other creditors to agree longer repayment terms. On a long term basis the dsicmm group is working with its banks with a view to obtaining additional facilities and is also in discussions with potential investors who are considering taking an equity interest in the group.

The combination of the above factors represent an uncertainty that casts doubt upon the company's ability to continue as a going concern. However, as supported by past results and future profit and cash flow projections, the group continues to be profitable. Plans have been put in place to allow the company to meet its obligations as they fall due and the overall dsicmm group is actively seeking alternative long term funding and has parties interested in investing in the group. In view of this there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the going concern basis continues to be adopted in preparing the financial statements.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Consolidation

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of its parent, dsicmm Group Limited, a company registered in England and Wales.

1.4 Cash flow statement and related party transactions

The company is a wholly owned subsidiary of dsicmm Group Limited and is included in the consolidated financial statements of dsicmm Group Limited, which are publically available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under FRS1. The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the dsicmm Group Limited or investees of the group.

1.5 Turnover

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

dsicmm Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2008

1 Accounting policies

(continued)

1.6 Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of the business acquired. Acquired goodwill is amortised in equal annual instalments over its estimated useful economic life of twenty years.

1.7 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 Land and Buildings	Over the shorter of the lease period and economic useful life
Plant and machinery	10% straight line
Fixtures, fittings & equipment	10 - 20% straight line
Motor vehicles	20% straight line

1.8 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after allowance for obsolete and slow moving items.

1.11 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.12 Deferred taxation

Deferred taxation is provided in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes, calculated at the estimated tax rate payable. The deferred tax balance has not been discounted.

1.13 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.

dsicmm Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2008

1 Accounting policies (continued)

1.14 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.15 Reverse lease premium

Amounts received as an incentive to enter into operating leases are capitalised and amortised through the profit and loss account on a straight line basis over the shorter of the period up to the date of the first rent review or the expiry of the lease itself.

2 Turnover

The turnover of the company for the year has been derived from its principal activity as follows:-

	2008 £	2007 £
United Kingdom	65,593,232	31,369,812
Europe	764,910	-
Rest of World	2,543,664	-
	<u>68,901,806</u>	<u>31,369,812</u>

3 Operating profit

	2008 £	2007 £
Operating profit is stated after charging:		
Amortisation of intangible assets	162,898	132,804
Depreciation of tangible assets	1,396,696	847,251
Operating lease rentals - plant and machinery	1,735,945	1,084,811
Operating lease rentals - other	2,742,765	899,780
Auditors' remuneration - audit fees	67,000	66,000
Auditors' remuneration - other services	25,647	32,275
and after crediting:		
Profit on foreign exchange transactions	(62,075)	(598)
Release of loan from subsidiary undertaking	(1,033,940)	-
	<u>(1,033,940)</u>	<u>-</u>

dsicmm Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008

4	Investment income	2008	2007
		£	£
	Income from shares in associated undertakings	140,193	204,772
		<u>140,193</u>	<u>204,772</u>
5	Amounts written off investments	2008	2007
		£	£
	Amounts written off fixed asset investments:		
	- permanent diminution in value	<u>1,015,952</u>	<u>377,550</u>
6	Interest payable and similar charges	2008	2007
		£	£
	Bank loans and overdrafts	808,003	228,782
	Hire purchase interest	270,127	182,469
		<u>1,078,130</u>	<u>411,251</u>

dsicmm Limited

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

7 Taxation	2008	2007
	£	£
Domestic current year tax		
U.K. corporation tax	565,744	408,702
Adjustment for prior years	110,085	-
	<hr/>	<hr/>
Current tax charge	675,829	408,702
 Deferred tax		
Deferred tax charge credit current year	228,342	68,015
	<hr/>	<hr/>
	904,171	476,717
	<hr/>	<hr/>
 Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,317,423	817,659
	<hr/>	<hr/>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29.50% (2007 - 30.00%)	683,640	245,298
	<hr/>	<hr/>
Effects of:		
Disallowed items	118,923	227,885
Depreciation add back	408,729	256,642
Capital allowances	(539,950)	(228,624)
Group Relief	(64,295)	-
Non taxable group income	(41,357)	(61,432)
Adjustments to previous periods	110,085	-
Other tax adjustments	54	(31,067)
	<hr/>	<hr/>
	(7,811)	163,404
	<hr/>	<hr/>
Current tax charge	675,829	408,702
	<hr/>	<hr/>
 8 Dividends	2008	2007
	£	£
Ordinary interim paid	300,000	400,000
	<hr/>	<hr/>

dsicmm Limited

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2007	2,905,129
Additions	954,164
	<hr/>
At 30 June 2008	3,859,293
	<hr/>
Amortisation	
At 1 July 2007	868,203
Charge for the year	162,898
	<hr/>
At 30 June 2008	1,031,101
	<hr/>
Net book value	
At 30 June 2008	2,828,192
	<hr/> <hr/>
At 30 June 2007	2,036,926
	<hr/> <hr/>

Additions in the year relate to the acquisition from fellow subsidiaries of trade and assets in the period.
(See note 28).

dsicmm Limited

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

10 Tangible fixed assets

	Leasehold Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2007	343,361	6,398,795	2,004,898	728,754	9,475,808
Additions	2,025,849	3,224,044	413,724	260,001	5,923,618
Acquisitions (note 26)	209,121	1,965,804	796,528	222,237	3,193,690
Disposals	-	(1,553,436)	-	(144,578)	(1,698,014)
At 30 June 2008	2,578,331	10,035,207	3,215,150	1,066,414	16,895,102
Depreciation					
At 1 July 2007	129,069	3,381,079	1,435,750	249,855	5,195,753
On disposals	-	(855,622)	-	(97,251)	(952,873)
Charge for the year	25,353	781,622	386,174	203,547	1,396,696
At 30 June 2008	154,422	3,307,079	1,821,924	356,151	5,639,576
Net book value					
At 30 June 2008	2,423,909	6,728,128	1,393,226	710,263	11,255,526
At 30 June 2007	214,292	3,017,716	569,148	478,899	4,280,055

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery
	£
Net book values	
At 30 June 2008	5,816,204
At 30 June 2007	2,639,943
Depreciation charge for the year	
At 30 June 2008	642,970
At 30 June 2007	469,335

dsicmm Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2008

11 Fixed asset investments

	Shares in participating interests £	Shares in group undertakings £	Total £
Cost			
At 1 July 2007	500	1,453,527	1,454,027
Additions	-	3,595,697	3,595,697
Eliminated for companies struck off	(50)	(1,393,452)	(1,393,502)
At 30 June 2008	450	3,655,772	3,656,222
Provisions for diminution in value			
At 1 July 2007	-	377,550	377,550
Charge for the year	50	1,015,902	1,015,952
Eliminated for companies struck off	(50)	(1,393,452)	(1,393,502)
At 30 June 2008	-	-	-
Net book value			
At 30 June 2008	450	3,655,772	3,656,222
At 30 June 2007	500	1,075,977	1,076,477

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%	Nature of Business
Subsidiary undertakings				
Directly held:				
dsi Sameday Express Limited	England and Wales	Ordinary shares	75	Courier services
Colourworks Docklands Limited	England and Wales	Ordinary shares	100	Printing services
dsi Nexdox Limited	England and Wales	Ordinary shares	100	Dormant
dsi Fund Output Limited	England and Wales	Ordinary shares	100	Dormant
dsi International Distribution (Holdings) Limited	England and Wales	Ordinary shares	100	Dormant
Indirectly held:				
Colourworks Design Company Limited	England and Wales	Ordinary shares	100	Dormant
Colourworks Digital Limited	England and Wales	Ordinary shares	100	Dormant
The Colourworks Printing Company Limited	England and Wales	Ordinary shares	100	Dormant

Participating Interests

Joint ventures

dsi Billing Services Limited	England and Wales	Ordinary shares	50	Billing and service providers
------------------------------	-------------------	-----------------	----	-------------------------------

Associates

European Direct Mail Specialists Limited	England and Wales	Ordinary shares	50	
--	-------------------	-----------------	----	--

dsicmm Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2008

11 Fixed asset investments

(continued)

European Direct Mail Specialists Limited	England and Wales	Ordinary shares	50	Mailing and delivery services
Response Handling Centre Limited	England and Wales	Ordinary shares	34	Administration support for fundraising companies

On 20 June 2008 the company acquired 50% of Colourworks Docklands Limited following which it became a wholly owned subsidiary. On 30 June 2008 the original 50% equity holding owned by fellow subsidiary, dsi Print Services Limited was transferred at cost to the company.

The following wholly owned subsidiary companies and joint ventures were dormant and struck off as shown below:

dsi Print Services Limited	11 September 2008
Talislake Limited	21 August 2008
Driscoll Direct Mail (Holdings) Limited	17 March 2009
Driscoll Direct Mail Limited	10 September 2008
The Fulfilment Group Limited	30 April 2008
dsi Digital Limited	30 April 2008
SNRG Limited	9 June 2009
dsi Anydoc Limited	16 April 2008
Database Centre Limited (33% Holding)	12 May 2009
dsi International Distribution Limited	19 May 2009

12 Stocks and work in progress

	2008 £	2007 £
Raw materials and consumables	199,210	236,255
Work in progress	203,589	134,640
	<u>402,799</u>	<u>370,895</u>

13 Debtors

	2008 £	2007 £
Trade debtors	17,697,058	6,388,000
Amounts owed by parent and fellow subsidiary undertakings	2,808,874	48,902
Amounts owed by participating interests	404,434	479,622
Other debtors	357,422	80,449
Prepayments	1,373,900	670,782
	<u>22,641,688</u>	<u>7,667,755</u>

Trade debts amounting to £11,576,822 (2007: £4,243,461) are subject to an invoice discounting arrangement.

dsicmm Limited

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

14 Creditors: amounts falling due within one year	2008	2007
	£	£
Bank loans and overdrafts	1,081,982	274,063
Invoice discounting facility	9,653,175	4,157,300
Other loans	47,752	-
Net obligations under hire purchase contracts	1,530,241	626,676
Trade creditors	8,094,624	3,350,181
Amounts owed to parent and fellow subsidiary undertakings	788,605	20,772
Amounts owed to participating interests	-	55,459
Corporation tax	917,454	424,282
Other taxes and social security costs	2,125,324	854,113
Other creditors	509,593	649,394
Accruals and deferred income	3,317,069	349,377
	<u>28,065,819</u>	<u>10,761,617</u>

dsicmm Limited

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

15 Creditors: amounts falling due after more than one year	2008 £	2007 £
Term loans	1,400,000	-
Other loans	55,131	-
Other creditors	2,775,258	
Net obligations under hire purchase contracts	3,029,079	1,145,096
	<u>7,259,468</u>	<u>1,145,096</u>

Bank loans and overdrafts are repayable as follows:

	2008 £	2007 £
Due within one year or on demand	1,081,982	274,063
Amounts payable within one and two years	800,000	-
Amounts payable between three and five years	600,000	-
	<u>2,481,982</u>	<u>274,063</u>

The bank overdraft position and invoice discounting facility are repayable on demand.

The term loan is secured by a fixed and floating charge over the assets of the business. The loan is repayable in quarterly installments and is subject to an interest rate of LIBOR plus 1.75%.

Future commitments under hire purchase and finance lease agreements are as follows:

	2008 £	2007 £
Amounts payable within one year	1,530,241	626,676
Amounts payable between one and two years	1,931,579	1,145,096
Amounts payable between three and five years	1,093,320	-
Amounts payable after more than five years	4,180	-
	<u>4,559,320</u>	<u>1,771,772</u>

dsicmm Limited

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

16 Provisions for liabilities and charges

	Deferred tax liability £	Dilapidations £	Total £
Balance at 1 July 2007	544,845	485,000	1,029,845
Acquisitions	211,094	-	211,094
Profit and loss account	228,342	-	228,342
Balance at 30 June 2008	<u>984,281</u>	<u>485,000</u>	<u>1,469,281</u>

The deferred tax liability is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	<u>984,281</u>	<u>544,845</u>

17 Accruals and deferred income

	Reverse lease premium £	Government grants £	Total £
Balance at 1 July 2007	497,648	-	497,648
Additions	-	750,000	750,000
Released in the year	(180,963)	(55,116)	(236,079)
Balance at 30 June 2008	<u>316,685</u>	<u>694,884</u>	<u>1,011,569</u>

Included within:

Accruals and deferred income

- due within one year	180,963	87,815	268,778
- due after one year	135,722	607,069	742,791
	<u>316,685</u>	<u>694,884</u>	<u>1,011,569</u>

At 30 June 2007 £316,683 of the accruals detailed above were included as due after one year.

dsicmm Limited

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

18 Pension and other post-retirement benefit commitments

Defined contribution

	2008 £	2007 £
Contributions payable by the company for the year	174,483	39,397

19 Share capital

	2008 £	2007 £
Authorised		
40,000 Ordinary shares of £1 each	40,000	40,000
60,000 No-voting ordinary shares of £1 each	60,000	60,000
	<u>100,000</u>	<u>100,000</u>
 Allotted, called up and fully paid		
29,906 Ordinary shares of £1 each	<u>29,906</u>	<u>29,906</u>

Share options granted for £2,499 non voting ordinary shares to the key employees lapsed when the company's shares were acquired by dsicmm Group Limited.

20 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2007	838,674	1,312,545
Profit for the year	-	1,413,252
Equity dividends	-	(300,000)
Balance at 30 June 2008	<u>838,674</u>	<u>2,425,797</u>
 Other reserves		
Capital redemption reserve		
Balance at 1 July 2007 & at 30 June 2008	<u>7,500</u>	
 Merger Reserve		
Balance at 1 July 2007 & at 30 June 2008	<u>831,174</u>	

dsicmm Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2008

21 Reconciliation of movements in shareholders' funds	2008 £	2007 £
Profit for the financial year	1,413,252	340,942
Equity dividends	(300,000)	(400,000)
Net addition to/(depletion in) shareholders' funds	1,113,252	(59,058)
Opening shareholders' funds	2,181,125	2,240,183
Closing shareholders' funds	3,294,377	2,181,125

22 Contingent liabilities

The company has given letters of financial support to its subsidiary companies K2 Direct Limited and CMM Group Limited. The company has agreed to provide financial support to these companies for a period of at least 12 months from the date the companies financial statements for the year ended 30 June 2008 are approved.

23 Financial commitments

At 30 June 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2009:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Operating leases which expire:				
Within one year	1,162,601	551,471	968,555	707,520
Between two and five years	340,176	-	355,028	377,291
In over five years	1,456,720	507,192	-	-
	2,959,497	1,058,663	1,323,583	1,084,811

24 Capital commitments	2008 £	2007 £
At 30 June 2008 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	6,290,027	-

dsicmm Limited

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008**

25 Directors' emoluments	2008 £	2007 £
Emoluments for qualifying services	1,546,352	1,627,100
Company pension contributions to money purchase schemes	-	7,800
	<u>1,546,352</u>	<u>1,634,900</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to nil (2007 - 1).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>284,012</u>	<u>411,838</u>
------------------------------------	----------------	----------------

26 Employees

Number of employees

The average number of staff employed by the company during the financial period amounted to:

	2008 Number	2007 Number
Administrative staff	133	96
Sales staff	15	1
Operations staff	601	371
	<u>749</u>	<u>468</u>

Employment costs	2008 £	2007 £
Wages and salaries	18,676,859	10,220,643
Social security costs	1,678,044	1,026,535
Other pension costs	174,483	39,397
	<u>20,529,386</u>	<u>11,286,575</u>

dsicmm Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2008

27 Control

The company's immediate and ultimate parent undertaking is dsicmm Group Limited, a company registered in England and Wales. There is no controlling party.

dsicmm Group Limited prepares consolidated financial statements, copies of which can be obtained from Evolution House, Choats Road, Dagenham, Essex, RM9 6BF.

28 Acquisitions

On 31 July 2007 the company purchased the trade and assets of Corporate Mailing Matters ('CMM') Limited, a fellow group subsidiary, for a gross consideration of £12,414,056 to be satisfied by the assumption of CMM Limited's liabilities and intercompany debtor repayable on demand. The net consideration after deducting the liabilities amounts to £343,794.

	Book value	Fair value adj.	Fair value
	£	£	£
Intangible fixed assets	2,311,846	(2,311,846)	-
Tangible fixed assets	2,979,237	-	2,979,237
Stocks	101,764	-	101,764
Debtors	8,545,188	-	8,545,188
Creditors	(6,358,072)	-	(6,358,072)
Cash	34,738	-	34,738
Bank loans and overdrafts	(5,926,965)	-	(5,926,965)
Net assets/(liabilities) acquired	1,687,736	(2,311,846)	(624,110)
Goodwill			967,904
Net consideration			343,794

Other acquisitions

The trade and assets of dsi International Distribution Limited were transferred to dsicmm Limited at £nil consideration with effect from 1 July 2007.

	£
Tangible fixed assets	214,454
Bank overdraft	(48,190)
Debtors	529,024
Creditors	(681,549)
	13,739
Goodwill	(13,739)
Consideration	-