



Annual Report and Accounts

Year ended 31 January 2006

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Testimonials

"In my opinion, Thomson Intermedia is not a nice-to-have, but an essential service which delivers immediate, useable insight into our Business... I am not sure how you can run a successful marketing division without it."

Norwich Union

"Thomson .. has proved an invaluable tool for monitoring our dealer/retailer activity as well as competitors. The relationship will undoubtedly continue for many years and I look forward to future innovations."

Daimler Chrysler

"Thomson Intermedia is a valuable resource to our business. It helps us better understand who the key players in particular business sectors are and an insight into their advertising strategy."

Yell.com

"We recently transitioned our media auditing requirements into billets from our previous incumbent. I can confirm that the transition was well managed and without a glitch. billets were not only able to provide information in the formats we were used to, but are also delivering a new set of products and analyses tailored to our evolving needs"

COI

"Thomson has proved to be an invaluable tool. I work on major FMCG brands so keeping an eye on trends and trying to get an understanding of competitor behaviour is really important both for our strategic angle and to feedback to client to ensure they are kept ahead of the game - Thomson facilitates this, thank-you."

Starcom

Company Highlights

20,000 newspaper and magazine pages scanned each day

22 Terabytes of advertising and media data stored on our systems

“Monitoring **every pound** of advertising spend to ensure it is as effective as possible”

3.7million creatives and **41million** insertions across our media database

“Vision to be the **world leading provider** of advertising and media transparency and intelligence”

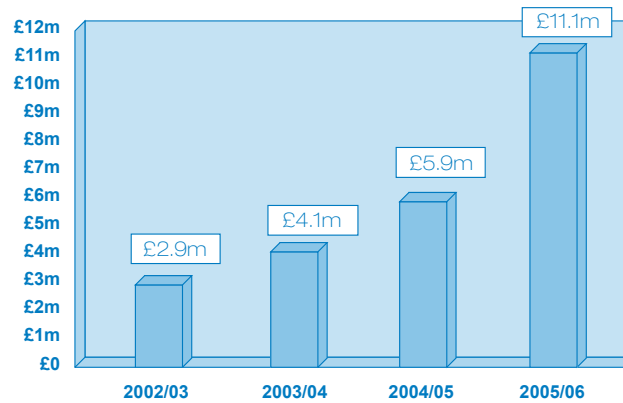
Over **200,000** data rows processed each day

Over **70** of the **top 100** UK advertisers as ongoing clients

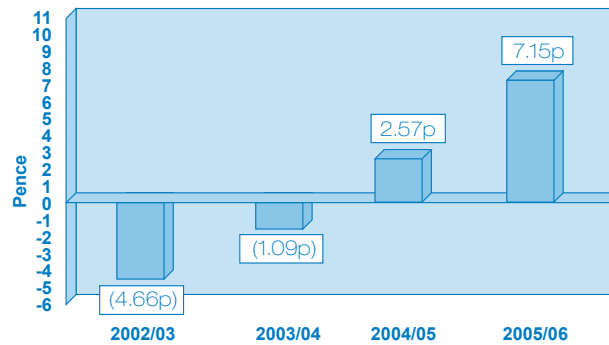
7,500,000 internet pages analysed so far in 2006

Financial Highlights

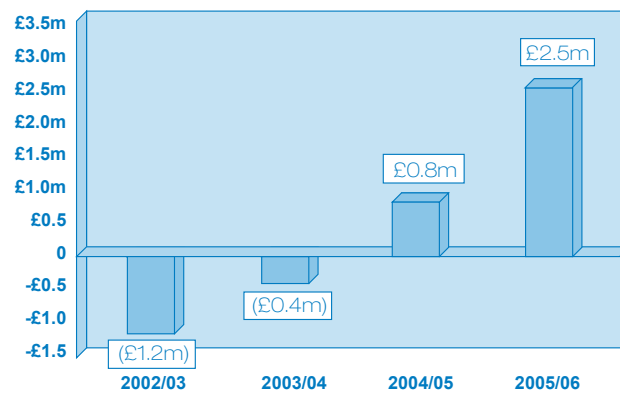
Turnover



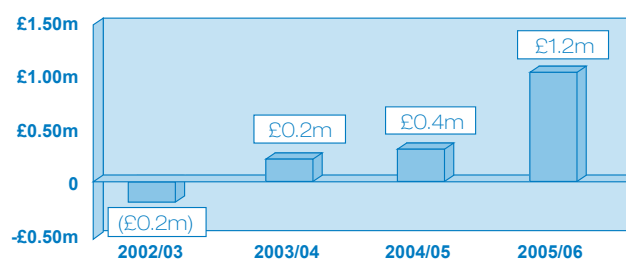
Adjusted Earnings per Share



EBITDA



Cashflow



Chairman's Statement

The year to January 2006 has been one of the most exciting and dynamic for Thomson Intermedia, as we not only reported very strong growth but completed the strategically important acquisition of billets in August last year. I am delighted to report results which continue to show good organic growth for the business as well as strengthening the proposition with the integration of two companies who are both leaders in their field. The acquisition, strategy and operational review are discussed in more detail in the Joint Chief Executive and Financial Review.

Results

Group turnover jumped by 88% from £5.9m to £11.1m, of which billets contributed £3.7m. The original Thomson Intermedia business showed strong organic revenue growth up 26% to £7.5m, whilst billets revenue increased by 16% compared to its 2005 financial year.

Our underlying pre-tax profit, which we use as we believe this gives a better measure of our performance as it excludes long term incentives and goodwill amortisation, increased by 254% to £2.2m from £0.6m, including a contribution of £0.5m from billets. Unadjusted Group pre-tax profit was £1.8m (2005: £0.4m).

Adjusted EPS was up by 178% from 2.57p to 7.15p. The Board has not recommended a dividend payment.

Staff

I would like to take this opportunity to not only welcome the billets team but also to thank all our staff across the whole of the Group on their commitment and hard work. Putting two substantial and successful organisations together is never easy, but the whole-hearted support and 'can-do' approach has made this process much easier. On 1 May 2006, all but the US business will be fully integrated and the Board looks forward to leveraging the significant intellectual capital that now exists across the enlarged Group.

On a sadder note, I am making this report as Acting Chair, following the sudden death of our Chairman, John Napier, last September, who made an invaluable contribution to the Group since he joined in May 2000. Following a comprehensive search, I am delighted to welcome Michael Higgins who joins us as Chairman on 1 May 2006. Michael has been involved with the Group for a number of years as an advisor and brings extensive media and financial expertise and invaluable experience of working with growing companies.

Summary and outlook

Both of the Group's businesses have independently shown strong results with a significant uplift in earnings. The focus over the last six months, in conjunction with this continued growth, has been to integrate the businesses in order to capitalise on their combined influence and strengths. The integration has been progressing well, and following the earn out completion date of 30 April 2006, we will be moving ahead with an exciting joint development plan.

The main areas of focus have been:

- Personnel and organisational changes into a new structure
- Group strategy and vision
- Development of billets media consulting system for advertisers outside the top 500
- Improvement of data provision to billets
- Development of Group products

The Board is confident that the enlarged Group is in a significant and strong position to continue its UK

penetration, capitalise in the short to medium term on revenue synergies from the integration of the businesses and develop its international strategy to launch its scalable solution in other markets.

The first quarter of the year has started well, in line with the Board's expectations, with a strong pipeline of business across the entire product suite.

Fiona Driscoll
Acting Chair

24th April 2006

Joint Chief Executive and Financial Review

Overview

Thomson Intermedia's vision to be the leading provider of advertising and media transparency and intelligence is significantly advanced by the earnings enhancing acquisition of billets. The enlarged Group provides an invaluable and comprehensive turnkey solution to advertisers, delivered directly to the desktop supported by expert media consultants, ensuring they receive maximum benefit from every pound of their marketing spend.

The results are strong for both the original Thomson Intermedia business as well as for billets, which have largely traded independently during the latter's earn-out phase. Both businesses have had excellent growth in all operating metrics. The focus now is to complete in May the full integration of the two businesses, products and personnel, in order to benefit from the combined strength of Thomson Intermedia's technology & data with billets value-added media consultancy.

Strategy

Thomson Intermedia is now capitalising on its proprietary technology and eight years of data, which have created significant barriers to entry for competitors, to penetrate the UK market and expand its product reach.

With the strength of billets, the UK's leading media performance management consultancy, the enlarged Group is now placed at the hub of the advertising triangle (advertiser – agency – media owner). Thomson Intermedia provides essential solutions to all three groups.

The developed product suite helps advertisers throughout their whole communications cycle, ensuring and monitoring every pound of marketing spend is as effective as possible.

The constituents of the cycle offered by the Group now include:

Agency Management: billets pitch management consultancy will help clients identify the best agency for their requirements, structure relevant incentivisation packages for the agency, and help in constructing the appropriate contract.

Planning & Insight: billets consultancy can help clients gain fundamental insight into the best strategy for them. Independently reviewing agencies' proposals on levels of spend and which media routes to use.

Market Intelligence: Thomson Intermedia's systems provide the insight into the weight of competitor activity and the impact of the clients' messages in real time.

Verification: Thomson Intermedia's online vouching enables an instant audit of a client's ads having appeared.

Performance & ROI: billets consultancy and algorithms, coupled with Thomson Intermedia technology and data, provide unique and valuable insights into the effect of marketing spend. This is the final stage of the communications cycle, thereby completing the product circle.

The Group can also extend its reach to advertisers targeting the top 5,000 with highly functional web-based systems, for the first time enabling media auditing and ROI analysis to be presented to this group via a Thomson Intermedia interface. The addition of the high value added consultancy which billets brings, enables deeper penetration within the existing customer base as well as cross selling opportunities for the full suite of products. The technological and database skills held by Thomson Intermedia enable a more efficient and valuable service alongside the potential to be the independent supplier for all the marketing needs of the advertiser.

Joint Chief Executive and Financial Review (continued)

The move into the publisher platform allows the Group not only to cut costs and improve the product; it provides the backbone for numerous services to the media owners to assist them in reducing costs and improving efficiencies. It also places the Group at the forefront of regional media in terms of intensity of data, adding to its position as the most accurate and technologically advanced provider of marketing information.

Acquisition of billets

The move into value added media consulting was logical for the business, as a complementary area which enhanced Thomson Intermedia's position, and further differentiated its service as the key provider of independent and transparent marketing information and knowledge.

The acquisition was structured to include two tranches of contingent consideration based on the earnings performance of the billets business in the first instance, and the earnings of its US subsidiary, MPMA, in the second instance. This was to accommodate the potential earnings growth of the developing marketing sciences and international revenue streams within the billets business and the continued improvement in securing new revenue and moving further into profitability for MPMA, which is still in the early stages of the growth cycle in an emerging and transforming market in the US.

As the Group approaches the end of the first period to 30 April 2006, the billets business has continued to strengthen, not only winning more international work, but also securing work in new media and securing a healthy improvement in its marketing effectiveness brand (marketing sciences).

Operational review

(i) Thomson Intermedia

Core business

Thomson Intermedia has continued to develop the core subscription business. New contract activity was strong with 63 new contracts secured alongside a further 32 upgrades to existing contracts. Renewal rates continue to improve; up to 88% (2005: 83%), with the corporate renewal rate over 90%, whilst continuing to increase yields from existing clients. Average rates for new subscription business increased to £28,000 from £25,000.

Publisher platform

Thomson Intermedia has already signed exclusive contracts with the top six regional media owners to its publisher platform. This enables the media owners to gain efficiencies through an electronic vouching system directly accessible by the agencies. Using our technology, over 1,000 publications are moving from a manual scanning process to electronic receipt of pdf and metadata. Thomson Intermedia will therefore significantly enhance its database to include the vast majority of the £3 billion regional advertising spend.

Thomson Intermedia will also be able to expand its offering to media owners by providing the first ever electronic system which enables communication and analysis between media owners and agencies and will be used by most media agencies in the UK. Systems developments will include electronic approval, invoicing and sales ledger processes.

Retrospective vouching

Thomson Intermedia has continued to drive the importance of transparency and has won additional clients for whom we have identified errors. The business model continues to be developed and will be integrated into the full proposition over time.

Germany

Having now completed a year, the German operation is improving its offering with more trend data. Operations are progressing well as they have benefited from the latest versions of Thomson

Joint Chief Executive and Financial Review (continued)

Intermedia's systems, with sales continuing to improve. Recent wins include Sony and Unilever. The German operations are moving towards a break even position, which it expects to achieve in early 2007. With royalties ceasing in Dec 2006, the profit share agreement commences in 2007 with increasing returns as revenue exceeds the relatively fixed cost base. This is pleasing progress as it shows that the business is replicable in other countries and proves the requirement for the products in other territories.

(ii) billets

billets media consulting

This division accounts for 78% of the billets group's turnover and provides media performance monitoring for high spending advertisers. billets media consulting has enhanced its position in the UK with further wins both from competitors and new business. In addition, the billets brand has been broadening its international presence with numerous multi-national contracts which have grown to nearly 30% of billets media consulting's revenue. billets has developed a strong partnership network to assist this growth across Europe and more recently into Asia.

A measure of the value and calibre of media consulting is demonstrated in its exceptionally high retention rate with the loss of only three subscription clients during the last nine months.

billets marketing sciences (ROI)

This division accounts for 18% of the billets group's turnover and provides consultancy focused on optimising marketing return on investment for advertisers through consultancy projects. In the nine months to January 2006, 25 contracts were secured with an average value of £43,000. Revenue for this period shows a 21% increase on the previous year, which is consistent with the growing need and the enormous potential within the division.

The division has grown its client base with a large number of clients providing recurring work and will be benefiting from developments providing ongoing solutions to clients.

Media Performance Monitor America (MPMA)

billets 80% owned US subsidiary, MPMA, continues to gain traction in this emerging market, with revenue growth of circa 120% to \$1.3m expected comparing the year ending 30 April 2006 to the previous year. With John Billett's main focus being MPMA from May 2006 along with the strengthening of the US based team, the signs for continued expansion are extremely positive.

MPMA's clients collectively represent 7% of all US broadcast, cable and syndication advertising spend for 2005. Analysis shows that TV advertisers using MPMA services have on average enjoyed a 26% improvement in their media value in 2005 compared to 2003, providing their advertisers with unparalleled marketing efficiencies. MPMA have completed a comprehensive review of its data to understand this differential including a review of upfront versus scatter markets, the quality of buying and the size of budget available. The analysis identifies price ranges to be +/- 30% around the average.

Financial results

Group turnover in the year to 31 January 2006 increased by 88% to £11.1m (2005: £5.9m) of which billets contributed £3.7m. The underlying Thomson Intermedia business showed strong organic revenue growth up 26% to £7.5m (2005: £5.9m), whilst billets' revenue increased by 16% compared to its 2005 financial year.

Thomson Intermedia sales contracts grew by 26% to £8.1m (2005: £6.3m) including fees of £400,000 (2005: £233,000) from its German investment. New sales contracts continued at a strong pace, up 38%, to £3.4m (2004: £2.4m). Retrospective vouching continued its growth contributing £1m (2005: £0.4m). billets billings were £4.3m for the five month period to January 2006, with £3.5m relating to subscription contracts and £0.8m to consultancy projects. The Group has secured future contracted revenues of

Joint Chief Executive and Financial Review (continued)

£4.7m, £0.5m which relates to billets as their contracts are invoiced quarterly as opposed to an annual basis.

Gross profit increased by 73% to £7.0m (2005: £4.1m), with billets contributing £1.6m. The original Thomson Intermedia's gross margin continues to improve, up from 68.4% to 72.5%. billets gross margin improved to 43.5%. Overall Group margin is 63%.

Operating margins, before long term incentives and goodwill amortisation, increased sharply to 23.4%, for original Thomson Intermedia business (2005: 10%) with billets margin improving from 7% to 13%. The resultant Group operating margin was 20%. This improvement was aided by tight cost control resulting in single digit cost growth for both businesses.

Underlying pretax profit increased by 254% to £2.2m (2005: £0.6m), including a contribution of £0.49m from billets. Group pretax profit was £1.8m (2005: £0.5m).

Adjusted EPS improved by 178% to 7.15p from 2.57p. Basic EPS improved from 3.30p to 7.00p.

The Group has a tax credit of £0.4m which recognises the £3.8m of tax losses it is carrying forward. A tax charge of £0.1m has arisen against billets profits.

The Board is not recommending a dividend in this financial year. In order to create distributable reserves and provide flexibility if required, the Directors plan to apply to the courts to eliminate its cumulative losses against its share premium account. This will be put forward for shareholder approval at the AGM. The Board will review its dividend policy following this restructure.

The Group is operationally cash generative with cash flow improving by 223% to £1.2m (2005: £0.4m). The Group has moved to a net debt position of £0.2m as a result of a £3m new bank loan facility raised as part of the funding for the billets acquisition.

The initial consideration paid for billets was £7.5m. The Group raised £4.5m in a vendor placing, with the balance being funded by 403,153 shares to the vendor and £3m of bank facilities.

The Group has a maximum contingent consideration of £5.6m, payable in loan notes dependent on billets performance between 1 May 2005 and 30 April 2007. The Board estimate that the maximum earn-out of £3.9m will be payable based on the billets' performance to 30 April 2006. The performance of the US subsidiary, MPMA, is encouraging with a number of recent new business wins.

Integration & management

During the second half of the year there have been a number of working groups set up to ensure a successful integration of the two businesses, both from a product point of view and importantly from a staff perspective.

The IT developers have been working extremely hard to add technology to the billets business providing integrated databases across the business with back end functionality and importantly the new online audit system to be launched in May.

One of the significant benefits of the acquisition was the high calibre additional management resource which existed in billets. The restructure provides significantly enhanced management bandwidth within the group to drive the integrated business forward.

On 1 May 2006 when the integration of all the non US businesses is finally and fully implemented, a number of executives will be taking up new non-board positions. Andy Pearch, the Chief Executive of billets media consultancy will become Group commercial Director responsible for co-ordinating sales and marketing for the enlarged Group, with Simon Cross promoted to head up the media consulting division. Tony Squires, managing Director of media consulting will now head the systems division being responsible

Joint Chief Executive and Financial Review (continued)

for the new online products of the Group and David Bridges will split his role as head of marketing sciences with the important role of global development Director taking on the challenge of driving the international growth of the products.

In the UK, full integration of the Thomson Intermedia and billets businesses will take place in early May. This will include the new roles mentioned above becoming effective.

Outlook

We start this financial year as a much larger business, with a significantly enhanced product portfolio which is unique in the market place. We now have the management bandwidth and the market opportunities to begin to drive the penetration of the UK market, both for advertisers and for agencies and media owners.

The new product launches and considerably enhanced market opportunity these bring, as a consequence of a syndicated product provide much excitement for potential growth.

The Group already enjoys a strong client base, with over 70 of the top 100 UK advertisers as ongoing clients. We look forward to deepening these relationships and providing more products and services to these clients as well as driving penetration much deeper into the additional 4,600 advertisers for whom we have data and systems. The new structure will encourage both enhanced customer relationships and new business growth.

With a dedicated resource on international expansion we aim to build on the lessons and experience of our German business and the opportunities that exist both in the US, as part of MPMA and our billets partners to identify and drive international expansion of the Group's products.

Stephen Thomson
Joint Chief Executive

Sarah Jane Thomson
Joint Chief Executive

24th April 2006

Directors and Advisers

Directors

Stephen Thomson	Joint Chief Executive
Sarah Jane Thomson	Joint Chief Executive
David Trendle	Finance Director
Paul Gladman	IT Director
Fiona Driscoll	Non-Executive Director / Acting Chair

Secretary

David Trendle

Registered office

1 Westmoreland Road
Bromley
Kent BR2 0TB

Registration number

3967525

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10 Old Bailey
London EC4M 7NG

DMH Limited
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Crawley RH10 1BW

Auditors

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Bromley
Kent BR1 3WA

Registrars

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Directors, Board Committees and Corporate Governance

Board of Directors

The Board of Directors, which comprises four Executive Directors and an independent Non-Executive Director, meets on a monthly basis throughout the year. The Board is responsible for leading and controlling the Group. The four Executive Directors and a further two members of senior management comprise the Group's Executive Management Team, which meets on a regular basis, and provides the principal vehicle for directing the Group's business at an operational level. The following Board Committees deal with the important aspects of the Group's affairs and provide independent, objective advice.

Audit Committee

The Audit Committee, which meets twice a year, is chaired by Fiona Driscoll and comprises the Non-Executive Director and the Group's IT Director. The purpose of the committee is to ensure the preservation of good financial practices throughout the Group; to monitor that controls are in force to ensure the integrity of financial information; to review the interim and annual financial statements; and to provide a line of communication between the Board and the external auditors.

Remuneration Committee

The Remuneration Committee, which meets at least once a year, is chaired by Fiona Driscoll. It is responsible for the Executive Directors' remuneration, other benefits and terms of employment, including performance related bonuses and share options.

Nomination Committee

Given the small size of the Board, the Board as a whole fulfils the function of the Nomination Committee.

Compliance with the Combined Code

Under the rules of the AIM market the Group is not required to comply with the Combined Code. However, the Directors have taken steps to comply with the Combined Code in so far as it can be applied practically, given the size of the Group and the nature of its operations.

The Directors acknowledge that fully listed companies are required to report on internal controls in compliance with The Combined Code. Despite the fact that the Group is not bound to comply, as it is listed on the Alternative Investment Market, the Directors recognise the need to focus on significant risks and related controls, procedures and reports. The Directors consider that such matters are dealt with appropriately bearing in mind the Group's present size and its potential for expansion.

Directors' Report

The Directors present their annual report and Group audited accounts for the year ended 31 January 2006.

Principal activities

Thomson Intermedia Plc is the holding company for a Group, which continues to provide marketing services via innovative systems and consultancy that empower companies to leverage maximum return on investment from their marketing. The Chairman's Statement on pages 6 and 7 and the Joint Chief Executive and Financial Review on pages 8 to 12 set out the full activities of the Group.

Trading review and future developments

A review of the business and future developments are included in the Joint Chief Executive and Financial Review on pages 8 to 12.

Research and development

The Group continues to invest in research and development. This has resulted in some breakthroughs in technology and enhancements of existing services that will benefit the Group in the medium to long term. Costs in respect of research and development have to date been expensed as incurred.

Results and dividend

The profit on ordinary activities of the Group after taxation for the year amounted to £2.06m (2005: £0.95m). The Directors do not recommend the payment of a dividend (2005: £Nil)

Charitable and political donations

During the current and prior year the Group made no political or charitable donations.

Creditor payment policy

The Group's policy is to comply fully with the payment terms agreed with suppliers. As at 31 January 2006, the company's average creditor days figure (based on the ratio of the aggregate of the amounts owed to trade creditors at the year end to the aggregate amount invoiced by suppliers during the financial year) was equivalent to 65 days (2005: 66 days). The Group had £548,000 trade creditors at the year-end. (2005: £407,000).

Substantial shareholdings

At 24 April 2006 the following held more than 3% of the Company's ordinary share capital, other than the shareholdings held by Directors. No other person has reported an interest of more than 3% in the Company's ordinary shares.

	31 January 2006		31 January 2005	
	No. of Shares	%	No. of Shares	%
Credit Suisse Asset Management	1,159,422	3.7	-	-
Credit Suisse First Boston Equities	956,953	3.1	-	-
Unicorn Asset Management	2,668,412	8.5	2,307,598	8.0
Gartmore Investment Management	1,969,033	6.3	-	-
Henderson Smaller Company Investment Trust plc	1,050,000	3.4	950,000	3.3
Herald Investment Management limited	3,286,060	10.5	3,271,060	11.4
Merrill Lynch Investment Managers	1,683,857	5.4	-	-

Directors Report (continued)

Financial instruments

The Group monitors working capital, manages internal and external fund requirements and monitors and manages financial market risk, particularly interest rate and foreign exchange exposures in line with Board policy.

The Group finances its operations in UK Sterling through a mixture of shareholders' funds and bank borrowings. The Group entered into a new bank loan facility of £3m with a committed revolving credit facility of £5.6m to meet its contingent consideration obligations. The Group holds cash and short-term deposits, which together with undrawn committed facilities, enable the group to manage its liquidity risk. An analysis of debt and floating rate maturities is shown in note 23.

The Group's operations are cash generative with the principal economic and market risks being foreign currency exchange rates and interest rates. These risks are minimal with foreign currency exposure predominantly in US dollars and Euros and with a low net debt position. The Board also consider that there is no significant credit risk.

Going concern

The Board is responsible for considering whether it is appropriate to prepare financial statements on a going concern basis. After making appropriate enquiries the Board concluded that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. 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 the Group and of the profit or loss of the Group 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, subject to any material departures
- disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The Directors who held office during the year were as follows:

John Napier	<i>Non-Executive Chairman (Deceased - September 2005)</i>
Stephen Thomson	<i>Joint Chief Executive</i>
Sarah Jane Thomson	<i>Joint Chief Executive</i>
David Trendle	<i>Finance Director</i>
Paul Gladman	<i>IT Director</i>
Fiona Driscoll	<i>Non-Executive Director</i>

Directors Report (continued)

Directors' interests

The Directors' beneficial interests in the ordinary shares of the Company and options to purchase such shares at the beginning and end of the financial year comprised:

	Number of ordinary shares 31 January 2006	Options 31 January 2006	Number of ordinary shares 1 February 2006	Options 1 February 2005
Stephen Thomson	5,302,393	145,921	6,482,393	145,921
Sarah Jane Thomson	5,302,394	145,921	6,482,393	145,921
David Trendle	35,000	319,554	35,000	319,554
Paul Gladman	878,804	508,451	874,804	508,451
Fiona Driscoll	30,253	-	51,023	-

No Director has any direct interest in the shares of the subsidiary company. There have been no changes in the above Directors' shareholdings between 31 January 2006 and 24 April 2006.

The Directors who retire by rotation are David Trendle and Sarah Jane Thomson who, being eligible, offer themselves' for re-election.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

By Order of the Board:

David Trendle
Company Secretary

24th April 2006

Report of the independent auditors

Independent Auditor's Report To The Shareholders Of Thomson Intermedia PLC

We have audited the Group and parent company financial statements (the "financial statements") of Thomson Intermedia PLC for the year ended 31 January 2006 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of 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 have been 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 those 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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, Joint Chief Executive and Financial Review, paragraphs relating to Directors, Board Committees, Corporate Governance and Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Report of the independent auditors (continued)

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 January 2006 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 January 2006; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors

24th April 2006

Consolidated Profit and Loss Account

for the year ended 31 January 2006

	Note	2006	2006	2005	2005
		£'000	£'000	£'000	£'000
Turnover - continuing operations	2		7,459		5,924
Turnover - acquisitions	2		3,677		-
Total Turnover	2		11,136		5,924
Cost of sales - continuing operations			(2,051)		(1,870)
Cost of sales - acquisitions			(2,078)		-
Total cost of sales			(4,129)		(1,870)
Gross profit - continuing operations			5,408		4,054
Gross profit - acquisitions			1,599		-
Total Gross Profit			7,007		4,054
Overheads - continuing operations		(3,676)		(3,475)	
Long term incentives		(229)		(258)	
Overheads - acquisitions		(1,345)		-	
Administrative Expenses - continuing operations			(3,905)		(3,733)
Administrative Expenses - acquisitions			(1,345)		-
Total Administrative Expenses			(5,250)		(3,733)
Operating profit - continuing operations	3		1,503		321
Operating profit - acquisitions	3		254		-
Total Operating Profit			1,757		321
Interest receivable	6		49		39
Interest payable and other finance costs	6		(55)		-
Profit on ordinary activities before taxation			1,751		360
Research and development tax credit	7	-		114	
UK Corporation tax on profits at 30%	7	(126)		(6)	
Deferred tax	14	430		480	
Taxation	7		304		588
Profit on ordinary activities after taxation			2,055		948
Minority Interest	25		10		-
Retained profits for the year	22		2,065		948
Earnings per share, pence	8				
- basic			7.00		3.30
- diluted			6.67		3.14

All amounts relate to continuing activities and acquisitions as part of continuing operations. The Statement of Total Recognised Gains and Losses shows other gains and losses not recognised above.

The notes on pages 25 to 42 form part of these financial statements.

Statement of Total Recognised Gains and Losses

for the year ended 31 January 2006

	2006	2005
	£'000	£'000
Profit for the financial year	2,065	948
Exchange difference on translation of overseas subsidiary net assets	(8)	-
Exchange difference on translation of overseas subsidiary net assets pertaining to Minority Interests (See note 25)	2	-
Total recognised profits related to the year	2,059	948

The notes on pages 25 to 42 form part of these financial statements.

Consolidated Balance Sheet

as at 31 January 2006

	Note	2006	2006	2005	2005
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	10		11,054		31
Tangible fixed assets	11		706		518
Investments	12		122		-
			11,882		549
Current assets					
Debtors: Due within one year	13	5,926		2,290	
Debtors: Due after more than one year	13	1,235		2	
Total debtors		7,161		2,292	
Deferred tax	14	910		480	
Cash at bank and in hand		2,774		1,598	
		10,845		4,370	
Creditors: amounts falling due within one year	15	(2,479)		(848)	
Net assets			8,366		3,522
Total assets less current liabilities			20,248		4,071
Creditors: amounts falling due after one year	16		(2,687)		-
Provisions for liabilities and charges	17		(4,119)		-
Accruals and deferred income	18		(5,767)		(3,535)
			7,675		536
Capital and reserves					
Share capital	20		7,823		7,186
Share premium	22		8,869		5,064
Merger reserve	22		(4,504)		(5,250)
Profit and loss account	22		(4,405)		(6,464)
Shareholders' funds	21		7,783		536
Minority interest	25		(108)		-
			7,675		536

Approved by the Board and authorised for issue on 24th April 2006.

Stephen Thomson
Director

David Trendle
Director

The notes on pages 25 to 42 form part of these financial statements.

Company Balance Sheet

as at 31 January 2006

	Note	2006	2006	2005	2005
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	12		17,570		5,250
Current Assets					
Other debtors		75		-	
Creditors: amounts falling due within one year	15	(312)		-	
Net current assets			(237)		-
Total assets less current liabilities			17,333		5,250
Creditors: amounts falling due after one year	16		(2,773)		-
Provisions for liabilities and charges	17		(4,119)		-
Accruals and deferred income	18		(59)		-
Total assets less current liabilities			10,382		5,250
Capital and reserves					
Share capital	20		7,823		7,186
Share premium	22		8,869		5,064
Other reserve	22		746		-
Profit & loss account	22		(7,056)		(7,000)
Shareholders' funds	21		10,382		5,250

Approved by the Board and authorised for issue on 24th April 2006.

Stephen Thomson
Director

David Trendle
Director

The notes on pages 25 to 42 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 January 2006

	Note	2006	2005
		£'000	£'000
Net cash inflow from operating activities	24a	1,231	381
Returns on investments and servicing of finance	24b	(28)	32
Taxation	24b	(6)	251
Capital expenditure and financial investment	24b	(264)	(295)
Acquisitions and disposals	24b	(7,099)	-
Cash (outflow)/inflow before financing and management of liquid resources		(6,166)	369
Management of liquid resources	24b	(515)	(91)
Financing	24b	7,280	-
INCREASE IN CASH IN THE YEAR		599	278

Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	2006	2005
		£'000	£'000
Increase in cash in the year		599	278
Cash inflow from increase in debt		(2,937)	-
Cash outflow from change in liquid resources		515	91
Movement in net funds in the year		(1,823)	369
Net funds at start of year		1,598	1,229
Net (debt)/funds at end of year	24c	(225)	1,598

The notes on pages 25 to 42 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 January 2006

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

The principal accounting policies are:

Basis of preparation

The accounts have been prepared on a going concern basis taking into account continued sales growth predicted for the future and high operational gearing, as outlined in more detail in the Chairman's Statement and Joint Chief Executive and Financial Review. Accordingly the Directors, at the date of approval of these financial statements, consider it appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The Group financial statements consolidate the financial statements of Thomson Intermedia Plc and all of its subsidiaries made up to the same accounting date. The merger and acquisition methods of accounting have been adopted for the subsidiaries.

Merger method of accounting

Where merger accounting is used, the investment is recorded in the Company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

In the Group financial statements merged subsidiary undertakings are treated as if they had always been a member of the Group. The results of the subsidiary are included for the whole period in the year it joins the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. Any difference between the nominal value of the share capital acquired and those issued by the Company to acquire them is taken to reserves.

Acquisition method of accounting

As per FRS 7 Fair Values in acquisition accounting, any subsidiary's identifiable net assets acquired will be attributed fair values reflecting conditions at the date of acquisition. Under the acquisition method the results of subsidiaries acquired are included from the effective date of acquisition. When the cost of acquisition exceeds the fair values attributable to the Group's share of acquired net assets, the difference is treated as purchased goodwill. This is capitalised and amortised as per the Group goodwill policy stated below.

Future anticipated payments to vendors in respect of earn-outs are based on the Director's best estimates of future obligations, which are dependent on the future performance of the interests acquired and assume the acquired company maintain/improve profits in line with Director's estimates. When earn outs are to be settled by cash consideration, the fair value of the consideration is obtained by discounting to present value the amounts expected to be payable in the future. The discount rate used is that at which the Group could obtain a similar amount of borrowing. The resulting interest charge is included within other finance costs adjacent to interest. Transactions and balances between subsidiary undertakings are eliminated.

Notes to the Financial Statements (continued) - Note 1

The results, assets and liabilities, including related goodwill, of overseas subsidiaries are translated into sterling at rates of exchange ruling at the balance sheet date. Exchange adjustments arising when the opening net assets and the profits for the year retained by an overseas subsidiary are translated into sterling, less exchange differences arising on related foreign currency borrowings, are taken directly to reserves and reported in the Statement of Total Recognised Gains and Losses.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Acquisitions that entail significant market positions and which are of long-term strategic significance to the Company's operations are classified as strategic acquisitions, with goodwill amortised over 20 years.

For acquisitions of complementary operations in markets where the Company is already established, the amortisation period for goodwill is between 5 and 10 years.

Investments

Investments held as fixed assets are held at cost less any provision for impairment in valuation.

Turnover

Turnover represents income earned during the period on contracts with customers after the deduction of value added tax. Income is recognised evenly over the period of the contract.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Motor vehicles	25% per annum reducing balance
Furniture & fittings	25% per annum reducing balance
Computer equipment & software	25% per annum on cost
Plant & equipment	Straight Line over 3-10 years
Operating leases	Over remaining useful life

Research and development

Research and development costs are charged to the profit and loss account in the year of expenditure.

Share option plans

Where employees are awarded share options an expense is recognised based on the difference between the market price of the Company's shares at the date of grant and the option exercise price (the intrinsic value). The total charge is spread over the performance period attaching to the grants.

Notes to the Financial Statements (continued)

(i) Enterprise Management Incentive Scheme (EMI Scheme)

The EMI Scheme is a discretionary share option scheme, which provides that options with a value at the date of grant of up to £100,000 may be granted to employees. The EMI Scheme provides a lock-in incentive to key management and is also utilised to attract key staff. Rights to EMI share options lapse if the employee leaves the Company.

(ii) Unapproved Company Share Option Plan (UCSOP)

This is a discretionary scheme, which provides that options may be granted where employees are not eligible to the EMI Scheme. The UCSOP provides a lock in incentive to key management. Rights to UCSOP options lapse if the employee leaves the Company.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Financial Instruments

In relation to the disclosures made in note 23:

- Short-term debtors and creditors are not treated as financial assets or financial liabilities (except for foreign currency disclosures).
- The Group does not hold or issue derivative financial instruments for trading purposes.
- The value payable on loan notes issued will be derived from the results of the earn out period.

Liquid resources

For the purposes of the cashflow statement, liquid resources are defined as current asset investments and short-term deposits, within the definition of Financial Reporting Standard 1 "Cash flow statements".

Operating Leases

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Pension costs

Company contributions to personal pension schemes are charged to the Profit and Loss account as incurred.

Foreign currency transactions

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period.

All transactions involving foreign exchange gains and losses are dealt with through the Profit and Loss as and when they arise.

For overseas subsidiary translation this method is known as the closing rate method. All overseas translation exchange gains and losses are dealt with through the Statement of Total Recognised Gains and Losses.

Notes to the Financial Statements (continued)

2. Turnover

The turnover and operating profit for the year was derived from the Group's principal activities, which were carried out in the following regions:

					2006		2005	
	U.K.	Europe	Rest of world	U.S.	Total		U.K.	Total
	£'000	£'000	£'000	£'000	£'000		£'000	£'000
Turnover	9,569	834	452	281	11,136		5,924	5,924
Operating profit	1,363	193	239	(38)	1,757		321	321
Net assets liabilities	7,977	-	-	(304)	7,673		536	536

The segmentation is based on origination, which is not materially different from destination.

3. Operating profit

The operating profit is stated after charging:

	2006	2005
	£'000	£'000
Research and development expenditure – expensed	826	757
Operating lease rentals		
- motor vehicles	17	21
- land and buildings	361	173
- plant and equipment	14	-
Amounts payable to the auditors in respect of audit services (Company £3,000 (2005: £3,000))	53	22
Amounts payable to the auditors in respect of non-audit services (Company and Group)	21	11
Depreciation		
- owned assets	276	228
Amortisation	246	12
Phantom share non-cash movement	(106)	230
Issue of share options under UITF 17	335	28

Notes to the Financial Statements (continued)

4. Employees

The average number of employees of the Group, including Executive Directors, was as follows:

	Group	Group	Company	Company
	2006	2005	2006	2005
	No.	No.	No.	No.
Sales and marketing	44	14	-	-
Information technology development	15	11	-	-
Production	90	84	-	-
Accounts and administration	13	6	-	-
Directors	6	6	6	6
	168	121	6	6

All employee costs were borne by Thomson Intermedia Associates Ltd. Staff costs for all employees, including Executive Directors, consist of:

	2006	2005
	£'000	£'000
Wages and salaries	4,759	3,013
Social security costs	469	362
Pension costs	38	-
	5,266	3,375

5. Directors' emoluments

The Directors' emoluments consist of:

	Salaries and fees £'000	Benefits in kind £'000	Performance bonus £'000	2006 Total £'000	2005 Total £'000
John Napier	20	-	-	20	30
Stephen Thomson	101	1	55	157	195
Sarah Jane Thomson	101	-	55	156	196
David Trendle	95	1	51	147	165
Paul Gladman	150	1	48	199	220
Fiona Driscoll	20	-	-	20	20
	487	3	209	699	826

6. Interest receivable and payable

	2006	2005
	£'000	£'000
Bank interest receivable	49	39
Bank interest payable	(55)	-

Notes to the Financial Statements (continued)

7. Taxation on profit on ordinary activities

The tax charge is made up as follows:

	2006	2005
	£'000	£'000
Corporation tax at 30%	126	6
Research and development tax credit	-	(114)
	126	(108)
Deferred tax		
Origination and reversal of timing differences	(430)	(480)
Taxation on profit on ordinary activities	(304)	(588)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below;	2006	2005
	£'000	£'000
Receipt in respect of research & development tax credits	-	(114)
Profit on ordinary activities before taxation	1,751	360
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005: 30%)	525	108
Effects of:		
Expenses not deductible for tax purposes	54	70
Capital allowances for period in excess of depreciation	9	4
Other timing differences	118	48
Research and development tax credit	-	(114)
Pre acquisition profits	113	-
EMI Options Sch 23 FA 2003 relief	(159)	-
Utilisation of losses / (losses carried forward) in period	(421)	(111)
Additional deduction for R&D expenditure	(113)	(113)
Current tax charge for period	126	(108)

The Group has approximately £3.8m (2005 - £5.3m) of tax losses, subject to agreement by HM Revenue & Customs, to carry forward which are available to offset against future taxable profits. For further details see note 17.

Notes to the Financial Statements (continued)

8. Earnings per share

	2006			2005		
	£'000	Weighted average number of shares	Earnings per share pence	£'000	Weighted average number of shares	Earnings per share pence
Basic earnings per share attributable to ordinary shareholders	2,055	29,380,750	7.00	948	28,744,247	3.30
Effect of options	-	1,432,829	-	-	1,437,212	-
Diluted earnings per share	2,055	30,813,608	6.67	948	30,181,459	3.14
Adjustment for deferred tax	(430)	-	-	(480)	-	-
Adjustment for amortisation	246	-	-	12	-	-
Adjustment for share incentives	229	-	-	258	-	-
Adjusted basic earnings per share before deferred tax, amortisation and share incentives	2,100	29,380,750	7.15	738	28,744,247	2.57
Effect of options	-	1,432,829	-	-	1,437,212	-
Adjusted diluted earnings per share	2,100	30,813,608	6.82	738	30,181,459	2.45

Earnings per share before deferred tax, amortisation and share incentives are presented, as the Directors consider that this represents a meaningful measure of performance of the Group. For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume full conversion of all dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the market price of the Company's ordinary shares.

9. Result for the financial year

The Company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 not to present its own profit and loss account in these financial statements. The Company acts as a holding company. The movement in reserves of the Company shows a loss of £56k (2005: £nil) due to interest.

10. Intangible fixed assets

		Goodwill
Group		£'000
Cost		
At 1 February 2005		60
Additions		11,269
At 31 January 2006		11,329
Amortisation		
At 1 February 2005		29
Provision for year		246
At 31 January 2006		275
Net book value		
At 31 January 2006		11,054
At 31 January 2005		31

Notes to the Financial Statements (continued)

11. Tangible fixed assets

Group	Motor vehicles	Fixtures, fittings and equipment	Computer equipment	Short leasehold land and buildings improvements	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 February 2005	1	354	1,089	-	-	1,444
Acquisitions	-	356	18	145	126	645
Additions	-	30	234	-	-	264
At 31 January 2006	1	740	1,341	145	126	2,353
Depreciation						
At 1 February 2005	-	222	704	-	-	926
Acquisitions	-	220	13	126	86	445
Charged for the year	-	79	196	1	-	276
At 31 January 2006	-	521	913	127	86	1,647
Net Book Value						
At 31 January 2006	1	219	428	18	40	706
At 31 January 2005	1	132	385	-	-	518

No assets are held under finance leases.

12. Fixed asset investments

Company	Subsidiary undertaking £'000
Cost and net book value	
At 1 February 2005	5,250
Additions (see note 24d)	12,320
At 31 January 2006	17,570

Notes to the Financial Statements (continued)

At 31 January 2006 the company had interests in the following subsidiary undertakings:

Subsidiary undertaking	Country of incorporation	Class of share capital held	Direct	Indirect	Nature of business
Thomson Intermedia Associates Limited	England and Wales	Ordinary £1	100%	-	Technology and media monitoring business
Acquisitions and other investments acquired during the year					
Thomson Media Control GmbH & Co Kg (TMC)	Germany Baden-Baden	Fixed capital	50%	-	Media consultants
BCMG Ltd	England and Wales	Ordinary £1	100%	-	Holding company
billets media consulting Ltd	England and Wales	Ordinary £1	100%	-	Media consultants
billets international Ltd	England and Wales	Ordinary £1	100%	-	Media consultants
billets marketing sciences Ltd	England and Wales	Ordinary £1	100%	-	Marketing consultants
Barsby Rowe Ltd	England and Wales	Ordinary £1	-	100%	Non-trading
billets consulting Limited	England and Wales	Ordinary £1	100%	-	Holding company
BCMG acquisitions Limited	England and Wales	Ordinary £1	-	100%	Holding company
billets media management Ltd	England and Wales	Ordinary £1	-	100%	Dormant
BCMG US Inc	US Corporation	Ordinary \$1	100%	-	Holding company
billets america LLC	US LLC	Ordinary \$1	-	80%	Media consultants

During the year Thomson Intermedia PLC (TI) added or acquired the above investments for the Group.

Although TMC is 50% owned the investment is treated as a fixed asset investment because, at present, TI does not exercise control or significant influence over the Company. The investment in TMC consisted of cash of £122,000.

For fair values of billets Group assets acquired see note 24d.

On the 23rd August 2005 the Company acquired the entire share capital of BCMG Limited (billets Group) for a maximum total consideration of £13.1m. The initial consideration comprised the allotment and issue of £0.85m ordinary shares and £6.7m in cash. The final consideration is dependent on the financial performance of the billets Group for the period to 30th April 2006 and the financial performance of billets America LLC, BCMG's subsidiary in the United States, to 30th April 2007. The maximum amount of deferred consideration is £3.85m and £1.75m respectively.

The deferred consideration has been discounted in line with the Group's policy and FRS 7. The deferred consideration is secured by loan notes issued in favour of BCMG's Directors. The loan note amounts reflect the estimated financial performance against targets and a provision has been made for the contingent consideration as shown in note 17.

Notes to the Financial Statements (continued)

The loan notes as well as the Group's facility with the Bank of Scotland are secured by way of a debenture agreement over the assets of the Group (see note 16).

The acquisition method of accounting has been used in the consolidation of the billets Group accounts with the Thomson Intermedia PLC Group's accounts. More detail of the acquisition method of accounting is given within the accounting policies note (see note 1).

13. Debtors: amounts falling due within one year

Group	2006		2005
	£'000		£'000
Trade debtors	3,875		1,311
Other debtors	427		77
Prepayments and accrued income	1,624		902
	5,926		2,290

Debtors: amounts falling due after more than one year

Group	2006		2005
	£'000		£'000
Trade debtors	-		2
Prepayments and accrued income	1,235		-
	1,235		2

14. Deferred tax

Group	2006		2005
	£'000		£'000
Deferred tax	910		480

This amount falls due after more than one year. Full details of deferred tax are provided in note 17.

15. Creditors: Amounts falling due within 1 year

	Group	Group	Company	Company
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Trade creditors	558	407	-	-
Other taxes and social security	1,042	441	-	-
Other creditors	441	-	-	-
Corporation tax	126	-	-	-
Bank overdrafts	62	-	62	-
Bank loans	250	-	250	-
	2,479	848	312	-

Notes to the Financial Statements (continued)

16. Creditors: Amounts falling due after 1 year

Group	Group	Group	Company	Company
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Bank loans - between one and two years	287	-	287	-
Bank loans - between two and five years	1,388	-	1,388	-
Bank loans - after five years	1,012	-	1,012	-
Amounts due to subsidiaries	-	-	86	-
	2,687	-	2,773	-

All amounts owing to the bank are guaranteed by way of fixed and floating charges over the current and future assets of the Group. As such a composite guarantee has been given by all subsidiary companies.

17. Provisions for liabilities and charges

Group	2006	2006	2005	2005
	Provided	Unprovided	Provided	Unprovided
	£'000	£'000	£'000	£'000
Deferred taxation				
Accelerated capital allowances	-	10	-	13
Other timing differences	-	(204)	-	(85)
Losses	(910)	(224)	(480)	(1,110)
Asset for the period	(910)	(418)	(480)	(1,182)

Assuming future profits are taxable at a rate of 30%, the balance of available tax losses for offset against future taxable profits amount to £3.1m (2005: £1.66m), which gives rise to a deferred tax asset. In accordance with Financial Reporting Standard 19 "Deferred taxation", this asset has been provided to the extent that trade losses will be recoverable against future profits in the foreseeable future and is included within current assets.

Contingent consideration for acquisitions

The acquisition of billets includes a deferred element that is contingent on the future financial performance of the acquired entity. No material contingent consideration will become payable unless the acquired entity delivers greater profits during the earn-out period than prior to the acquisition. If the earn-out conditions are met, £3,850,000 of the consideration will become payable in 2006, the remaining £1,750,000 will become payable in 2007. The provision for contingent consideration for acquisitions represents the best estimate of the amount expected to be payable in cash or loan notes. The contingent consideration has been discounted in line with the Group's policy and FRS 7.

Notes to the Financial Statements (continued)

Maturity of contingent consideration for acquisitions:-

	Group		Company	
	Cash or loan notes		Cash or loan notes	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Between one and two years	3,793	-	3,793	-
Between two and five years	326	-	326	-
Total contingent consideration	4,119	-	4,119	-

See note 24d

18. Accruals and deferred income

	Group	Group	Company	Company
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Accruals	1,064	747	59	-
Deferred income	4,703	2,788	-	-
	5,767	3,535	59	-

19. Operating leases

At 31 January 2006, the Group had annual commitments under non-cancellable operating leases as set out below:

	2006		2005	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	13	22	-	-
Between one and two years	36	-	-	-
Between two and five years	307	16	36	22
After five years	-	-	137	-
	356	38	173	22

The Company held no assets under such leases at either year end.

Notes to the Financial Statements (continued)

20. Share capital

	2006	2005
	£'000	£'000
Authorised		
40,000,000 ordinary shares of 25p each	10,000	10,000
Allotted, called up and fully paid		
At 01 February 2005 (28,744,247 ordinary shares of 25p each)	7,186	7,186
Issued during the year (2,546,011 ordinary shares of 25p each)	637	-
At 31 January (31,290,258 ordinary shares of 25p each)	7,823	7,186

Shares were issued via a vendor placing and as consideration shares for the acquisition of billets. 2,546,011 shares were issued at £2.10 per share giving rise to a premium of £4.7m over the nominal value. Merger relief has been taken on 403,153 ordinary shares issued to acquired billets shares. Share issue costs of £0.16m were offset against the share premium account.

Share options

The total number of shares under option at the year-end was 1,432,829 (2005: 1,437,212).

No. of options	Exercise price (pence)	Dates when exercisable
476	105	5 May 2003 to 5 May 2010
600,000	25	31 October 2005 to 31 October 2012
20,000	25	9 May 2006 to 9 May 2013
176,184	46	5 May 2007 to 5 May 2014
519,847	170	7 January 2008 to 7 January 2015
75,000	158	5 July 2008 to 5 July 2015
17,627	198	5 July 2008 to 5 July 2015
8,695	57.5	6 September 2007 to 6 September 2014
15,000	87.5	22 September 2007 to 22 September 2014

Options held by Directors are shown in the Directors Report. No options were granted or put exercised by Directors during the current period. Options were granted under Enterprise Management Incentive (EMI) provisions and Section B (Unapproved) of the 2000 executive share option scheme. There is no performance criteria attached although Directors are required to remain in employment during the vesting period.

Notes to the Financial Statements (continued)

21. Reconciliation of movement in shareholders' funds before minority interest

	Group 2006	Group 2005	Company 2006	Company 2005
	£'000	£'000	£'000	£'000
Opening shareholders' funds	536	(670)	5,250	5,250
Share scheme	-	230	-	230
Issue of share options under UITF 17	-	28	-	28
Issue of shares	637	-	637	-
Merger reserve	746	-	-	-
Share premium	3,805	-	4,551	-
Profit / (loss) for the financial year	2,065	948	(56)	(258)
Exchange loss	(6)	-	-	-
Closing shareholders' funds	7,783	536	10,382	5,250

22. Reserves

	Merger reserve	Share premium	Profit and loss account
Group	£'000	£'000	£'000
At 1 February 2005	(5,250)	5,064	(6,464)
Profit for the financial year	-	-	2,065
Merger relief	746	3,805	-
Foreign exchange	-	-	(6)
At 31 January 2006	(4,504)	8,869	(4,405)

	Other reserve	Share premium	Profit and loss account
Company	£'000	£'000	£'000
At 1 February 2005	-	5,064	(7,000)
Loss for the financial year	-	-	(56)
Merger relief	746	3,805	-
At 31 January 2006	746	8,869	(7,056)

23. Financial instruments

The Group's financial instruments principally comprise borrowings, cash at bank, and various items such as trade debtors and creditors that arise directly from operations. The main purpose of these financial instruments is to raise money for the Group's operations. The Group's policy is to ensure that adequate cash is available and the Group does not trade in financial instruments and has not entered into any derivative or hedging transactions. For 2006 and 2005, most of the activities of the Group took place in the United Kingdom and consequently there is minimal exchange risk. In certain rare circumstances, clients are billed in a currency other than the operational currency of the Group and some purchasing takes place with overseas suppliers who bill in local currency. As at 31 January 2006 the Group had no material foreign currency exposures.

Notes to the Financial Statements (continued)

The main risk arising from the Group's financial instruments is interest rate risk. It is the Group's policy not to enter into any foreign currency contracts. The operations of the Group generate cash and the planned growth of activities is cash generative. The Group has taken advantage of the exemption in respect of the disclosure of short-term debtors and creditors.

The fair value of the Group's financial assets and liabilities for this year and 2005 is not considered to be materially different from their book values.

	Total	Floating rate financial liabilities	Financial liabilities on which no interest is paid	Debtors	Cash at bank and in hand less overdraft
	£'000	£'000	£'000	£'000	£'000
At 31 January 2006	7,056	2,937	4,119	7,161	2,712
At 31 January 2005	3,890	-	-	2,292	1,598

Floating rate liabilities at 31 January 2006 comprised the bank loan and revolving credit facility. The Group pays a variable interest rate of LIBOR plus 1.25% plus mandatory costs for both the revolving facility and the term loan. The mandatory costs relate to standard banking industry practice of continual assessment of the Group's ratios. The margin rate of 1.25% may be lowered in the future, from 3 August 2006, depending on the Company's net borrowings to EBITDA ratio. The weighted average period over which interest is fixed for fixed bearing deposits is 7 days and their weighted average interest rate is 4.13% (2005: 3.85%). Financial liabilities on which no interest is paid as at 31 January 2006 comprise provisions for deferred consideration, details of which are set out in note 17.

Maturity analysis

The maturity profile of the Group's financial liabilities at 31 January 2006 is as follows:

	Bank loans and overdrafts		Contingent consideration	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Repayable:				
Within one year or on demand	250	-	3,793	-
Between one and two years	287	-	326	-
Between two and five years	1,388	-	-	-
After five years	1012	-	-	-
	2,937	-	4,119	-

Notes to the Financial Statements (continued)

24. Notes to consolidated cash flow statement

a Reconciliation of operating profit to net cash inflow from operating activities	2006 £'000	2005 £'000
Operating profit	1,751	321
Depreciation	276	228
Amortisation	246	12
Foreign exchange non-cash movement	(8)	-
Phantom share non-cash movement	(106)	230
Issue of share options under UITF 17	335	28
Increase in debtors	(2,648)	(853)
Decrease in creditors	(682)	211
Increase in accruals and deferred income	2,067	204
Net cash inflow from operating activities	1,231	381

b Analysis of cash flows for headings netted in the cash flow statement	2006 £'000	2005 £'000
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Returns on investments and servicing of finance

Interest received	43	39
Interest paid	(71)	(7)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(28)	32

Taxation

Corporation tax (paid)/received	(6)	251
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Capital expenditure and financial investment

Purchase of tangible fixed assets	(264)	(295)
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Acquisitions and disposals

Purchase of investment	(87)	-
Purchase of subsidiary undertakings	(6,665)	-
Net cash acquired with subsidiaries	344	-
Expenses paid in connection with purchase of subsidiary undertakings	(691)	-
Net cash outflow from returns on investments and servicing of finance	(7,099)	-

Management of liquid resources

Payments to deposit accounts	(515)	(91)
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Financing

Receipts from issue of shares	4,500	-
Receipt of bank loan	3,000	-
Repayments of bank loan	(63)	-
New share issue costs	(157)	-
Net cash inflow from financing	7,280	-

Notes to the Financial Statements (continued)

c Analysis of net funds	Opening balance £'000	Cash flow £'000	Acquisition £'000	Closing balance £'000
Cash at bank and in hand	748	(164)	825	1,409
Liquid resources	850	515	-	1,365
	1,598	351	825	2,774
Overdrafts	-	(62)	-	(62)
	1,598	289	825	2,712
Loans	-	(2,937)	-	(2,937)
Net (debt)/funds	1,598	(2,648)	825	(225)

d Purchase of subsidiary undertakings

Description of item acquired	Net book value £'000	Fair value adjustment £'000	Fair value £'000
Fixed assets	196	-	196
Debtors	1,162	-	1,162
Other debtors	851	-	851
Bank and cash	344	-	344
Trade creditors	(421)	-	(421)
Other creditors	(623)	-	(623)
Taxation liabilities	(541)	-	(541)
Accruals and deferred income	(13)	-	(13)
NET ASSETS ACQUIRED	955	-	955
Minority interests	96	-	96
Goodwill capitalised	11,269	-	11,269
	12,320	-	12,320

Comprising:	£'000
Cash	6,665
Shares	845
Deferred consideration (discounted)	4,119
Professional fees and costs	691
Total cost of acquisition	12,320

Notes to the Financial Statements (continued)

billetts made a profit of £117,000 in the year to 30th April 2005. It's summarised profit and loss account for the subsequent 4 months period to the date of acquisition is as follows: -

	£'000
Turnover	2,522
Gross profit	2,305
Profit before taxation	378
Taxation	-
Profit after taxation	378

25. Minority interest

Minority interests (MI) in profits/(losses) relate solely to the subsidiary company based in the US.

	£'000
Minority interest on acquisition	
Reserves	132
Equity	(36)
Net minority interest at acquisition	96
Share of losses	10
Share of foreign exchange loss	2
Minority interest at 31 January 2006	108

26. Related parties

The Group has taken advantage of the exemption contained within FRS 8 paragraph 3(a) and (b).

Transactions between related parties, as defined by FRS 8, are as follows:

An ex -gratia payment of £7,500 was paid to the late John Napier's (non-executive Director) wife.

Notice of meeting

Thomson Intermedia plc
(Registered in England No.3967525)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Thomson Intermedia plc ("the Company") will be held at 58 Farringdon Road, London, EC1R 3BP, at 10am on 7 July 2006 for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following ordinary resolutions;

1. that the Audited Accounts and the Directors' and Auditors' Reports for the year ended 31 January 2006 be received and approved;
2. that Sarah Jane Thomson, who retires by rotation pursuant to Article 122 of the Company's Articles of Association and who, being eligible, offers herself for re-election, be re-elected as a Director;
3. that David Trendle, who retires by rotation pursuant to Article 122 of the Company's Articles of Association and who, being eligible, offers himself for re-election, be re-elected as a Director;
4. that the appointment of Michael Higgins as a Director, such appointment having occurred after the conclusion of the last Annual General Meeting of the Company, be approved and confirmed;
5. that BDO Stoy Hayward LLP be re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next General Meeting at which accounts are laid before the Company, at a remuneration to be determined by the Directors.

Special Business

To consider and if thought fit, pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7 & 8 will be proposed as special resolutions:

6. That the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985 (as amended) (the "Act"), to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to a maximum aggregate nominal amount of £2,177,435 during the period commencing on the date of the passing of this resolution and expiring 15 months following the passing of this resolution, or if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2007 (but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements as if the power conferred hereby had not expired), such authority to be in substitution for any and all authorities previously conferred upon the Directors for the purposes of section 80 of the Act other than any authority to the extent it may be exercised in pursuance of any agreement which might require relevant securities to be allotted and which has been entered into prior to the date of this resolution.
7. That, subject to the passing of resolution No.6 set out in this Notice of Meeting, the Directors be and are hereby empowered pursuant to section 95 of the Companies Act 1985 (as amended) (the "Act") to allot equity securities (within the meaning of section 94 (2) of the Act) pursuant to the authority conferred by the said resolution No.6 as if section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - i. in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to holders of ordinary shares (and such other equity securities in the capital of the Company as the Directors may determine) on the register on a fixed record date in proportion (as

Notice of the Meeting (continued)

nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto

(including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever);

- ii. (otherwise than pursuant to sub-paragraph (i) above) and up to an aggregate nominal amount of £359,303 and shall expire 15 months following the passing of the resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2007, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired;
8. that the sum of £7,056,000, being the entire amount of the accumulated deficit on the profit and loss account reserve of the Company as at 31 January 2006, be offset against the share premium account of the Company by way of cancellation of a sum of £7,056,000 standing to the credit of the share premium account of the Company as at the date of this resolution. The share premium account is accordingly reduced to £1,813,000

By order of the Board
David Trendle
Company Secretary
14 June 2006

Registered Office:
1 Westmoreland Road
Bromley, Kent
BR2 0TB

Notes:

- (i) A member who is entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company. A form of proxy is enclosed.
- (ii) The form of proxy and the power of attorney to other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be deposited at the office of the Company's Registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH, by no later than 48 hours in advance of the meeting.
- (iii) The following documents, which are available for inspection during normal business hours at the registered office of the Company on any business day until the date of the meeting and will also be available for inspection at the place of the Annual General Meeting during the meeting and for at least fifteen minutes prior to the meeting:
 - (a) copies of the service contracts of the Directors with the Company;
 - (b) the register of interests of the Directors (and their immediate families) in the share capital of the Company.

Form of proxy

Thomson Intermedia plc
(Registered in England No. 3967525 and hereinafter referred to as 'the Company')

Form of proxy for use at the Annual General Meeting to be held at 58 Farringdon Road, London EC1R 3BP on 7 July 2006 at 10am.

I/We (FULL NAME IN BLOCK LETTERS PLEASE)

Of

..... (ADDRESS IN BLOCK LETTERS PLEASE)

being a member/members of the Company entitled to attend and vote at general meetings of the Company, hereby appoint the Chairman of the Meeting or:

.....

(Please enter name of proxy and delete 'Chairman of the Meeting', if required) (see Note 1)

as my / our proxy, to vote for me / us and on my / our behalf as indicated below at the aforementioned Annual General Meeting of the Company and at any adjournment thereof.

Please indicate with an 'X' how you wish your votes to be cast on the Resolutions. Unless otherwise directed, the proxy will vote or abstain from voting at his discretion in respect of the member's total holding on the Resolutions or any amendment thereon or on any other business transacted at the meeting.

Resolution	For	Against
1. To receive and adopt the Audited Accounts for the year to 31 January 2006 and Reports thereon		
2. To re-elect Sarah Jane Thomson		
3. To re-elect David Trendle		
4. To confirm and approve the appointment of Michael Higgins		
5. To re-appoint BDO Stoy Hayward as Auditors		
6. General authority to allot shares		
7. Disapplication of pre-emption rights (Special Resolution)		
8. Cancellation of a sum of £7,056,000 standing to the credit of the share premium account (Special Resolution)		

Date

Signature or Common Seal

Notes

- 1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend and, on a poll, to vote instead of him.
- 2 To be valid for the meeting or adjourned meeting (as the case may be), this proxy form, duly completed, and any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such authority, must be deposited at the offices of the Company's registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH, no later than 48 hours in advance of the meeting. Completion and return of the proxy form will not preclude a shareholder from attending and voting at the meeting or adjourned meeting (as the case may be) if he so wishes.
- 3 In the case of an individual, this proxy form should be signed by the appointor or his or her attorney. In the case of a company, this proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer or attorney of the company.
- 4 In the case of joint members, the signature of the first named in the register of members in respect of the holding will be accepted to the exclusion of the votes of the other joint holders.
- 5 Any alterations made to this form should be initialled.



Sales and Marketing
27-31 Charing Cross Road, LONDON, WC2H 0AU

Thomson Intermedia plc
1 Westmoreland Road, Bromley, KENT, BR2 0TB
Company Registered Number: 3967525