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**Media.Link Communications  
Company Limited**

**Annual Report**

**2002/03**

# Media.Link Communications Company Limited

## Annual Report

2002/03

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# Media.Link Communications Company Limited

## Directors' Report

*For the Year Ended 30 September 2003*

The directors present their report together with the audited financial statements of the Group and the Company for the year ended 30 September 2003.

### Board of Directors

Mr Joe Saliba (Chairman)  
Dr Tonio Borg LL. D (Appointed on 24 March 2004)  
Dr Lawrence Gonzi LL.D. (Resigned on 24 March 2004)  
Mr Malcolm Mifsud (Resigned on 3 July 2003).

### Principal Activities

The Company is principally engaged in newspaper publications, printing, radio broadcasting and in operating a television station.

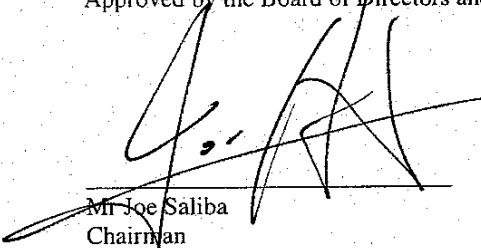
### Review of Business Development

During the year, the Group and the Company sustained a loss before taxation amounting to Lm146,753 (2002: Lm301,182) and Lm166,602 (2002: Lm353,013) respectively. After accounting for taxation, the loss for the year amounted to Lm597,055 (2002: Lm258,046) and Lm608,948 (2002: Lm292,144) respectively.

### Dividends and Reserves

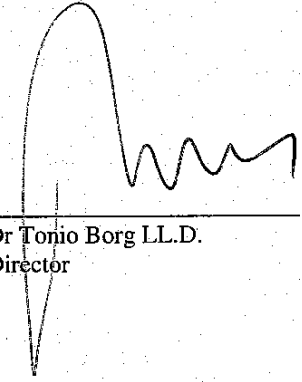
No dividend can be recommended. Accumulated losses carried forward for the Group and the Company amounted to Lm3,161,243 and Lm3,642,875 respectively.

Approved by the Board of Directors and signed on its behalf by:



Mr Joe Saliba  
Chairman

Dar Centrali  
Triq Herbert Ganado  
Pieta HMR 08



Dr Tonio Borg LL.D.  
Director

18 June 2004

## Media.Link Communications Company Limited

### Statement of Directors' Responsibilities

The Companies Act, 1995 requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial period and of the profit or loss of the Group and the Company for that period.

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

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Companies Act, 1995. 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.



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Web page <http://www.kpmg.com.mt>

## Auditors' Report

To The Members Of

Media.Link Communications Company Limited

We have audited the financial statements set out on pages 4 to 30. As described on page 2, these financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion on the financial statements.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 30 September 2003 and of its loss, changes in equity and cash flows for the year then ended in accordance with the requirements of International Financial Reporting Standards promulgated by the International Accounting Standards Board, and have been properly prepared in accordance with the provisions of the Companies Act, 1995 enacted in Malta.

Without qualifying our opinion, we draw your attention to the matters described in note 1 in the financial statements wherein it is stated that the major shareholder has committed itself to support financially the Company and that the directors therefore consider appropriate the adoption of the going concern basis in the preparation of these financial statements.

  
David Bamber Partner for and on behalf of

**KPMG**  
Certified Public Accountants

18 June 2004

Partners & Directors  
Joseph C. Schembri  
Raymond Azzopardi  
David Bamber  
Mark Bamber  
David Caruana  
Alfred V. Cernona  
Hilary Galea-Lauri  
Noel Mizzi

Eric Muscat  
Anthony Pace  
Pierre Portelli  
André Zarb  
Anthony Zarb

Associate Directors  
Juanita Bencini  
Franco Vassallo

# Media.Link Communications Company Limited

## Profit and Loss Account

For the Year Ended 30 September 2003

	Note	The Group		The Company	
		2003	2002	2003	2002
		Lm	Lm	Lm	Lm
Turnover	3	2,480,112	2,457,804	2,276,381	2,260,983
Cost of Sales		(2,047,383)	(2,094,105)	(2,049,508)	(2,094,105)
<b>Gross Profit</b>		<b>432,729</b>	<b>363,699</b>	<b>226,873</b>	<b>166,878</b>
Distribution Costs		(106,636)	(80,135)	(81,909)	(68,905)
Administrative Expenses		(450,528)	(516,471)	(361,735)	(455,084)
Other Operating Income		32,692	1,277	116,584	76,277
Other Operating Expenses		-	(57)	-	(57)
<b>Operating Loss</b>	4	<b>(91,743)</b>	<b>(231,687)</b>	<b>(100,187)</b>	<b>(280,891)</b>
Interest Receivable	5	4,813	4,626	3,401	1,999
Interest Payable	6	(59,823)	(74,121)	(69,816)	(74,121)
<b>Loss before Taxation</b>		<b>(146,753)</b>	<b>(301,182)</b>	<b>(166,602)</b>	<b>(353,013)</b>
Taxation	7	(450,302)	43,136	(442,346)	60,869
<b>Loss for the Year</b>		<b>(597,055)</b>	<b>(258,046)</b>	<b>(608,948)</b>	<b>(292,144)</b>

# Media Link Communications Company Limited

## Balance Sheet

At 30 September 2003

	Note	The Group		The Company	
		2003	2002	2003	2002
		Lm	Lm	Lm	Lm
<b>Fixed Assets</b>					
Tangible Assets	8	792,788	589,958	788,675	584,156
Financial Assets	9	-	34,000	12,309	56,309
		<u>792,788</u>	<u>623,958</u>	<u>800,984</u>	<u>640,465</u>
<b>Other Long Term Assets</b>					
Deferred Taxation	7	11,745	461,705	-	442,346
Debtors	11	23,650	30,250	23,650	30,250
		<u>828,183</u>	<u>1,115,913</u>	<u>824,634</u>	<u>1,113,061</u>
<b>Current Assets</b>					
Stocks	10	164,367	163,617	164,367	163,617
Debtors	11	1,265,179	1,413,759	1,233,001	1,359,617
Taxation Recoverable		1,762	1,762	20	20
Cash at Bank and in Hand		200,995	293,043	4,270	51,052
		<u>1,632,303</u>	<u>1,872,181</u>	<u>1,401,658</u>	<u>1,574,306</u>
<b>Creditors: Amounts falling due within One Year</b>					
Bank Borrowings	12	445,721	512,601	429,313	512,601
Other Interest Bearing Liability	13	21,845	23,925	21,845	23,925
Trade and Other Creditors	14	1,549,202	1,532,198	1,813,048	1,701,210
		<u>2,016,768</u>	<u>2,068,724</u>	<u>2,264,206</u>	<u>2,237,736</u>
<b>Net Current Liabilities</b>		<u>(384,465)</u>	<u>(196,543)</u>	<u>(862,548)</u>	<u>(663,430)</u>
<b>Total Assets less Current Liabilities</b>		<u>443,718</u>	<u>919,370</u>	<u>(37,914)</u>	<u>449,631</u>
<b>Creditors: Amounts falling due after more than One Year</b>					
Bank Borrowings	12	537,678	422,275	537,678	422,275
		<u>(93,960)</u>	<u>497,095</u>	<u>(575,592)</u>	<u>27,356</u>

# Media.Link Communications Company Limited

## Balance Sheet

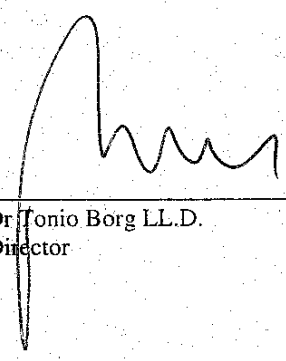
At 30 September 2003

	Note	The Group		The Company	
		2003	2002	2003	2002
		Lm	Lm	Lm	Lm
<b>Capital and Reserves</b>					
Called Up Issued Share Capital	15	3,000,000	3,000,000	3,000,000	3,000,000
Share Premium Account	16	10,309	10,309	10,309	10,309
General Reserve	17	56,974	56,974	56,974	56,974
Other Reserve	18	-	(6,000)	-	(6,000)
Profit and Loss Account		(3,161,243)	(2,564,188)	(3,642,875)	(3,033,927)
		<u>(93,960)</u>	<u>497,095</u>	<u>(575,592)</u>	<u>27,356</u>

The financial statements on pages 4 to 30 were approved by the Board of Directors on 18 June 2004 and were signed on its behalf by:



Mr Jos Saliba  
Chairman



Dr Tonio Borg LL.D.  
Director



# Media.Link Communications Company Limited

## Statement of Changes in Equity

For the Year Ended 30 September 2003

The Group	Total	Called Up Issued Share Capital	Revaluation Reserve	General Reserve	Other Reserve	Fair Value Reserve	Profit and Loss Account
	Lm	Lm	Lm	Lm	Lm	Lm	Lm
At 01.10.01	(336,859)	1,902,000	10,309	56,974	6,819	-	(2,312,961)
Loss for the Year	(258,046)	-	-	-	-	-	(258,046)
Transfer to Profit and Loss Account	-	-	-	-	(6,819)	-	6,819
Increase in Share Capital	1,098,000	1,098,000	-	-	-	-	-
Net Fair Value Adjustments on Investments	(6,000)	-	-	-	-	(6,000)	-
At 01.10.02	497,095	3,000,000	10,309	56,974	-	(6,000)	(2,564,188)
Loss for the Year	(597,055)	-	-	-	-	-	(597,055)
Net Fair Value Adjustments on Investment	2,451	-	-	-	-	2,451	-
Net Fair Value of Investments Released on Disposal	3,549	-	-	-	-	3,549	-
At 30.09.03	(93,960)	3,000,000	10,309	56,974	-	-	(3,161,243)

# Media Link Communications Company Limited

## Statement of Changes in Equity

For the Year Ended 30 September 2003

The Company	Total	Called Up Issued Share Capital	Share Premium Account	General Reserve	Fair Value Reserve	Profit and Loss Account
	Lm	Lm	Lm	Lm	Lm	Lm
At 01.10.01	(772,500)	1,902,000	10,309	56,974	-	(2,741,783)
Loss for the Year	(292,144)	-	-	-	-	(292,144)
Increase in Share Capital	1,098,000	1,098,000	-	-	-	-
Net Fair Value Adjustments on Investments	(6,000)	-	-	-	(6,000)	-
At 01.10.02	27,356	3,000,000	10,309	56,974	(6,000)	(3,033,927)
Loss for the Year	(608,948)	-	-	-	-	(608,948)
Increase in Share Capital	-	-	-	-	-	-
Net Fair Value Adjustment on Investments	2,451	-	-	-	2,451	-
Net Fair Value of Investments Released on Disposal	3,549	-	-	-	3,549	-
At 30.09.03	(575,592)	3,000,000	10,309	56,974	-	(3,642,875)

# Media.Link Communications Company Limited

## Cash Flow Statement

For the Year Ended 30 September 2003

	Note	The Group		The Company	
		2003	2002	2003	2002
		Lm	Lm	Lm	Lm
<b>Cash Flows from Operating Activities</b>					
Loss before Taxation		(146,753)	(301,182)	(166,602)	(353,013)
Adjustments for:					
Depreciation		236,071	278,302	234,142	276,418
Provision for Doubtful Debts		(2,269)	(23,377)	(17,571)	(21,029)
Interest Payable		56,274	74,121	56,267	74,121
Profit on Disposal of Tangible Fixed Assets		-	(1,277)	-	(1,277)
Loss on Disposal of Financial Fixed Assets		3,549	-	3,549	-
Write-off of Investment in Subsidiary		-	-	10,000	-
Interest Receivable		(4,813)	(4,626)	(3,401)	(1,999)
Provision for Exchange Fluctuations		(4,930)	476	(4,930)	22
Provision for Slow-Moving Stock		3,552	7,217	3,552	7,217
Bad Debts Written Off		24,853	16,186	24,777	12,773
Unclaimed Liabilities Written-Back		(24,240)	-	(33,132)	-
		141,294	(45,840)	106,651	(6,767)
Working Capital Changes:					
(Increase)/Decrease in Stocks		(4,302)	57,280	(4,302)	57,280
Decrease in Debtors		114,410	94,945	126,343	115,817
Decrease in Creditors		(79,044)	(41,565)	(86,966)	(18,993)
Movement in Shareholder's Balance		(173,746)	290,918	(172,896)	227,858
Movement in Related Parties' Balances		(17,357)	(83,622)	(73,724)	(74,270)
Cash (Absorbed by)/Generated from Operations		(18,745)	363,796	(104,894)	300,925
Interest Received (Net of Withholding Tax)		1,943	3,724	-	1,999
Interest Paid		(53,043)	(74,121)	(53,036)	(74,121)
Income Tax Refunded		-	782	-	-
<b>Net Cash (used in)/from Operating Activities</b>		<b>(69,845)</b>	<b>294,181</b>	<b>(157,930)</b>	<b>228,803</b>
<b>Cash Flows from Investing Activities</b>					
Payments for Tangible Fixed Assets		(337,134)	(185,408)	(336,894)	(184,649)
Proceeds on Disposal of Tangible Fixed Assets		-	2,050	-	2,050
Proceeds on Disposal of Financial Fixed Assets		36,452	-	36,452	-
Amounts Advanced to Shareholder		(267,092)	(561,682)	(188,092)	(361,682)
Payments on behalf of Subsidiaries		-	-	(29,580)	(3,055)
Payments on behalf of Third Parties		-	(1,458)	-	-
<b>Net Cash used in Investing Activities</b>		<b>(567,774)</b>	<b>(746,498)</b>	<b>(518,114)</b>	<b>(547,336)</b>
<b>Cash Flows from Financing Activities</b>					
Loans Advanced by Bank		126,117	192,866	126,117	192,866
Repayment of Other Interest Bearing Liabilities		(2,080)	-	(2,080)	-
Advances by Subsidiaries		-	-	100,000	6,337
Advances by Shareholder		499,136	369,408	499,136	369,408
Repayment of Advances by Shareholder		-	(80,880)	-	(80,880)
Transfer of Bank Account from Subsidiary		91	-	91	-
Issue of Ordinary Share Capital		-	80,880	-	80,880
<b>Net Cash from Financing Activities</b>		<b>623,264</b>	<b>562,274</b>	<b>723,264</b>	<b>568,611</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(14,355)</b>	<b>109,957</b>	<b>47,220</b>	<b>250,078</b>
Cash and Cash Equivalents at Beginning of Year		(148,945)	(258,803)	(390,837)	(640,915)
<b>Cash and Cash Equivalents at End of Year</b>	19	<b>(163,300)</b>	<b>(148,846)</b>	<b>(343,617)</b>	<b>(390,837)</b>

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

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### 1 Basis of Preparation

Media.Link Communications Company Limited ("the Company") is a company domiciled in Malta. The consolidated financial statements comprise those of the Company and its subsidiaries (together referred to as "the Group").

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards promulgated by the International Accounting Standards Board and the provisions of the Companies Act, 1995 enacted in Malta.

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in existence in the foreseeable future. The assumption is based upon the shareholder's commitment to support the Company by granting it adequate finance to sustain its current level of operations for the foreseeable future.

### 2 Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been consistently applied by the Company.

#### (a) Basis of Consolidation

The consolidated financial statements include the subsidiaries that are controlled by the parent Company.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements are included in the consolidated financial statements from the date that the control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### (b) Tangible Fixed Assets

##### (i) *Owned assets*

Tangible fixed assets are stated at cost less accumulated depreciation (see below) and impairment losses (refer accounting policy (g)). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

##### (ii) *Subsequent Expenditure*

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure on repairs or maintenance of tangible fixed assets made to restore or merely maintain future economic benefits is recognised in the income statement as an expense as incurred.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

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### 2 Significant Accounting Policies (Cont.)

#### (b) Tangible Fixed Assets (Cont.)

##### (iii) *Depreciation*

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of tangible fixed assets. Depreciation is calculated to write down the value of tangible fixed assets, less any anticipated residual value, by equal annual instalments over their estimated useful lives. A charge equivalent to a full year's depreciation is provided for during the year in which the asset is first brought into use, while no depreciation is charged during the year the asset is disposed of or scrapped.

The rates of depreciation used are based on the following useful lives:

	Years
Leasehold Improvements	21
Improvements to Buildings	10
Studio Equipment	5 to 10
Transmitting Equipment	5
Furniture, Fittings, Office Equipment, Carpeting and Acoustics	8 to 10
Plant and Machinery	10
Air conditioning Equipment	5, 8
Computer Hardware	3, 5
Computer Software	2
Music Library	5
Telephone Equipment	4
Motor Vehicles	5
Transmission Tower	5, 8
Outside Broadcasting Van	4

#### (c) Financial Instruments

##### (i) *Classification*

Available for sale assets are financial assets that are not held for trading purposes, originated by the Company, or held to maturity. Available for sale instruments include equity investments.

##### (ii) *Recognition*

The Company recognises available for sale assets on the date of acquisition of the financial assets. From this date, any gains or losses arising from changes in fair value of these assets are recognised.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

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### 2 Significant Accounting Policies (Cont.)

#### (c) Financial Instruments (Cont.)

##### (iii) *Measurement*

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial measurement, available for sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

##### (iv) *Gains and Losses arising on subsequent measurement*

Gains and losses arising from a change in the fair value of available for sale assets are recognised directly in equity. When financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the income statement.

##### (v) *Derecognition*

A financial asset is derecognised when the Company loses control over the contracted rights that comprise the asset. This occurs when the rights are realised, expire or are surrendered.

Available for sale assets that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as of the date the Company commits to sell the assets.

#### (d) Trade and Other Debtors

Trade and other debtors are stated at their cost less impairment loss (refer accounting policy (e)). Specific provision is made for any amounts the recovery of which is considered to be doubtful.

#### (e) Stocks

Stocks are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of stocks comprises all cost of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

The cost of stocks is assigned by using the weighted average cost formula.

#### (f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, less overdrawn bank balances and bank overdrafts, and any short term liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

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### 2 Significant Accounting Policies (Cont.)

#### (g) Impairment

The carrying amount of the Company's and the Group's assets, other than stocks (refer accounting policy (e)) and deferred tax assets (refer to accounting policy (m)), are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

#### (h) Employee Benefits

The Company contributes towards the State pension in accordance with local legislation. Related costs are expensed in the period in which they are incurred.

#### (i) Trade and Other Creditors

Trade and other creditors are stated at their cost.

#### (j) Revenue Recognition

In relation to the sale of goods, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding the derivation of consideration, associated costs or the possible return of goods.

In relation to the rendering of services, revenue is recognised by reference to the stage of completion of the transaction at balance sheet date. The method used determines services performed as a percentage of total services to be performed and applies this percentage to the total revenue expected. Revenue is recognised when no significant uncertainties remain concerning the derivation of consideration or associated costs.

Interest arising from the use by others of the Company's resources are recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Interest income is recognised as it accrues unless collectibility is in doubt.

#### (k) Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred.

#### (l) Foreign Currencies

Transactions denominated in foreign currencies are converted at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange prevailing at balance sheet date. Resulting exchange differences are recognised as income or as expenses in the period in which they arise.

# Media Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 2 Significant Accounting Policies (Cont.)

#### (m) Taxation

Tax expense is calculated on the net income adjusted for non-temporary differences between the taxable and accounting income. The tax effect of temporary differences, arising from items being brought to account in different periods for income tax and accounting purposes is carried in the balance sheet as deferred tax debits or credits.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except for the initial recognition of assets or liabilities which affect neither the accounting nor the taxable result.

The tax value of losses expected to be available for utilisation against future taxable income is set off against the deferred tax liability within the same legal tax unit and jurisdiction. Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged to the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The amount of deferred income taxes on these differences is determined by using the rate of local income tax applicable at balance sheet date.

#### (n) Operating Lease Payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

### 3 Turnover

Turnover is stated after deduction of sales rebates and indirect taxes.

	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
Printing	1,352,030	1,304,507	1,352,030	1,304,507
Broadcasting and Productions	924,351	956,476	924,351	956,476
Travel and Tourism	203,731	196,821	-	-
	<u>2,480,112</u>	<u>2,457,804</u>	<u>2,276,381</u>	<u>2,260,983</u>



# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 4 Operating Loss

(a) Operating loss is stated after crediting and charging the following:

	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
<b>After Crediting</b>				
Exchange Fluctuations	8,452	-	8,452	-
	=====	=====	=====	=====
<b>After Charging</b>				
Exchange Fluctuations	-	57	-	57
Directors' Remuneration	12,052	12,008	-	-
Depreciation	236,071	278,302	234,142	276,418
Auditors' Remuneration	2,950	3,200	2,600	2,600
	=====	=====	=====	=====

(b) The weekly average number of persons employed by the Group and the Company during the year was as follows:

	The Group		The Company	
	2003	2002	2003	2002
	No.	No.	No.	No.
Management	6	7	5	5
Administration	22	22	20	20
Operating	186	193	183	172
	-----	-----	-----	-----
	214	222	208	197
	=====	=====	=====	=====

(c) Staff costs incurred during the year are analysed as follows:

	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
Wages and Salaries	1,208,658	1,148,370	1,177,928	1,118,266
Social Security Costs	77,825	74,603	75,665	72,653
	-----	-----	-----	-----
	1,286,483	1,222,973	1,253,593	1,190,919
Recharge to Shareholder	(283,727)	(125,727)	(283,727)	(125,727)
Recharge to Subsidiary	-	-	(27,815)	-
Recharge to Third Party	(10,388)	-	(10,388)	-
	-----	-----	-----	-----
	992,368	1,097,246	931,663	1,065,192
	=====	=====	=====	=====

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

5	Investment Income and Similar Income	The Group		The Company	
		2003	2002	2003	2002
		Lm	Lm	Lm	Lm
	Loan Interest	-	1,999	-	1,999
	Bank Interest	1,412	2,627	-	-
	Other Interest	3,401	-	3,401	-
		<u>4,813</u>	<u>4,626</u>	<u>3,401</u>	<u>1,999</u>
		=====	=====	=====	=====
6	Interest Payable and Similar Charges	The Group		The Company	
		2003	2002	2003	2002
		Lm	Lm	Lm	Lm
	Loss on disposal of Financial Fixed Asset	3,549	-	3,549	-
	Write-off of Investment in Subsidiary Undertaking	-	-	10,000	-
	Bank Loan Interest	33,480	3,811	33,480	3,811
	Other Bank Interest	19,564	53,245	19,557	53,245
	Other Interest	3,230	17,065	3,230	17,065
		<u>59,823</u>	<u>74,121</u>	<u>69,816</u>	<u>74,121</u>
		=====	=====	=====	=====
7	Taxation	The Group		The Company	
		2003	2002	2003	2002
	(a)	Lm	Lm	Lm	Lm
	Current Tax Expense:				
	Income tax at 15% on bank interest received	(343)	(309)	-	-
	Consideration for the losses surrendered under the Group Relief Provisions of the Income Tax Act	-	-	-	30,259
		<u>(343)</u>	<u>(309)</u>	<u>-</u>	<u>30,259</u>
	Adjustment to previous year's deferred tax	(746)	-	-	-
	Net deferred tax (charge)/credit relating to the origination and reversal of temporary differences	(449,213)	43,445	(442,346)	30,610
		<u>(450,302)</u>	<u>43,136</u>	<u>(442,346)</u>	<u>60,869</u>
		=====	=====	=====	=====

# MediaLink Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 7 Taxation (Cont.)

(b) The tax (expense)/credit and the result of accounting loss multiplied by the applicable tax rate is reconciled as follows:

	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
Loss before Taxation	<u>(146,753)</u>	<u>(301,182)</u>	<u>(166,602)</u>	<u>(353,013)</u>
Tax at the applicable rate	51,364	105,414	58,311	123,555
Tax effect of unabsorbed capital allowances for which no deferred tax benefit is being recognised	(30,271)	(60,863)	(30,271)	(60,863)
Tax effect of balancing allowance for which no deferred tax benefit is being recognised	(42,761)	-	(42,761)	-
Tax effect of depreciation charges not deductible by way of capital allowances in determining taxable income	(129)	129	-	-
Tax effect of expenses that are not deductible in determining taxable income	(10,535)	(1,823)	(13,231)	(1,823)
Tax effect of different tax rates on bank interest received	282	415	-	-
Tax effect of adjustment to previous years' deferred tax	(746)	-	-	-
Tax effect of consolidation adjustment	(3,112)	-	-	-
Deferred tax not recognised during the year	<u>(414,394)</u>	<u>(136)</u>	<u>(414,394)</u>	<u>-</u>
Tax (Expense)/Credit for Year	<u>(450,302)</u>	<u>43,136</u>	<u>(442,346)</u>	<u>60,869</u>

The applicable tax rate represents the statutory local income tax rate of 35%.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 7 Taxation (Cont.)

#### (c) Deferred Taxation

	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
Tax Effect of Temporary Differences Relating To:				
Excess of capital allowances over depreciation	632	142,720	-	142,137
Provision for exchange differences	-	66	-	66
Provision for doubtful debts	10,715	41,888	-	36,539
Provision for slow-moving stock	-	13,726	-	13,726
Unrelieved tax losses	512	263,546	-	249,878
Accrued bank interest receivable taxable at 15%	(114)	(241)	-	-
	=====	=====	=====	=====
Deferred Tax Asset	11,745	461,705	-	442,346
	=====	=====	=====	=====

- (d) A potential deferred tax asset for the Group and the Company of Lm1,185,271 representing the tax value of unrelieved tax losses and unabsorbed capital allowances amounting to Lm1,020,755 and other temporary differences amounting to Lm164,516 have not been recognised in the financial statements due to the absence of evidence supporting the belief that the Group and the Company will have short-term taxable profits that will be available against which the tax losses and the other temporary differences can be utilised.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 8 Tangible Fixed Assets

The Group	Total	Improvements to Buildings	Plant and Machinery	Motor Vehicles	Transmission Tower
	Lm	Lm	Lm	Lm	Lm
<b>Cost</b>					
At 01.10.02	3,044,569	374,113	2,516,759	19,352	134,345
Additions	438,901	325,515	100,123	-	13,263
Disposals	(887,091)	(113,318)	(773,773)	-	-
<b>At 30.09.03</b>	<b>2,596,379</b>	<b>586,310</b>	<b>1,843,109</b>	<b>19,352</b>	<b>147,608</b>
<b>Depreciation</b>					
At 01.10.02	2,454,611	188,790	2,164,903	17,771	83,147
Reclassification	-	-	(1,400)	1,400	-
Charge for Year	236,071	35,398	171,081	71	29,521
Released on disposal	(887,091)	(113,318)	(773,773)	-	-
<b>At 30.09.03</b>	<b>1,803,591</b>	<b>110,870</b>	<b>1,560,811</b>	<b>19,242</b>	<b>112,668</b>
<b>Net Book Amount</b>					
At 30.09.03	792,788	475,440	282,298	110	34,940
At 30.09.02	589,958	185,323	351,856	1,581	51,198

# MediaLink Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 8 Tangible Fixed Assets (Cont.)

The Company	Improvements to Plant and Machinery				
	Total	Buildings	Machinery	Motor Vehicles	Transmission Tower
	Lm	Lm	Lm	Lm	Lm
<b>Cost</b>					
At 01.10.02	3,014,982	370,425	2,497,860	12,352	134,345
Additions	438,661	325,515	99,883	-	13,263
Disposals	(887,091)	(113,318)	(773,773)	-	-
<b>At 30.09.03</b>	<b>2,566,552</b>	<b>582,622</b>	<b>1,823,970</b>	<b>12,352</b>	<b>147,608</b>
<b>Depreciation</b>					
At 01.10.02	2,430,826	186,402	2,149,106	12,171	83,147
Charge for Year	234,142	35,029	169,521	71	29,521
Released on disposal	(887,091)	(113,318)	(773,773)	-	-
<b>At 30.09.03</b>	<b>1,777,877</b>	<b>108,113</b>	<b>1,544,854</b>	<b>12,242</b>	<b>112,668</b>
<b>Net Book Amount</b>					
At 30.09.03	788,675	474,509	279,116	110	34,940
At 30.09.02	584,156	184,023	348,754	181	51,198

### 9 Financial Fixed Assets

(a) The amounts stated in the balance sheet are analysed as follows:

	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
<b>Quoted</b>				
Available-for-Sale Investment	-	34,000	-	34,000
Other Equity Investment	-	-	-	-
<b>Unquoted</b>				
Shares in Subsidiary Undertakings	-	-	12,309	22,309
	-	34,000	12,309	56,309

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 9 Financial Fixed Assets (Cont.)

(b) The Group		Equity Investments		
		Lm		
<b>Cost</b>				
	At 01.10.02		40,000	
	Disposals		(40,000)	
	<b>At 30.09.03</b>		-	
<b>Net Fair Value Adjustment</b>				
	At 01.10.02		(6,000)	
	Movement for the Year		2,451	
	Released on Disposal		3,549	
	<b>At 30.09.03</b>		-	
<b>Net Book Amount</b>				
	At 30.09.03		-	
	At 30.09.02		34,000	
<b>The Company</b>		<b>Total</b>	<b>Other Equity Investments</b>	<b>Shares in Subsidiary Undertakings</b>
		Lm	Lm	Lm
<b>Cost</b>				
	At 01.10.02	62,309	40,000	22,309
	Disposals/Write-off	(50,000)	(40,000)	(10,000)
	<b>At 30.09.03</b>	<b>12,309</b>	-	<b>12,309</b>
<b>Net Fair Value Adjustment</b>				
	At 01.10.02	(6,000)	(6,000)	-
	Movement for the Year	2,451	2,451	-
	Investments Released on Disposal	3,549	3,549	-
	<b>At 30.09.03</b>	-	-	-
<b>Net Book Amount</b>				
	At 30.09.03	<b>12,309</b>	-	<b>12,309</b>
	At 30.09.02	56,309	34,000	22,309

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 9 Financial Fixed Assets (Cont.)

(c)	Registered Office	Class of Shares	Percentage Holding	
			2003	2002
			%	%
<b>Unquoted</b>				
<u>Subsidiary Undertakings</u>				
Euro Tours Company Limited	Dar Centrali Triq Herbert Ganado Pietà	Ordinary	99.9	99.9
Eurostore Company Limited	Dar Centrali Triq Herbert Ganado Pietà	Ordinary	-	99.9

During the year, the Company wrote off the investment in Eurostore Company Limited, after this company was put into voluntary liquidation on the 23 May 2003. A scheme of distribution dated 31 May 2003 has been issued pending the dissolution of the company.

In the comparative year, the Company held 40,000 ordinary shares of Lm1 each in International Hotels Investments p.l.c., which investments were sold during the year.

### 10 Stocks

(a)	The Group and The Company	
	2003	2002
	Lm	Lm
Raw Materials	84,267	88,480
Finished Goods	80,100	75,137
	<u>164,367</u>	<u>163,617</u>

(b) Stock of finished goods is stated net of provisions for future losses amounting to Lm42,769 (2002: Lm39,217).



# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 11 Trade and Other Debtors

(a)	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
<b>Falling due within One Year</b>				
Trade Debtors	783,815	788,512	712,530	718,018
Amounts Owed by:				
Shareholder	379,127	392,362	-	-
Subsidiary Undertaking	-	-	420,217	419,220
Other Related Parties	499	2,873	-	-
Other Debtors	38,186	144,474	38,186	138,475
Prepayments and Accrued Income	63,552	85,538	62,068	83,904
	<u>1,265,179</u>	<u>1,413,759</u>	<u>1,233,001</u>	<u>1,359,617</u>
<b>Falling due after more than One Year</b>				
Other Debtors	23,650	30,250	23,650	30,250
	<u>1,288,829</u>	<u>1,444,009</u>	<u>1,256,651</u>	<u>1,389,867</u>

- (b) Trade debtors for the Group and the Company are stated after a specific provision for doubtful amounts amounting to Lm117,436 (2002: Lm119,705) and Lm86,824 (2002: Lm104,395) respectively.
- (c) The balances due by the related parties are interest free, unsecured and repayable on demand. Transactions with related parties are set out in note 20 to these financial statements.
- (d) Other debtors include a balance from a third party amounting to Lm40,445 (2002: Lm40,677). The balance bears interest at the bank's base rate, which stood at 3% per annum at year-end (2002: 4% per annum), and is secured by general hypothecs over the present and future assets of both the guarantor and the debtor. The balance is repayable in monthly instalments of Lm550 and should be repaid in full by March 2008.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 12 Bank Borrowings

(a)	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
Bank Loans	619,104	492,987	619,104	492,987
Bank Overdrafts	346,887	440,291	346,887	440,291
Overdrawn Bank Balance	17,408	1,598	1,000	1,598
	<u>983,399</u>	<u>934,876</u>	<u>966,991</u>	<u>934,876</u>
<b>Falling due within One Year</b>				
Bank Loans	81,426	70,712	81,426	70,712
Bank Overdrafts	346,887	440,291	346,887	440,291
Overdrawn Bank Balance	17,408	1,598	1,000	1,598
	<u>445,721</u>	<u>512,601</u>	<u>429,313</u>	<u>512,601</u>
<b>Falling due after more than One Year</b>				
Bank Loans	537,678	422,275	537,678	422,275

- (b) Bank borrowings bear interest of 3% per annum over the Bank's Base Rate, which at year-end stood at 3% (2002: 4%). These borrowings are secured by various general hypothecs over the Company's assets, a second general hypothec over the Company's assets, guarantees by the shareholder, special hypothecary guarantees by the shareholder over its property, by a pledge over the shareholder's fire and special perils insurance policy, and various letters of undertaking by Company's directors and shareholder.

### 13 Other Interest Bearing Liability

(a)	The Group and The Company	
	2003	2002
	Lm	Lm
Loan due to:		
Malta Enterprise Limited (formerly Malta Development Corporation)	21,845	23,925

- (b) The loan from Malta Enterprise Limited (formerly the Malta Development Corporation) bears interest at 2.5% (2002: 3.5%) per annum and is repayable on demand.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 14 Trade and Other Creditors

(a)	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
<b>Falling due within One Year</b>				
Trade Creditors	1,144,710	1,077,824	1,094,393	1,018,921
Amounts due to:				
Shareholder	-	-	330,895	196,812
Subsidiary Undertaking	-	-	-	9,629
Other Creditors	239,794	276,861	229,868	300,872
Accruals	164,698	177,513	157,892	174,976
	<u>1,549,202</u>	<u>1,532,198</u>	<u>1,813,048</u>	<u>1,701,210</u>

(b) The amounts due to shareholder and subsidiary undertaking are unsecured, interest free and repayable on demand. Transactions with related parties are set out in note 20 to these financial statements.

### 15 Share Capital

	2003	2002
	Lm	Lm
<b>Authorised</b>		
3,000,000 (2002: 3,000,000) Ordinary Shares of Lm1 each	<u>3,000,000</u>	<u>3,000,000</u>
<b>Issued and Fully Paid Up</b>		
3,000,000 (2002: 3,000,000) Ordinary Shares of Lm1 each	<u>3,000,000</u>	<u>3,000,000</u>

### 16 Share Premium

The balance on the share premium account, which is not distributable, was a result of the share exchange effected during 1999 in order to acquire the investment in Euro Tours Company Limited.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 17 General Reserve

#### The Group and The Company

	2003	2002
	Lm	Lm
Goodwill on Sale of 'Euro Tours'	30,000	30,000
Profit and Loss Account 'Euro Tours' Divisional Profit	26,974	26,974
	<u>56,974</u>	<u>56,974</u>

### 18 Other Reserves

- (a) The Fair Value Reserve comprised the cumulative net change in fair values of available for sale assets held by the Company. These assets were disposed of during the year and related adjustments to fair value were hence realised.
- (b) A transfer of Lm nil (2002: Lm442,346) for the Company and Lm512 (2002: Lm461,705) for the Group representing unrealised gains has not been made from the Profit and Loss Account to the Other Reserve in accordance with the requirements of the Companies Act, 1995 during the year, in view of the fact that the Company and Group had a debit balance in their Profit and Loss Account at year-end.
- (c) Both the above reserves are non-distributable.

### 19 Cash and Cash Equivalents

	The Group		The Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
Cash at Bank and in Hand	200,995	293,043	4,270	51,052
Bank Overdrafts	(346,887)	(440,291)	(346,887)	(440,291)
Overdrawn Bank Balance	(17,408)	(1,598)	(1,000)	(1,598)
	<u>(163,300)</u>	<u>(148,846)</u>	<u>(343,617)</u>	<u>(390,837)</u>

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 20 Related Party Transactions

The following transactions were conducted during the year:

	2003	2002
	Lm	Lm
<b>Parent Company</b>		
<b>Ultimate Shareholder</b>		
Services Provided to	232	-
Labour Seconded to	283,727	125,727
Occupancy Costs Charged by	-	125,000
Rent Payable to	20,000	20,100
Advances by	499,136	369,408
Payments on behalf of Company by	94,343	67,864
Repayments by the Company of Advances by	-	80,880
Advances to	-	4,930
Payments on behalf of	188,092	356,752
Capitalisation of Balances due to	-	1,098,000
Non-Cash Transactions:		
Assignment of Balances Receivable to	7,365	-
	=====	=====
<b>Subsidiaries</b>		
<b>Ultimate Shareholder</b>		
Services Provided to	17,985	22,237
Advances to	79,000	200,000
Assignment of balances due by Subsidiaries to	-	14,288
	=====	=====
<b>Other Related Parties</b>		
Services Provided to	-	8
	=====	=====

All transactions entered into with related parties have been accounted for at fair and reasonable prices.

### 21 Contingent Liabilities

At balance sheet date, the Company had the following contingent liabilities:

- (a) Guarantees in favour of a subsidiary undertaking's bankers amounting to Lm100,000; and
- (b) Unqualified claims for libel damages sustained by third parties against the Company.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 22 Commitments

#### The Group

##### Capital Expenditure Commitments

	2003	2002
	Lm	Lm
Contracted For:		
Tangible Fixed Assets	<u>120,000</u>	<u>200,000</u>
Authorised but not yet Contracted For:		
Tangible Fixed Assets	<u>255,591</u>	<u>314,991</u>

#### The Company

##### Capital Expenditure Commitments

	2003	2002
	Lm	Lm
Contracted For:		
Tangible Fixed Assets	<u>120,000</u>	<u>200,000</u>
Authorised but not yet Contracted For:		
Tangible Fixed Assets	<u>239,000</u>	<u>300,000</u>

### 23 Operating Leases

#### Leases as Lessee

##### The Group

The Group leases premises under operating lease. Non-cancellable operating lease rentals are payable as follows:

	2003	2002
	Lm	Lm
Less than One Year	22,896	22,896
Between One and Five Years	80,000	82,896
More than Five Years	260,000	280,000
	<u>362,896</u>	<u>385,792</u>

During the current year, Lm22,896 (2001: Lm36,558) were recognised as an expense in the Profit and Loss Account in respect of operating leases.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

For the Year Ended 30 September 2003

### 23 Operating Leases (Cont.)

#### The Company

The Company leases premises under operating lease. Non-cancellable operating lease rentals are payable as follows:

	2003	2002
	Lm	Lm
Less than One Year	20,000	20,000
Between One and Five Years	80,000	80,000
More than Five Years	260,000	280,000
	<u>360,000</u>	<u>380,000</u>

During the current year, Lm20,000 (2001: Lm30,666) were recognised as an expense in the Profit and Loss Account in respect of operating leases.

### 24 Financial Instruments

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business.

#### (a) Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

At balance sheet date, there were no concentrations of credit risk in addition to the carrying amount of each financial asset in the balance sheet.

#### (b) Interest Rate Risk

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed rate basis, linked to the Bank's Base Rate.

#### (c) Foreign Currency Risk

The Company incurs foreign currency risk on purchases that are denominated in a currency other than Maltese lira. The currencies giving rise to this risk are primarily Pounds Sterling, US Dollars, Swiss Francs and Euro. No hedging procedures are in place.

# Media.Link Communications Company Limited

## Notes to the Financial Statements

*For the Year Ended 30 September 2003*

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### **25 Comparative Amounts**

- (a) Certain amounts have been reclassified to conform with the current year's presentation.
- (b) During the comparative year, the consolidated financial statements included the results and position of Eurostore Company Limited, for the year ended 30 September 2002. This subsidiary was placed into liquidation on 23 May 2003.