

Company registration no. 3474629

IPC Group Limited

Report and financial statements for the year ended

31 December 2003



Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Activities

IPC Group Limited is an intermediate holding company of a group of undertakings, whose main activity is consumer magazine publishing. The directors do not anticipate any future change in this activity.

Following the transfer of ipc electric (services) Limited's entire business to IPC Media Limited with effect from 1 October 2003 the company has provided against the £42,507,245 intercompany loan due from ipc electric (services) Limited on the basis that the value of this loan has been permanently impaired.

Results and dividends

The loss for the year after taxation amounted to £40,215,214 (2002 - profit of £2,485,294). No dividends were paid during the year and the directors do not recommend the payment of a final dividend (2002 - £nil).

Directors and their interests

The directors during the year and subsequently were:

W R Aley	
R G Atkinson	
S J Auton	(appointed 10 April 2003)
R J Evans	
L M Genower	(resigned 17 April 2003)
M Pepe	(resigned 31 March 2003)

Company Secretaries

J S Redpath Jr	(appointed 17 March 2003)
S J Williams	

At the year end no director held any beneficial interests in the shares of the company.

The directors' interests in the shares of other group undertakings, as recorded in the register of directors' interests at the year end, are disclosed in the financial statements of IPC Media Limited.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to shareholders at the forthcoming annual general meeting.

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



S J Williams
Company Secretary
King's Reach Tower
Stamford Street
London
SE1 9LS

27 October 2004

Statement of directors' responsibilities

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of IPC Group Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the profit and loss account, balance sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

Profit and loss account
for the year ended 31 December 2003

	Note	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Exceptional administrative expenses	3	<u>(42,507)</u>	<u>-</u>
Operating loss	4	(42,507)	-
Interest receivable	5	<u>2,292</u>	<u>2,485</u>
(Loss)/profit on ordinary activities before taxation		(40,215)	2,485
Tax on (loss)/profit on ordinary activities	6	<u>-</u>	<u>-</u>
(Loss)/profit on ordinary activities after taxation		<u>(40,215)</u>	<u>2,485</u>

All activities relate to continuing operations.

There are no recognised gains or losses for the current financial year or the preceding financial year other than those stated in the profit and loss account.

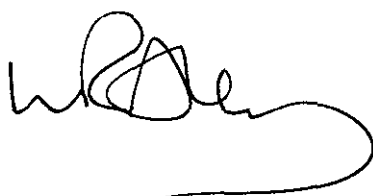
Balance sheet

as at 31 December 2003

	Note	31 December 2003 £'000	31 December 2002 £'000
Fixed assets			
Investments	7	<u>478,976</u>	<u>453,495</u>
Current assets			
Debtors: amounts falling due within one year	8	<u>96</u>	<u>65,792</u>
		96	65,792
Creditors: amounts falling due within one year	9	<u>(12,418)</u>	<u>(12,418)</u>
Net current (liabilities)/assets		<u>(12,322)</u>	<u>53,374</u>
Total assets less current liabilities		<u>466,654</u>	<u>506,869</u>
Total net assets		<u><u>466,654</u></u>	<u><u>506,869</u></u>
Capital and reserves			
Called up share capital	10	1,040	1,040
Share premium account	11	519,097	519,097
Share redemption account	11	44,673	44,673
Profit and loss account	11	<u>(98,156)</u>	<u>(57,941)</u>
Shareholders' funds		<u>466,654</u>	<u>506,869</u>
Attributable to equity shareholders		323,198	363,413
Attributable to non-equity shareholders		<u>143,456</u>	<u>143,456</u>
		<u><u>466,654</u></u>	<u><u>506,869</u></u>

These financial statements were approved by the Board of Directors on 27 October 2004.

Signed on behalf of the Board of Directors

W R Aley
Director


Notes to the financial statements

for the year ended 31 December 2003

1 Accounting policies

Basis of accounting

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under Section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member State of the European Union.

Under the provisions of Financial Reporting Standard 1 - 'Cash Flow Statements', the company has not prepared a cash flow statement because it is a wholly owned subsidiary of Time Warner Holdings Limited, which is incorporated in Great Britain and has prepared consolidated financial statements which include the financial statements of the company and which contain a cash flow statement.

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Fixed asset investments

Investments are shown at cost less provision, if appropriate, for any impairment in value.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax balances are not discounted.

2 Directors and employees

The directors did not receive any emoluments for their services as directors of the company (2002 - £nil).

The company had no other employees during the year (2002 - nil).

3 Exceptional administrative expenses

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Permanent diminution in value of amount owed by subsidiary	42,507	-
	<u>42,507</u>	<u>-</u>

Following the transfer of ipc electric (services) Limited's business to IPC Media Limited the company has provided against the £42,507,245 intercompany loan due from ipc electric (services) Limited on the basis that the value of this loan has been permanently impaired.

Notes to the financial statements
for the year ended 31 December 2003

4 Operating loss

The auditors' remuneration in the current and preceding financial years has been borne by another group undertaking. There were no other payments to the auditors.

There were no other items within the operating loss for the year requiring disclosure.

5 Interest receivable

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Interest receivable from subsidiary undertakings	2,292	2,484
Interest receivable from group undertakings	-	1
	<u>2,292</u>	<u>2,485</u>

6 Tax on (loss)/profit on ordinary activities

There is no tax charge/(credit) based on the results for the current financial year or the preceding financial period.

Circumstances affecting current tax

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2002 - 30%). The current tax for the year differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
(Loss)/profit on ordinary activities before tax	<u>(40,215)</u>	<u>2,485</u>
Tax on (loss)/profit on ordinary activities	(12,064)	746
Factors affecting the charge:		
Disallowable expenses	12,752	-
Group relief received for nil consideration	<u>(688)</u>	<u>(746)</u>
Total current tax	<u>-</u>	<u>-</u>

Notes to the financial statements
for the year ended 31 December 2003

7 Fixed asset investments

	Shares in subsidiary undertakings £'000
At 1 January 2003	453,495
Additions	<u>25,481</u>
At 31 December 2003	<u>478,976</u>

The company's only investment relates to its 100% interests in the share capital of IPC Holdings (UK) Limited a company incorporated in Great Britain and registered in England and Wales.

On the 28 October 2003 the company acquired a further four ordinary shares of £1 each in IPC Holdings (UK) Limited at £6,370,280 per share. The total consideration amounting to £25,481,120 was satisfied by the capitalisation of the interest bearing loan due to the company from IPC Holdings (UK) Limited.

8 Debtors: amounts falling due within one year

	31 December 2003 £'000	31 December 2002 £'000
Amounts owed by group undertakings	96	96
Amounts owed by subsidiary undertakings	<u>-</u>	<u>65,696</u>
	<u>96</u>	<u>65,792</u>

9 Creditors: amounts falling due within one year

	31 December 2003 £'000	31 December 2002 £'000
Amounts owed to subsidiary undertakings	12,396	12,382
Other creditors	<u>22</u>	<u>36</u>
	<u>12,418</u>	<u>12,418</u>

Notes to the financial statements
for the year ended 31 December 2003

10 Called up share capital

	31 December 2003 Number	31 December 2003 £'000	31 December 2002 Number	31 December 2002 £'000
Authorised				
Ordinary shares of 1p each	4,258,518	43	4,258,518	43
'A' ordinary shares of 1p each	247,737	2	247,737	2
Preference shares of 1p each	69,825,397	698	69,825,397	698
'A' preference shares of 1p each	2,067,908	21	2,067,908	21
'B' preference shares of 1p each	5,176,375	52	5,176,375	52
'C' preference shares of 1p each	24,585,942	246	24,585,942	246
	<u>106,161,877</u>	<u>1,062</u>	<u>106,161,877</u>	<u>1,062</u>
	31 December 2003 Number	31 December 2003 £'000	31 December 2002 Number	31 December 2002 £'000
Called up, allotted and fully paid				
Ordinary shares of 1p each	2,267,057	23	2,267,057	23
'A' ordinary shares of 1p each	229,944	2	229,944	2
Preference shares of 1p each	69,825,397	698	69,825,397	698
'A' preference shares of 1p each	1,873,380	19	1,873,380	19
'B' preference shares of 1p each	5,176,375	52	5,176,375	52
'C' preference shares of 1p each	24,585,942	246	24,585,942	246
	<u>103,958,095</u>	<u>1,040</u>	<u>103,958,095</u>	<u>1,040</u>

Equity shares

Ordinary shareholders are entitled to vote at general meetings of the company.

'A' ordinary shareholders do not have voting rights.

Ordinary and 'A' ordinary shareholders rank pari passu in respect of dividends.

Non-equity shares

The preference shares, 'B' preference shares and 'C' preference shares are redeemable at an amount which provides such shareholders with an internal rate of return of 12% per annum on subscription price. Preference shareholders, 'B' preference shareholders and 'C' preference shareholders have waived the right to receive a redemption premium from 17 October 2001 onwards. The shares are redeemable at the latest on 19 January 2009.

'A' preference shares are redeemable on the occurrence of certain events at their subscription price.

Non-equity shareholders are not entitled to vote at general meetings of the company and have no dividend rights.

Notes to the financial statements
for the year ended 31 December 2003

11 Reconciliation of movements in shareholders' funds and movement in reserves

	Share capital £'000	Share premium account £'000	Share redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	1,040	519,097	44,673	(57,941)	506,869
Loss for the year	-	-	-	(40,215)	(40,215)
At 31 December 2003	<u>1,040</u>	<u>519,097</u>	<u>44,673</u>	<u>(98,156)</u>	<u>466,654</u>

12 Related party transactions

The company has taken advantage of the exemption granted under paragraph 3(c) of Financial Reporting Standard 8 not to disclose transactions with other group undertakings.

13 Parent undertakings

The immediate parent undertaking is *Time UK Publishing Holdings Limited*.

Time Warner Holdings Limited is the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Time Warner Holdings Limited is registered in England and Wales and copies of its financial statements may be obtained from the Registrar of Companies in Cardiff.

Time Warner Inc., a company incorporated in the United States of America, is the ultimate parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.