

Company Registration No. 3935480 (England and Wales)

# COMPANIES HOUSE COPY

**BLOWUP MEDIA UK LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**



# **BLOWUP MEDIA UK LIMITED**

## **COMPANY INFORMATION**

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### **Directors**

H Leuters  
W Doeker  
U Muller  
M Brasseur

### **Secretary**

A Donne

### **Company number**

3935480

### **Registered office**

42-48 Great Portland Street  
London  
W1W 7NB

### **Auditors**

UHY Hacker Young  
St Alphage House  
2 Fore Street  
London  
EC2Y 5DH

### **Bankers**

HSBC  
92 Kensington High Street  
London  
W8 4SH

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# BLOWUP MEDIA UK LIMITED

## CONTENTS

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|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Directors' report                 | 1 - 2       |
| Independent auditors' report      | 3           |
| Profit and loss account           | 4           |
| Balance sheet                     | 5 - 6       |
| Cash flow statement               | 7           |
| Notes to the financial statements | 8 - 18      |

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# **BLOWUP MEDIA UK LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005**

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The directors present their report and financial statements for the year ended 31 December 2005.

### **Principal activities and review of the business**

The principal activity of the company is that of the provision of outdoor advertising sites and consultancy relating to outdoor advertising.

The company made a profit for the year and the directors are confident of continued profitability and further expansion in the future.

### **Results and dividends**

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

The directors do not recommend payment of an ordinary dividend.

The directors do not recommend payment of a preference dividend.

### **Directors**

The following directors have held office since 1 January 2005:

H Leuters  
W Doeker  
U Muller  
M Brasseur

### **Directors' interests**

There are no directors' interests requiring disclosure under the Companies Act 1985. The immediate holding company is BlowUP Media GmbH, a company registered in Germany.

### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

# **BLOWUP MEDIA UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005**

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### **Directors' responsibilities**

Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements on a going concern basis.

By order of the board



A Donne

Secretary

16.03.06....

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLOWUP MEDIA UK LIMITED**

We have audited the financial statements of BlowUp Media UK Limited for the year ended 31 December 2005 set out on pages 4 to 18. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

### **Respective responsibilities of the directors and auditors**

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records or 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

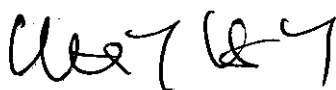
### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

UHY Hacker Young

Chartered Accountants

Registered Auditor



16/03/06

# BLOWUP MEDIA UK LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

|   | Notes     | 2005<br>£   | 2004<br>£   |
|---|-----------|-------------|-------------|
| <b>Turnover</b>   | <b>2</b>  | 4,940,879   | 4,339,384   |
| Cost of sales   |           | (2,837,669) | (2,404,886) |
| <b>Gross profit</b>   |           | 2,103,210   | 1,934,498   |
| Administrative expenses                                     |           | (1,340,295) | (1,360,412) |
| Other operating income                                      |           | 111,813     | 3,599       |
| <b>Operating profit</b>                                     | <b>3</b>  | 874,728     | 577,685     |
| Other interest receivable and similar income                | <b>4</b>  | 8,585       | 5,292       |
| Interest payable and similar charges                        | <b>5</b>  | (36,348)    | (16,548)    |
| <b>Profit on ordinary activities before taxation</b>        |           | 846,965     | 566,429     |
| Tax on profit on ordinary activities                        | <b>6</b>  | (265,198)   | (204,204)   |
| <b>Profit on ordinary activities after taxation</b>         |           | 581,767     | 362,225     |
| Dividends (including those in respect of non-equity shares) | <b>7</b>  | (20,813)    | (20,813)    |
| <b>Retained profit for the year</b>                         | <b>16</b> | 560,954     | 341,412     |

The company's operation in the year continued unchanged; no operations were disposed of or acquired.

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

# BLOWUP MEDIA UK LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

|  | Notes | 2005<br>£   | £                | 2004<br>£   | £                |
|--|-------|-------------|------------------|-------------|------------------|
| <b>Fixed assets</b>  |       |             |                  |             |                  |
| Tangible assets  | 8     | 98,004      |                  | 165,569     |                  |
| Investments  | 9     | 485,234     |                  | 485,234     |                  |
|  |       |             | <u>583,238</u>   |             | <u>650,803</u>   |
| <b>Current assets</b>  |       |             |                  |             |                  |
| Stocks   | 10    | 44,862      |                  | 35,964      |                  |
| Debtors  | 11    | 1,501,199   |                  | 1,828,982   |                  |
| Investments  | 12    | 500,000     |                  | -           |                  |
| Cash at bank and in hand                                       |       | 42,371      |                  | 182,313     |                  |
|  |       |             | <u>2,088,432</u> |             | <u>2,047,259</u> |
| <b>Creditors: amounts falling due within one year</b>          | 13    | (1,603,889) |                  | (1,411,154) |                  |
| <b>Net current assets</b>                                      |       |             | <u>484,543</u>   |             | <u>636,105</u>   |
| <b>Total assets less current liabilities</b>                   |       |             | 1,067,781        |             | 1,286,908        |
| <b>Creditors: amounts falling due after more than one year</b> | 14    |             | (235,667)        |             | (759,061)        |
|  |       |             | <u>832,114</u>   |             | <u>527,847</u>   |
| <b>Capital and reserves</b>                                    |       |             |                  |             |                  |
| Called up share capital  | 15    | 10,000      |                  | 287,500     |                  |
| Profit and loss account  | 16    | 822,114     |                  | 240,347     |                  |
| <b>Shareholders' funds</b>                                     | 20    |             | <u>832,114</u>   |             | <u>527,847</u>   |
| Equity interests   |       |             | 721,109          |             | 160,155          |
| Non-equity interests   |       |             | 111,005          |             | 367,692          |
|  |       |             | <u>832,114</u>   |             | <u>527,847</u>   |

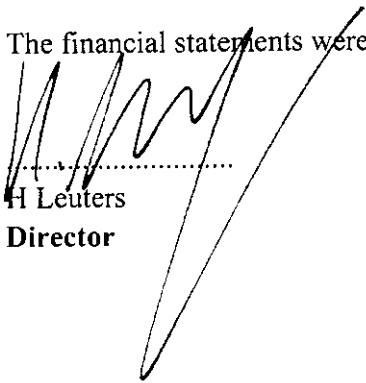


# BLOWUP MEDIA UK LIMITED

## BALANCE SHEET (CONTINUED) AS AT 31 DECEMBER 2005

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The financial statements were approved by the Board on 16/04/2006

  
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H Leuters  
Director

# BLOWUP MEDIA UK LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

|  | Notes | £         | 2005<br>£ | £         | 2004<br>£ |
|--|-------|-----------|-----------|-----------|-----------|
| <b>Net cash inflow from operating activities</b>                                     | 17    |           | 1,263,358 |           | 181,005   |
| <b>Returns on investments and servicing of finance</b>                               |       |           |           |           |           |
| Interest received  |       | 8,569     |           | 5,292     |           |
| Interest paid  |       | -         |           | (25)      |           |
|  |       |           |           |           |           |
| <b>Net cash inflow for returns on investments and servicing of finance</b>           |       |           | 8,569     |           | 5,267     |
| <b>Taxation</b>  |       |           | (105,950) |           | (191,369) |
| <b>Capital expenditure and financial investment</b>                                  |       |           |           |           |           |
| Payments to acquire tangible assets  |       | (9,275)   |           | (137,616) |           |
| Payments to acquire investments  |       | -         |           | (289,218) |           |
| Receipts from sales of tangible assets   |       | 4,250     |           | 16,999    |           |
|  |       |           |           |           |           |
| <b>Net cash outflow for capital expenditure</b>                                      |       |           | (5,025)   |           | (409,835) |
|  |       |           |           |           |           |
| <b>Net cash inflow/(outflow) before management of liquid resources and financing</b> |       |           | 1,160,952 |           | (414,932) |
| <b>Management of liquid resources</b>  |       |           |           |           |           |
| Current asset investments  |       | (500,000) |           | -         |           |
|  |       |           | (500,000) |           | -         |
| <b>Financing</b>   |       |           |           |           |           |
| Redemption of preference share capital   |       | (277,500) |           | -         |           |
| Other new long term loans  |       | -         |           | 759,061   |           |
| Repayment of other long term loans   |       | (523,394) |           | (184,250) |           |
|  |       |           |           |           |           |
| <b>Net cash (outflow)/inflow from financing</b>                                      |       |           | (800,894) |           | 574,811   |
|  |       |           |           |           |           |
| <b>(Decrease)/increase in cash in the year 18</b>                                    |       |           | (139,942) |           | 159,879   |

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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### 1 Accounting policies

#### 1.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

#### 1.2 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts (excluding VAT) derived from the provision of services during the year.

#### 1.4 Tangible fixed assets and depreciation

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

|                                |                    |
|--------------------------------|--------------------|
| Land and buildings Leasehold   | Over life of lease |
| Plant and machinery            | 25% straight line  |
| Fixtures, fittings & equipment | 25% straight line  |
| Motor vehicles                 | 25% straight line  |

#### 1.5 Leasing

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

#### 1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.  
Current asset investments are stated at the lower of cost and net realisable value.

#### 1.7 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

#### 1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 1 Accounting policies (continued)

#### 1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Stroer Out-of-Home Media AG, a company incorporated in Germany, and is included in the consolidated accounts of that company.

#### 1.11 Cumulative preference shares

Preference dividends are accumulated on a time basis and the finance cost of these non-equity shares is shown as an appropriation of profit attributable to equity shareholders per Financial Reporting Standard No.4. As these preference dividends have not been declared, they are included in non-equity shareholders' funds as unpaid dividends.

### 2 Turnover

#### Geographical market

|                | Turnover<br>2005<br>£ | 2004<br>£        |
|----------------|-----------------------|------------------|
| United Kingdom | 4,940,878             | 4,339,383        |
|                | <u>4,940,878</u>      | <u>4,339,383</u> |

### 3 Operating profit

|  | 2005<br>£ | 2004<br>£ |
|--|-----------|-----------|
| Operating profit is stated after charging: |           |           |
| Depreciation of tangible assets            | 76,840    | 59,491    |
| Loss on foreign exchange transactions      | -         | 25,180    |
| Operating lease rentals                    | 38,814    | 43,438    |
| Auditors' remuneration                     | 9,500     | 11,620    |
| and after crediting:                       |           |           |
| Profit on disposal of tangible assets      | (4,250)   | (7,710)   |
| Profit on foreign exchange transactions    | (27,765)  | -         |
|  | <u></u>   | <u></u>   |

### 4 Other interest receivable and similar income

|               | 2005<br>£    | 2004<br>£    |
|---------------|--------------|--------------|
| Bank interest | <u>8,585</u> | <u>5,292</u> |

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 5 Interest payable   | 2005<br>£      | 2004<br>£      |
|--|----------------|----------------|
| On amounts payable to group companies  | 33,593         | 16,523         |
| On bank loans and overdrafts   | -              | 25             |
| On overdue tax   | 2,755          | -              |
|  | <u>36,348</u>  | <u>16,548</u>  |
| 6 Taxation   | 2005<br>£      | 2004<br>£      |
| <b>Domestic current year tax</b>   |                |                |
| U.K. corporation tax   | 255,500        | 175,000        |
| Adjustment for prior years   | 30,214         | 3,023          |
|  | <u>285,714</u> | <u>178,023</u> |
| <b>Current tax charge</b>  |                |                |
| <b>Deferred tax</b>  |                |                |
| Deferred tax charge/credit current year  | (20,516)       | 26,181         |
|  | <u>265,198</u> | <u>204,204</u> |
| <b>Factors affecting the tax charge for the year</b>   |                |                |
| Profit on ordinary activities before taxation  | <u>846,965</u> | <u>566,429</u> |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%) | <u>254,090</u> | <u>169,929</u> |
| Effects of:  |                |                |
| Non deductible expenses  | 14,031         | 35,632         |
| Depreciation add back  | 21,777         | 15,534         |
| Capital allowances   | (13,638)       | (16,457)       |
| Adjustments to previous periods  | 30,214         | 3,023          |
| Other tax adjustments  | (20,760)       | (29,638)       |
|  | <u>31,624</u>  | <u>8,094</u>   |
| <b>Current tax charge</b>  | <u>285,714</u> | <u>178,023</u> |

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 7 | Dividends  | 2005<br>£ | 2004<br>£ |
|---|--|-----------|-----------|
|   | <b>Dividends on non-equity shares:</b>           |           |           |
|   | Accrued dividend on cumulative preference shares | 20,813    | 20,813    |

Financial Reporting Standard No.4 requires the full finance cost of non-equity shares to be shown as appropriated from profits, even if the company does not have sufficient distributable reserves to pay a dividend at that time. As these dividends have not been declared, the appropriation has been classified as accrued finance costs and included in non-equity shareholders' funds. On 31 December 2005 all 277,500 non-equity shares of £1 were redeemed.

| 8 | Tangible fixed assets | Land and<br>buildings<br>Leasehold<br>£ | Plant and<br>machinery<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|---|-----------------------|---|-----------------------------|---|------------------------|------------|
|   | <b>Cost</b>           |   |                             |   |                        |            |
|   | At 1 January 2005     | 18,644                                  | 138,922                     | 87,636                                    | 57,089                 | 302,291    |
|   | Additions             | 3,294                                   | 2,475                       | 3,506                                     | -                      | 9,275      |
|   | Disposals             | -                                       | -                           | -   | (21,138)               | (21,138)   |
|   | At 31 December 2005   | 21,938                                  | 141,397                     | 91,142                                    | 35,951                 | 290,428    |
|   | <b>Depreciation</b>   |   |                             |   |                        |            |
|   | At 1 January 2005     | 9,322                                   | 27,951                      | 62,602                                    | 36,847                 | 136,722    |
|   | On disposals          | -                                       | -                           | -   | (21,138)               | (21,138)   |
|   | Charge for the year   | 7,391                                   | 51,505                      | 10,826                                    | 7,118                  | 76,840     |
|   | At 31 December 2005   | 16,713                                  | 79,456                      | 73,428                                    | 22,827                 | 192,424    |
|   | <b>Net book value</b> |   |                             |   |                        |            |
|   | At 31 December 2005   | 5,225                                   | 61,941                      | 17,714                                    | 13,124                 | 98,004     |
|   | At 31 December 2004   | 9,322                                   | 110,971                     | 25,034                                    | 20,242                 | 165,569    |

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 9 Fixed asset investments

|   | Shares in<br>group<br>undertakings |
|---|------------------------------------|
|   | £                                  |
| <b>Cost</b>                             |                                    |
| At 1 January 2005 & at 31 December 2005 | <u>485,234</u>                     |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

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

| Company                        | Country of registration or<br>incorporation | Shares held |     |
|--------------------------------|---|-------------|-----|
|                                |   | Class       | %   |
| <b>Subsidiary undertakings</b> |   |             |     |
| Meteor Advertising Limited     | England                                     | Ordinary    | 100 |
| Megaposter UK Limited          | England                                     | Ordinary    | 100 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

|                            | Capital and<br>reserves<br>2005<br>£ | Profit for<br>the year<br>2005<br>£ |
|----------------------------|--------------------------------------|-------------------------------------|
| Meteor Advertising Limited | 60,618                               | 3,435                               |
| Megaposter UK Limited      | <u>(77,988)</u>                      | <u>326,982</u>                      |

500,000 0% redeemable preference shares of £1 each in Megaposter UK Limited have been classified as current asset investments.

| 10 Work in progress | 2005<br>£     | 2004<br>£     |
|---------------------|---------------|---------------|
| Work in progress    | <u>44,862</u> | <u>35,964</u> |

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 11 Debtors  | 2005<br>£        | 2004<br>£        |
|---|------------------|------------------|
| Trade debtors   | 703,418          | 860,941          |
| Amounts owed by parent and fellow subsidiary undertakings | 424,679          | 625,869          |
| Other debtors   | 57,466           | 113,177          |
| Prepayments and accrued income                            | 292,590          | 226,465          |
| Deferred tax asset  | 23,046           | 2,530            |
|   | <u>1,501,199</u> | <u>1,828,982</u> |

### Deferred tax

|                             | 2005<br>£     |
|-----------------------------|---------------|
| Balance at 1 January 2005   | 2,530         |
| Profit and loss account     | <u>20,516</u> |
| Balance at 31 December 2005 | <u>23,046</u> |

|                                | 2005<br>£     | 2004<br>£    |
|--------------------------------|---------------|--------------|
| Decelerated capital allowances | 23,046        | 1,177        |
| Other timing differences       | -             | 1,353        |
|                                | <u>23,046</u> | <u>2,530</u> |

| 12 Current asset investments          | 2005<br>£      | 2004<br>£ |
|---------------------------------------|----------------|-----------|
| Investment in subsidiary undertakings | <u>500,000</u> | <u>-</u>  |

Current asset investments comprise 500,000 0% redeemable preference shares of £1 each issued during the year ended 31 December 2005 by the company's subsidiary undertaking Megaposter UK Limited. Three months notice by either party is required for the redemption of the shares.



# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 13 Creditors: amounts falling due within one year          | 2005<br>£        | 2004<br>£        |
|--|------------------|------------------|
| Trade creditors  | 249,563          | 315,286          |
| Amounts owed to parent and fellow subsidiary undertakings  | 206,343          | 222,290          |
| Corporation tax  | 203,918          | 24,154           |
| Other taxes and social security costs                      | 123,030          | 127,536          |
| Other creditors  | 6,567            | 19,103           |
| Accruals and deferred income                               | 814,468          | 702,785          |
|  | <u>1,603,889</u> | <u>1,411,154</u> |
| 14 Creditors: amounts falling due after more than one year | 2005<br>£        | 2004<br>£        |
| Amounts owed to parent and fellow subsidiary undertakings  | <u>235,667</u>   | <u>759,061</u>   |
| <b>Analysis of loans</b>                                   |                  |                  |
| Wholly repayable within five years                         | <u>235,667</u>   | <u>759,061</u>   |
|  | <u>235,667</u>   | <u>759,061</u>   |

The loans due to the parent company are repayable on 25 October 2009 and accrue interest at 5.3%. Both parties are allowed to terminate the loan within a three-months period of the end of the quarter.

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 15 Share capital                                | 2005<br>£     | 2004<br>£      |
|---|---------------|----------------|
| <b>Authorised</b>                               |               |                |
| 8,750 'A' Ordinary shares of £1 each            | 8,750         | 8,750          |
| 1,250 'B' Ordinary shares of £1 each            | 1,250         | 1,250          |
| 277,500 Redeemable preference shares of £1 each | -             | 277,500        |
|   | <u>10,000</u> | <u>287,500</u> |
| <br><b>Allotted, called up and fully paid</b>   |               |                |
| 8,750 'A' Ordinary shares of £1 each            | 8,750         | 8,750          |
| 1,250 'B' Ordinary shares of £1 each            | 1,250         | 1,250          |
| 277,500 Redeemable preference shares of £1 each | -             | 277,500        |
|   | <u>10,000</u> | <u>287,500</u> |

The 'A' ordinary shares and 'B' ordinary shares constitute different classes of shares but rank pari passu in all respects. The preference shares were redeemed during the year. A fixed cumulative preference dividend of 7.5pence per annum was payable on each share half yearly on 30 September and 31 March in each year. Such dividend accrued on a daily basis and therefore the preference shareholders are entitled to accruals of the fixed dividend as per note 7 to the accounts.

### 16 Statement of movements on reserves

|                              | Attributable<br>to equity<br>shareholders | Attributable<br>to non-equity<br>shareholders | Profit and<br>loss account |
|------------------------------|---|---|----------------------------|
|                              | £   | £   | £                          |
| Balance at 1 January 2005    | 150,155                                   | 90,192  | 240,347                    |
| Retained profit for the year | 560,954                                   | 20,813  | 581,767                    |
| Balance at 31 December 2005  | <u>711,109</u>                            | <u>111,005</u>                                | <u>822,114</u>             |

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 17 Reconciliation of operating profit to net cash inflow from operating activities | 2005             | 2004           |
|--|------------------|----------------|
|  | £                | £              |
| Operating profit   | 874,728          | 577,685        |
| Depreciation of tangible assets  | 76,840           | 59,491         |
| Profit on disposal of tangible assets  | (4,250)          | (7,710)        |
| Increase in stocks   | (8,898)          | (24,434)       |
| Decrease/(increase) in debtors   | 348,315          | (468,523)      |
| (Decrease)/Increase in creditors within one year                                   | (23,377)         | 44,496         |
| Net cash inflow from operating activities  | <u>1,263,358</u> | <u>181,005</u> |

| 18 Analysis of net debt          | 1 January 2005   | Cash flow 31 December 2005 |                  |
|----------------------------------|------------------|----------------------------|------------------|
|                                  | £                | £                          | £                |
| Net cash:                        |                  |                            |                  |
| Cash at bank and in hand         | <u>182,313</u>   | <u>(139,942)</u>           | <u>42,371</u>    |
| Liquid resources:                |                  |                            |                  |
| Current asset investments        | <u>-</u>         | <u>500,000</u>             | <u>500,000</u>   |
| Debt:                            |                  |                            |                  |
| Debts falling due after one year | <u>(759,061)</u> | <u>523,394</u>             | <u>(235,667)</u> |
| Net debt                         | <u>(576,748)</u> | <u>883,452</u>             | <u>306,704</u>   |

| 19 Reconciliation of net cash flow to movement in net debt | 2005             | 2004             |
|--|------------------|------------------|
|  | £                | £                |
| (Decrease)/increase in cash in the year                    | (139,942)        | 159,879          |
| Cash outflow from increase in liquid resources             | 500,000          | -                |
| Cash outflow/(inflow) from decrease/(increase) in debt     | <u>523,394</u>   | <u>(574,811)</u> |
| Movement in net funds/(debt) in the year                   | 883,452          | (414,932)        |
| Opening net debt   | <u>(576,748)</u> | <u>(161,816)</u> |
| Closing net funds/(debt)                                   | <u>306,704</u>   | <u>(576,748)</u> |

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 20 Reconciliation of movements in shareholders' funds | Equity<br>shareholders | Non-equity<br>shareholders | 2005<br>Total | 2004<br>Total |
|---|------------------------|----------------------------|---------------|---------------|
| Profit for the financial year                         | 560,954                | 20,813                     | 581,767       | 362,225       |
| Redemption of non-equity shares                       | -                      | (277,500)                  | (277,500)     | -             |
| Net (depletion in)/addition to shareholders' funds    | 560,954                | (256,687)                  | 304,267       | 362,225       |
| Opening shareholders' funds                           | 160,155                | 367,692                    | 527,847       | 165,622       |
| Closing shareholders' funds                           | 721,109                | 111,005                    | 832,114       | 527,847       |

No dividends have been declared by the directors on the redeemable preference shares. Cumulative arrears of dividends as at 31 December 2005 amounted to £105,759 (2004: £84,946). In addition to these dividend arrears, £5,246 (2004: £5,246) of preference shares were accumulated on a time basis at 31 December 2005, but not in arrears, resulting in total accrued finance costs of £111,005 (2004: £90,192) which have been included in non-equity funds.

### 21 Financial commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

|                            | Land and buildings |         |
|----------------------------|--------------------|---------|
|                            | 2005               | 2004    |
|                            | £                  | £       |
| Expiry date:               |                    |         |
| Between two and five years | 133,350            | 133,350 |

| 22 Director's emoluments           | 2005    | 2004   |
|------------------------------------|---------|--------|
|                                    | £       | £      |
| Emoluments for qualifying services | 140,810 | 80,000 |

# BLOWUP MEDIA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 23 Employees

#### Number of employees

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

|                | 2005<br>Number | 2004<br>Number |
|----------------|----------------|----------------|
| Development    | 8              | 6              |
| Sales          | 4              | 4              |
| Administration | 3              | 4              |
|                | <u>15</u>      | <u>14</u>      |

#### Employment costs

|                       | £              | £              |
|-----------------------|----------------|----------------|
| Wages and salaries    | 701,006        | 675,938        |
| Social security costs | 94,563         | 75,995         |
|                       | <u>795,569</u> | <u>751,933</u> |

### 24 Control

The immediate parent company is BlowUP Media GmbH, a company registered in Germany, and the ultimate parent company is Stroer Out-of-Home Media AG, a company also registered in Germany. Stroer Out-of-Home Media AG is controlled by Udo Muller, a director.

Stroer Out-of-Home Media AG prepares group financial statements and copies can be obtained from 42-48 Great Portland Street, London, W1W 7NB.

### 25 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties, as 100% of the voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are available to the public.