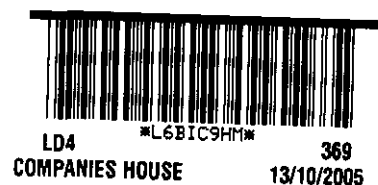


Report & Financial Statements

For the year ended 31 December 2004

**Hachette Filipacchi (UK)
Limited**

Registered Number: 4474102



HACHETTE FILIPACCHI (UK) LIMITED

CONTENTS

Page

Company information

1

Directors' report

2 -3

Independent auditors' report

4

Profit and loss account

5

Balance sheet

6

Notes to the financial statements

7 - 15

HACHETTE FILIPACCHI (UK) LIMITED

1

COMPANY INFORMATION

DIRECTORS:

P A Carnese
J de Boisdeffre
G de Roquemaurel
K Hand
B Mainfroy
R Radhakrishnan

COMPANY SECRETARY:

R Radhakrishnan

REGISTERED OFFICE:

c/o Gallagher & Co
PO Box 698
Titchfield House, 2nd Floor
69/85 Tabernacle Street
LONDON EC2A 4RR

REGISTERED NUMBER:

4474102 England

AUDITORS:

Mazars LLP
24 Bevis Marks
LONDON EC3A 7NR

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2004.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company is magazine publishing. Both the level of business and the year end position were satisfactory. The profit for the year ended 31 December 2004 before dividends amounted to £2,917k (2003: £4,613k). An interim dividend of £4.6m (2003: £Nil) has been paid in the year. No final dividend (2003: £Nil) is proposed.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the period and the changes during the year were as follows:

P A Carnese
J de Boisdeffre
G de Roquemaurel
K Hand
B Mainfroy
R Radhakrishnan

According to the register of directors' interests none of the directors had any beneficial interest in the share capital of the company or of any UK group company at the end of the period except B Mainfroy who holds one (non beneficial) ordinary share in the company's immediate parent company FEP (UK) Ltd.

PAYMENT OF SUPPLIERS

It is the company's general policy to pay trade creditors when they fall due for payment. In the case of a number of suppliers, specific terms and conditions of business have been agreed and it is the company's policy to pay in accordance with these terms provided that the supplier is also meeting all relevant terms and conditions.

AUDITORS

Mazars LLP succeeded to Mazars as the independent auditor to the company during the year. A resolution to reappoint Mazars LLP as auditors to the company will be proposed at the Annual General Meeting.

DIRECTORS' REPORT (continued)

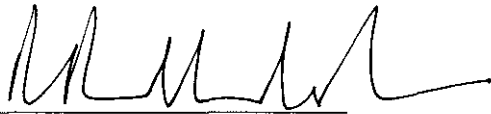
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- 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.

By order of the Board 6th October 2005



R Radhakrishnan
Company secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

HACHETTE FILIPACCHI (UK) LIMITED

We have audited the financial statements for the year ended 31 December 2004 which comprise the profit and loss account, balance sheet and related notes. These financial statements have been prepared under the historical cost convention and 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 opinion 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 law and United Kingdom 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. 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 implication for our report if we become aware of any apparent misstatement 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 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 of the state of the company's affairs as at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

MAZARS LLP

MAZARS LLP
CHARTERED ACCOUNTANTS
and Registered Auditors
24 Bevis Marks
London EC3A 7NR.

11 October 2005

PROFIT AND LOSS ACCOUNT**For the year ended 31 December 2004**

	Notes	12 months ending 31 December 2004 £'000	18 months ending 31 December 2003 £'000
TURNOVER	2	54,241	60,212
Cost of sales		(25,547)	(25,156)
GROSS PROFIT		28,694	35,056
Other operating expenses		(25,743)	(29,101)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		2,951	5,955
Interest receivable and similar income		125	164
Interest payable and similar charges		(14)	(214)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	3,062	5,905
Tax on profit on ordinary activities	6	(145)	(1,292)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,917	4,613
Dividend paid		(4,600)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD	14	(1,683)	4,613

All operating profits arise solely from continuing operations that were acquired during the period. All recognised gains and losses are included in the profit and loss account.

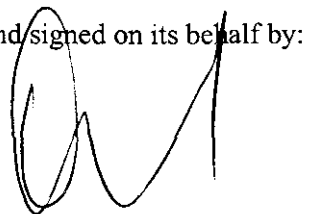
BALANCE SHEET as at 31 December 2004

	Notes	31 December 2004 £'000	31 December 2003 £'000
FIXED ASSETS			
Intangible fixed assets	7	2,704	3,057
Tangible fixed assets	8	1,339	1,485
		<u>4,043</u>	<u>4,542</u>
CURRENT ASSETS			
Stocks	9	359	302
Debtors: amounts falling due within one year	10	13,972	11,940
Cash at bank and in hand		2,481	5,161
		<u>16,812</u>	<u>17,403</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	11	<u>(17,751)</u>	<u>(16,448)</u>
NET CURRENT (LIABILITIES)/ASSETS			
		(939)	955
PROVISIONS FOR LIABILITIES AND CHARGES			
	12	<u>(174)</u>	<u>(884)</u>
		<u>2,930</u>	<u>4,613</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	14	2,930	4,613
TOTAL SHAREHOLDERS' FUNDS			
	14	<u>2,930</u>	<u>4,613</u>

Approved by the Board on 6th October 2005 and signed on its behalf by:



R Radhakrishnan
Director



K Hand
Director

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2004****1. ACCOUNTING POLICIES****(a) Accounting convention**

The financial statements are prepared under the historical cost convention. The accounting period is from 1 January 2004 to 31 December 2004. The comparative period is from 1 July 2002 to 31 December 2003.

(b) Turnover

Turnover represents the invoiced value of goods sold and services supplied stated net of value added tax. The comparative figures of turnover and cost of sales have been reduced by £19,413k to reflect the reclassification of distribution commissions.

Advertising revenue is recognised upon the date of sale of the magazine issue to which it relates. Circulation sales revenue relating to a magazine issue is recognised during the month in which that issue is on sale. This is based upon an estimate of sales and is then adjusted when actual figures are available.

Subscription sales are recognised as turnover across the period to which they relate. Subscriptions received but not yet recognised are included within creditors as deferred income.

(c) Exemptions applied

As the company is wholly owned by Lagardère S.C.A. which publishes consolidated financial statements in which it is included, it is not required to prepare a cash flow statement or to disclose details of transactions with entities belonging to the group.

(d) Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported in the profit and loss account.

(e) Operating leases

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

(f) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost. Depreciation is provided to write off the cost less estimated residual value of all fixed assets on a straight line basis over their expected useful lives:

Plant and equipment	-	from 10% to 33% per annum
Fixtures and fittings	-	from 7.5% to 20% per annum
Motor vehicles	-	15% per annum
Leasehold improvements	-	13% per annum

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

1. ACCOUNTING POLICIES (continued)

(g) Intangible assets

Intangible assets, comprising mastheads, are amortised through the profit and loss account over their estimated useful life of 10 years

(h) Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(i) Pension costs

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2. TURNOVER

	12 months ending 31 December 2004 £'000	18 months ending 31 December 2003 £'000
Geographical area:		
United Kingdom	53,037	58,444
Overseas	1,204	1,768
	<hr/> 54,241 <hr/>	<hr/> 60,212 <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	12 months ending 31 December 2004 £'000	18 months ending 31 December 2003 £'000
Profit on ordinary activities before taxation is stated after charging:		
Staff costs (note 4)	10,821	11,275
Amortisation of intangible fixed assets	353	470
Depreciation of owned tangible assets	396	490
Loss on sale of assets	1	209
Auditors' remuneration – audit fees	66	71
	<u> </u>	<u> </u>

4. EMPLOYEE INFORMATION

	12 months ending 31 December 2004 £'000	18 months ending 31 December 2003 £'000
Wages and salaries	9,602	10,086
Social security costs	1,031	1,048
Other pension costs	188	141
	<u> </u>	<u> </u>
	<u>10,821</u>	<u>11,275</u>

The average number of persons employed by the company during the period was:

	No.	No.
Editorial	151	133
Advertising	55	49
Administration	63	51
	<u> </u>	<u> </u>
	<u>269</u>	<u>233</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

5. DIRECTORS REMUNERATION

	12 months ending 31 December 2004 £'000	18 months ending 31 December 2003 £'000
Emoluments	395	563
Contributions to money purchase pension schemes	52	58
Total emoluments	<u>447</u>	<u>621</u>

£nil (2003:£105,000) was paid to past directors for loss of office.

During the period 2 (2003: 2) directors accrued benefits under money purchase pension schemes

The following details relate to the highest paid director:

Emoluments	268	377
Contributions to money purchase pension schemes	40	36
	<u>308</u>	<u>413</u>

6. TAXATION

	12 months ending 31 December 2004 £'000	18 months ending 31 December 2003 £'000
(a) Analysis of the tax charge in the period		
Corporation tax:		
UK corporation tax at 30%	619	1,363
Adjustments to prior years provisions	(481)	-
Total current tax charge	<u>138</u>	<u>1,363</u>
Deferred tax:		
Origination and reversal of timing differences	7	(71)
Tax on profit on ordinary activities	<u>145</u>	<u>1,292</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

6. TAXATION (continued)

	12 months ending 31 December 2004 £'000	18 months ending 31 December 2003 £'000
(b) Factors affecting the tax charge for the period		
Profit on ordinary activities before tax	3,062	5,905
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	919	1,772
<i>Effects of:</i>		
Expenses not deductible for tax purposes	239	181
Other timing differences	(7)	71
Group relief claimed for nil consideration	(532)	(661)
Adjustments to prior year provisions	(481)	-
Current tax charge for the period	138	1,363

7. INTANGIBLE FIXED ASSETS

	Mastheads £'000
COST	
At 1 January and 31 December 2004	3,527
AMORTISATION	
At 1 January 2004	470
Charge for the period	353
At 31 December 2004	823
NET BOOK AMOUNT	
At 31 December 2004	2,704
At 31 December 2003	3,057

The company also owns the titles to the magazines Sugar, Elle, Elle Girl, Elle Decoration and Red which are carried at £Nil.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Leasehold improvement £'000	Motor vehicles £'000	Plant and equipment £'000	Total £'000
COST					
At 1 January 2004	162	977	20	747	1,906
Additions	3	43	45	199	290
Disposal	(22)	-	(20)	(49)	(91)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	143	1,019	45	897	2,105
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
AMORTISATION					
At 1 January 2004	18	147	8	248	421
Charge for the period	16	201	3	178	398
Disposal	(11)	-	(9)	(33)	(53)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	23	348	2	393	766
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK AMOUNT					
At 31 December 2004	120	672	43	504	1,339
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	144	830	12	499	1,485
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

9. STOCK

	31 December 2004 £'000	31 December 2003 £'000
Paper stock	359	302
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December	31 December
	2004	2003
	£'000	£'000
Trade debtors	7,191	6,465
Amounts owed by group undertakings	-	369
Corporation tax receivable	1,004	-
Other debtors	434	391
Prepayments and accrued income	5,350	4,715
	<u>13,972</u>	<u>11,940</u>

	31 December	31 December
	2004	2003
	£'000	£'000
Included in Other debtors are amounts relating to deferred tax asset:		
Opening/acquired deferred tax adjustment	80	9
Credit to the profit and loss account	(7)	71
	<u>73</u>	<u>80</u>
Closing asset	<u>73</u>	<u>80</u>
Capital allowances in excess of depreciation	61	68
Short term timing differences	12	12
	<u>73</u>	<u>80</u>
Deferred tax asset	<u>73</u>	<u>80</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December	31 December
	2004	2003
	£'000	£'000
Trade creditors	2,637	1,965
Amounts owed to group undertakings	7,263	6,259
UK corporation tax payable	-	126
Social security and other taxes	334	294
Other creditors	950	1,013
Accruals and deferred income	6,567	6,791
	<u>17,751</u>	<u>16,448</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

12. PROVISIONS FOR LIABILITIES AND CHARGES

	31 December 2004 £'000	31 December 2003 £'000
Opening at 1 January 2004	884	-
Made in the period	-	926
Released	(710)	(42)
	<u> </u>	<u> </u>
At 31 December 2004	174	884
	<u> </u>	<u> </u>

Included above is £174k for rent and rates on vacant premises which have been fully provided until the expiration of the lease.

13. CALLED UP SHARE CAPITAL

	31 December 2004	31 December 2003
Authorised, allotted, called up and fully paid 1 ordinary share of £1	£1	£1
	<u> </u>	<u> </u>

14. SHAREHOLDERS' FUNDS

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	-	4,613	4,613
Retained loss for the period	-	(1,683)	(1,683)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2004	-	2,930	29305
	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

15. FINANCIAL COMMITMENTS

At 31 December 2004 the company was committed to making the following payments under non-cancellable operating leases:

	Land and buildings £'000	Other £'000
Operating leases which expire:		
Within 1 year	-	1
Within 2 to 5 years	1,732	9
	<u>1,732</u>	<u>10</u>

16. PARENT UNDERTAKINGS AND ULTIMATE CONTROLLING PARTY

The immediate parent company is FEP (UK) Limited, incorporated in the United Kingdom, and the ultimate parent company is Lagardere S.C.A., incorporated in France.

The only group in which the results of the company are consolidated is that headed by Lagardere S.C.A., whose principal place of business is at 4 Rue de Presbourg, 75008 Paris, France, where consolidated accounts are available to the public.