

Registered number: 05910483

# Mecom Media Scandinavia Holdings 2 Limited

## Annual report and financial statements

for the period from incorporation (18 August 2006) to 31  
December 2006



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## **Directors' Report**

The Directors' present their first annual report and the audited financial statements for period from incorporation on 18 August 2006 to 31 December 2006

### **Principal activity and future developments**

The principal activity of the Company is to act as an intermediate holding company within the Mecom Group plc Group. No changes to the Company's principal activity are currently envisaged.

### **Incorporation**

The Company was incorporated on 18 August 2006.

### **Results and dividends**

From the date of incorporation to 31 December 2006, no trading activity occurred and hence no profit and loss account has been prepared. Such circumstances are in-line with the Directors' expectations.

The Directors do not recommend the payment of a dividend.

### **Directors and their interests**

The Directors who served during the period ended 31 December 2006 are listed below:

David Montgomery	(appointed 18 August 2006)
Keith Allen	(appointed 18 August 2006)

The Directors' beneficial interests in the ordinary shares of Mecom Group plc are disclosed in the financial statements of Mecom Group plc. There are no directors' interests requiring disclosure under the Companies Act 1985.

### **Financial risk management objectives and policies**

The Company's risk management objectives and policies are not considered material for an assessment of the Company's assets, liabilities, financial position and result. The Company has no material exposure to price risk, credit risk, liquidity risk and cash flow risk.

### **Charitable and political contributions**

During the period, the Company made no donations for charitable or political purposes.

### **Supplier payment policy and practice**

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with. At 31 December 2006, the Company had an average of nil days purchases owed to trade creditors.

### **Auditors**

Ernst & Young LLP were appointed as auditors during the period. In accordance with s385 of the Companies Act 1985, a resolution to re-appoint them as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

**Directors' statement as to disclosure of information to auditors**

The Directors who were members of the board at the time of approving the Directors' Report are listed above. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- Each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of the information

**By order of the Board**

Paul Vickers  
**Company Secretary**

70 Jermyn Street  
London  
SW1Y 6NY

29 October 2007

## **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that 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 Mecom Media Scandinavia Holdings 2 Limited**

We have audited the company's financial statements for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 11. These financial statements have been prepared under 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**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its result for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditor  
London

*20* October 2007

# Balance Sheet

as at 31 December 2006

	Notes	2006 £000
<b>Fixed assets</b>		
Investments	5	316,964
		<u>316,964</u>
<b>Current assets</b>		
Creditors amounts falling due after more than one year	6	(33,790)
<b>Net assets</b>		<u>283,174</u>
<b>Capital and reserves</b>		
Called up share capital	7	2,832
Share premium account	8	280,342
		<u>283,174</u>

As noted within the Directors' Report, from the date of incorporation to 31 December 2006, no trading activity occurred and hence no profit and loss account has been prepared

In addition, there have been no other recognised gains or losses in the period and as such no statement of total recognised gains and losses has been presented in these financial statements

The financial statements were approved by the Board of Directors on 29 October 2007 and were signed on its behalf by



Keith Allen  
Director



## **Notes to the Financial Statements**

*for the period ended 31 December 2006*

### **1. Principal accounting policies**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the UK. A summary of the more important accounting policies, which have been consistently applied and reviewed by the Board of Directors in accordance with Financial Reporting Standard (FRS) 18, "Accounting policies", is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention and have been prepared on a going concern basis. The Company has taken advantage of the exemption available under s228 of the Companies Act 1985 not to prepare group accounts. The information presented represents information about the Company as an individual undertaking only. The results, assets and liabilities of the Company's subsidiary undertakings are included in the consolidated financial statements of the Company's ultimate parent undertaking, Mecom Group plc.

#### **Investments**

Investments are initially recorded at cost and may be subsequently held at a valuation determined by the Directors based on available market data. Investments in subsidiaries are valued at the lower of the acquisition cost of that investment and the Directors' best estimate of the Group's share of that investment's value.

When investments are disposed of or their value is permanently impaired, the realised gain or loss, being the difference between the sale proceeds or nil valuation and the net book value, is incorporated in the profit and loss account in the year in which the investments are deemed to have been realised or permanently impaired. Any balance in the revaluation reserve is treated as realised and transferred to the profit and loss reserve.

#### **Cash flow statement**

As permitted by FRS 1, the Company has not prepared a cash flow statement as its ultimate parent undertaking, Mecom Group plc, has prepared consolidated financial statements which incorporate the results of the Company and which include a consolidated cash flow statement.

### **2. Directors' emoluments**

The Directors did not receive any remuneration from the Company during the period. All remuneration was paid by Mecom Group plc, the Company's ultimate parent undertaking, and all remuneration of the Directors is disclosed in the financial statements of Mecom Group plc.

### **3. Employee information**

The Company had no employees (other than Directors) throughout the period.

### **4. Profit on ordinary activities before tax**

Auditors' remuneration has been borne by the Company's parent company, Mecom Group plc.

**5. Fixed asset investments**

	Interests in subsidiary undertakings £000
Cost and net book value	
On incorporation	-
Additions	316,964
<b>At 31 December 2006</b>	<b>316,964</b>

In October 2006, as part of the acquisition of the Orkla Media Group, the Company acquired the entire share capitals of Mecom Poland Holdings Sp z o o , Mecom Norway Holdings AS and Mecom Denmark Holdings ApS for £316,964,000 satisfied by cash consideration of £283,174,000 and intercompany debt of £33,790,000

Company	Country of incorporation	Holding %	Class of share
Mecom Poland Holdings Sp z o o	Poland	100	Ordinary
Mecom Norway Holdings AS	Norway	100	Ordinary
Mecom Denmark Holdings ApS	Denmark	100	Ordinary

**6. Creditors: amounts falling due after more than one year**

	2006 £000
Amounts owed to group undertakings	33,790

**7. Called-up share capital (all equity)**

	2006 £000
<b>Authorised</b>	
5,000,000 ordinary shares of £1 each	5,000
<b>Allotted, called-up and fully paid</b>	
2,831,839 ordinary shares of £1 each	2,832

On 10 October 2006, the Company increased its authorised share capital from 100 ordinary shares of £1 each to 5,000,000 ordinary shares of £1 each

During the period, the Company issued 2,832,000 ordinary shares of £1 each, giving total consideration of £283,174,000, with £280,342,000 being credited to the share premium account

**8. Reserves**

	Share premium account £000	Total Reserves £000
Opening reserves	-	-
Premium arising on issue of shares	280,342	280,342
<b>At 31 December 2006</b>	<b>280,342</b>	<b>280,342</b>

**9. Reconciliation of movements in shareholder's funds**

	<b>2006</b>
	<b>£000</b>
Opening shareholder's funds	-
Issue of shares	2,832
Premium arising on issue of shares	280,342
Closing shareholder's funds	<u>283,174</u>

**10. Capital commitments**

The Company had no capital or lease commitments at 31 December 2006

**11. Related party transactions**

The Company has taken advantage of the exemption available to 90% subsidiaries under FRS8, "Related party disclosures", not to disclose the transactions with other group companies in the Mecom Group plc Group

**12. Ultimate and immediate parent company**

The Directors regard Mecom Group plc, a company registered in England and Wales, as the ultimate parent company and controlling party. The immediate parent company is Mecom Media Scandinavia Holdings 1 Limited.

Copies of Mecom Group plc's consolidated financial statements are available from the Company Secretary, 70 Jermyn Street, London, SW1Y 6NY