P.O.A. Holdings Limited

Financial statements 31 December 2000
together with directors' and auditors' reports

Registered number: 1267021



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Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 December 2000.

Principal activity and business review

The principal activity of the company is that of a holding company.

Results and dividends

The results of the company for the year are set out on page 4. The directors do not recommend payment of a dividend (1999: £nil).

Directors and their interests

The directors who served during the year and subsequently, together with their interests in the shares of the company, were as follows:

	10p 'C' ordinary shares	
	2000	1999
D. Sullivan (Chairman)	3,800	3,800
I. Russell (resigned 29 September 2000)	885	885
P.W.G. Richardson	-	-
L. Mellman	-	-
D. Barker	-	-
A.J. Eggington	-	-
A.J. de Courcy Thompson	-	-

Mr P.W.G. Richardson is a director of the company's ultimate holding company. His interest in the share capital of the ultimate holding company is disclosed in their financial statements.

The directors do not have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

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 year. 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, 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 group 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 of the group 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.

Auditors

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

14 New Burlington Street
London
W1X 2LR

By order of the Board,

A.J. Eggington
Secretary

29 October 2001

ANDERSEN

To the Shareholders of P.O.A. Holdings Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 and the group'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 affairs of the company at 31 December 2000 and of the company's loss and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

29 October 2001

Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
Fees	2	-	399,047
Other operating expenses	3	-	(530,126)
Exceptional items	4	(265,508)	-
Operating loss		(265,508)	(131,079)
Finance charges (net)	5	9,444	-
Loss on ordinary activities before taxation		(256,064)	(131,079)
Tax on loss on ordinary activities	6	-	7,922
Loss on ordinary activities after taxation		(256,064)	(123,157)
Retained loss, beginning of year		(888,753)	(765,596)
Retained loss, end of year	11	(1,144,817)	(888,753)

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains or losses, other than those shown above.

Balance sheet

31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Investments	7	133,327	184,791
Current assets			
Debtors	8	28,888	288,216
Cash at bank and in hand		229,796	202,995
		258,684	491,211
Creditors: Amounts falling due within one year	9	(1,529,293)	(1,557,220)
Net current liabilities		(1,270,609)	(1,066,009)
Net liabilities		(1,137,282)	(881,218)
Equity capital and reserves			
Called-up share capital	10	1,336	1,336
Share premium account	11	6,189	6,189
Capital redemption reserve	11	10	10
Profit and loss account	11	(1,144,817)	(888,753)
Shareholders' deficit	12	(1,137,282)	(881,218)

Approved by the Board and signed on its behalf by

A. Eggington Director

29 October 2001

The accompanying notes are an integral part of this balance sheet.

Cash flow statement

For the year ended 31 December 2000

	Notes	2000 £	1999 £
Net cash inflow from operating activities	14	17,357	102,879
Returns on investments and servicing of finance			
Interest received		9,506	-
Interest paid		(62)	-
Taxation			
UK corporation tax received		-	7,922
Increase in cash in the year		26,801	110,801

The accompanying notes are an integral part of this cash flow statement.

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable financial reporting and accounting standards.

At 31 December 2000 the company had net liabilities of £1,137,282. The company was cash generative during the year ended 31 December 2000 and had a cash balance of £229,796 on that date. The directors are confident that future activities will move the company into a net asset position and accordingly, have prepared the financial statements on a going concern basis.

Consolidated financial statements have not been prepared because the company is a subsidiary undertaking of a company registered in Great Britain and exemption has been obtained under section 228 of the Companies Act 1985.

b) Investments

Fixed asset investments are shown at cost less provision for impairment.

c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated using the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

d) Fees

Fees comprise the value of commissions earned on advertising space (excluding VAT and trade discounts) in the normal course of business.

e) Foreign currency

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

2 Segment information

Contributions to centre costs (by origin) arose as follows:

	2000 £	1999 £
Rest of Europe	-	185,004
Rest of world	-	214,043
	-	399,047

3 Other operating expenses

	2000 £	1999 £
Administrative expenses	-	530,126

4 Exceptional items

The directors have made a provision for impairment of certain investments of £51,464 (1999: nil) and have made provisions of £214,044 (1999: nil) against certain balances receivable from subsidiary undertakings.

5 Finance charges (net)

	2000 £	1999 £
Interest receivable	9,506	-
Interest payable and similar charges	(62)	-
	9,444	-

6 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	2000 £	1999 £
UK corporation tax	-	(7,922)

7 Fixed asset investments

	2000 £	1999 £
Subsidiary undertakings	129,940	181,404
Joint ventures	2	2
Associated undertakings	3,385	3,385
	133,327	184,791

a) Principal investments

The company has investments in the following principal operating subsidiary undertakings, joint ventures, associated undertakings and other investments.

	Country of incorporation	Principal activity	Proportion held
Subsidiary undertakings			
Portland Outdoor Advertising Limited	Great Britain	Buying of outdoor advertising	99.1%
Portland Polska sp.Z.0.0,a	Poland	Buying of outdoor advertising	100%
Portland Hungary Kft	Hungary	Buying of outdoor advertising	100%
Portland Asia Pacific Limited	Hong Kong	Buying of outdoor advertising	100%
Poster Plan Limited	Ireland	Buying of outdoor advertising	51%
Prime Ads International Limited	Great Britain	Buying of outdoor advertising	51%
Miniato BV	Netherlands	Buying of outdoor advertising	100%
Poster Sites Management Limited	Great Britain	Buying of outdoor advertising	100%
Portland Romania Advertising SRL	Romania	Buying of outdoor advertising	100%
Servicios Portland de Venezuela CA	Venezuela	Buying of outdoor advertising	100%
Joint Ventures			
Media Insight Outdoor Limited	Great Britain	Buying of outdoor advertising	50%
International Outdoor Systems Limited	Great Britain	Marketing & selling of software	45%
Associated undertakings			
Portland MCM Limited	Great Britain	Buying of outdoor advertising	40%
Portland OMI	Russia	Buying of outdoor advertising	40%

7 Fixed asset investments (continued)

b) Investments in subsidiary undertakings

	2000 £
Cost	
Beginning and end of year	181,404
Provision for impairment	
Beginning of year	-
Charge in year	51,464
End of year	51,464
Net book value	
Beginning of year	181,404
End of year	129,940

c) Investments in joint ventures

	2000 £
Cost and net book value	
Beginning and end of year	2

d) Associated undertakings

	2000 £
Cost and net book value	
Beginning and end of year	3,385

8 Debtors

	2000 £	1999 £
Amounts owed by subsidiary undertakings	27,923	288,216
Other debtors	965	-
	28,888	288,216

9 Creditors: Amounts falling due within one year

	2000 £	1999 £
Amount owed to subsidiary undertakings	1,529,293	1,487,014
Accruals and deferred income	-	70,206
	1,529,293	1,557,220

10 Called-up share capital

	2000 £	1999 £
Authorised		
3,750 'A' ordinary shares of 10p each	375	375
3,750 'B' ordinary shares of 10p each	375	375
7,200 'C' ordinary shares of 10p each	720	720
	1,470	1,470
Allotted, called-up and fully-paid		
3,750 'A'ordinary shares of 10p each	375	375
3,750 'B' ordinary shares of 10p each	375	375
5,860 'C' ordinary shares of 10p each	586	586
	1,336	1,336

There is no difference in the rights attaching to each class of share.

11 Reserves

	Share capital £	Share premium account £	Capital redemption reserve £	Profit & loss account £	Total £
Beginning of year	1,336	6,189	10	(888,753)	(881,218)
Retained profit for the year	-	-	-	(256,064)	(256,064)
End of year	1,336	6,189	10	(1,144,817)	(1,137,282)

12 Reconciliation of movements in shareholders' deficit

	2000 £	1999 £
Opening shareholders' deficit	(881,218)	(758,061)
Loss attributable to equity shareholders	(256,064)	(123,157)
Closing shareholders' deficit	(1,137,282)	(881,218)

13 Guarantees and other financial commitments

a) *Capital commitments*

There were no capital commitments at the end of the year (1999 – £nil).

b) Contingent liabilities

There were no contingent liabilities at the end of the year (1999 – £nil).

c) Cross guarantee

An unlimited cross guarantee and debentures exists between the company, Portland Outdoor Advertising Limited and Poster Sites Management Limited, in respect of an overdraft facility.

14 Reconciliation of operating loss to net cash inflow from operating activities

	2000 £	1999 £
Operating loss	(265,508)	(131,079)
Investment impairment	51,464	-
Decrease/(increase) in debtors	259,328	(288,216)
(Decrease)/increase in creditors	(27,927)	522,174
Net cash inflow from operating activities	17,357	102,879

15 Reconciliation of net cashflow to movement in net funds

	2000 £
Increase in cash in the year	26,801
Net funds at 1 January 2000	202,995
Net funds at 31 December 2000	229,796

16 Analysis of net funds

	At 1 January 2000	Cashflow	At 31 January 2000
Cash at bank	202,995	26,801	229,796

17 Ultimate holding company

The directors regard WPP Group plc as the ultimate parent company. The only group in which the results of P.O.A. Holdings Limited and its subsidiary undertakings are consolidated is headed by WPP Group plc, a copy of whose financial statements may be obtained from WPP Group plc, 27 Farm Street, London W1J 5RJ.