



PREMIER I Media Partners

PREMIER MEDIA PARTNERS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2000

Company number 2709621



Haymarket House 1 Oxendon Street London SW1Y 4EE
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www.premiermp.com

DIRECTORS

JC Waller (Managing Director)

JA Addison

CE Broadbent

BW Curran

SE Easton

AW Wreford

SECRETARY

SA Bray

REGISTERED OFFICE

239 Old Marylebone Road

London

NW1 5QT

AUDITORS

Arthur Andersen

1 Surrey Street

London

WC2R 2PS

SOLICITORS

Macfarlanes

10 Norwich Street

London

EC4A 1BD

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 December 2000.

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 the profit or loss 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 company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activities are customer magazine publishing, advertising sales and the provision of interactive marketing services.

The directors consider the company's state of affairs and future prospects to be satisfactory.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4. The directors recommend the payment of a final dividend of £1.60 (1999 - £64.541) per ordinary share.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in note 9 to the financial statements.

DIRECTORS

The following directors served during the year:

JC Waller
JA Addison
CE Broadbent
BW Curran
SE Easton
AW Wreford

DIRECTORS' INTERESTS

None of the directors who served during the year had any interests in the shares of the company during the financial year.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Arthur Andersen be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 30TH May 2001



SA Bray
Secretary

239 Old Marylebone Road
London
NW1 5QT

AUDITORS' REPORT

to the shareholders of Premier Media Partners Limited

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1, 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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

ARTHUR ANDERSEN

Chartered Accountants and Registered Auditors

1 Surrey Street

London

WC2R 2PS

30 May 2001

PREMIER MEDIA PARTNERS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

	Notes	Year ended 31 December 2000	Year ended 31 December 1999
		£	£
Turnover	1&2	16,297,359	15,876,208
Cost of sales		(10,212,790)	(9,893,751)
Gross profit		6,084,569	5,982,457
Administrative expenses		(5,810,774)	(5,475,287)
Operating profit	3	273,795	507,170
Net interest	4	29,687	40,634
Profit on ordinary activities before taxation		303,482	547,804
Tax on profit on ordinary activities	7	(155,437)	(183,952)
Profit for the financial year		148,045	363,852
Dividends proposed	8	(40,000)	(1,613,525)
Retained profit/(loss) for the year	14	108,045	(1,249,673)

The company had no recognised gains or losses other than the profit for the above two financial years.

The accompanying notes are an integral part of this profit and loss account. A statement on movements on reserves is given in note 14.

All activities relate to continuing operations.

PREMIER MEDIA PARTNERS LIMITED

BALANCE SHEET
as at 31 December 2000

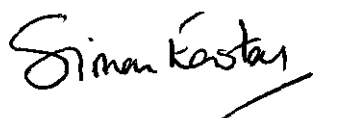
	Notes	31 December 2000		31 December 1999	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		364,953		235,198
Investment in subsidiary undertaking	17		-		2
			364,953		235,200
CURRENT ASSETS					
Stocks	10	338,188		311,906	
Debtors	11	4,785,529		6,900,609	
Cash at bank and in hand		917,745		993,370	
		6,041,462		8,205,885	
CREDITORS:					
Amounts falling due within one year	12	(5,381,634)		(7,524,349)	
Net current assets			659,828		681,536
Total assets less current liabilities			1,024,781		916,736
Net assets			1,024,781		916,736
CAPITAL AND RESERVES					
Called up share capital	13		25,000		25,000
Profit and loss account	14		999,781		891,736
Equity shareholders' funds	18		1,024,781		916,736

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

The financial statements on pages 4 to 14 were approved by the Board on 30TH May 2001
and signed on its behalf by :



J C Waller
Director



S E Easton
Director

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:

Accounting convention

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

Turnover and profit

Turnover represents amounts receivable for goods and services provided net of trade discounts, VAT and other related taxes. Profit is recognised on magazines published in the year.

Cash flow statements

The company is exempt from the requirement of Financial Reporting Standard 1 Revised to include a cashflow statement as part of its financial statements because it is a wholly owned subsidiary of Omnicom Group Inc., a company incorporated in the USA, which prepares consolidated accounts which are publicly available.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over their expected useful life, as follows:

Computer equipment	-over 4 years
Office equipment	-over 5 years
Furniture	-over 10 years
Leasehold improvements	-over the period of the lease
Motor vehicle	-over 2 years

Investments

Fixed asset investments are shown at cost less provision for permanent diminution in value. The investment represents 100% of the issued share capital of Premier International Media Limited, a company incorporated in England, which had not traded. The investment was written down to nil value in the year and was voluntarily struck off on 26th December 2000.

1 ACCOUNTING POLICIES (Continued)**Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:

Paper stocks - purchase cost on a first-in, first-out basis.

Work in progress - at purchase price.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term, even if payments are not made on such a basis.

Pension costs

The company does not operate a superannuation scheme. All qualifying employees are entitled to receive contributions to their own personal pension schemes after they have served a probationary period. Sums paid are calculated as a percentage of salary.

Contributions are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Provision is made for deferred taxation using the liability method to take account of timing differences between the inclusion in different years of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Foreign currency translation

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

2 TURNOVER

	2000 £	1999 £
Turnover by destination:		
United Kingdom	12,941,212	12,606,820
Rest of Europe	2,016,890	1,964,839
Other	1,339,257	1,304,549
	<u>16,297,359</u>	<u>15,876,208</u>

All turnover originated in the UK

3 OPERATING PROFIT is stated after charging:

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Rental of machinery	118,723	103,062
Depreciation: owned fixed assets	106,067	56,092
Loss on disposal of fixed assets	2,341	5,804
Auditors' remuneration		
- audit fees	14,748	16,000
- non audit fees	4,750	4,750
Operating leases – properties	344,127	267,105
Operating leases – vehicles	80,017	102,753

4 NET INTEREST RECEIVABLE**(a) Interest receivable**

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Fellow subsidiary undertaking	310,282	277,680
Other interest	1,329	1,153
	<u>311,611</u>	<u>278,833</u>

(b) Interest payable

Fellow subsidiary undertaking	281,924	238,199
Net interest receivable	<u>29,687</u>	<u>40,634</u>

5 EMPLOYMENT COSTS

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Wages and salaries	3,204,369	3,085,099
Social security costs	361,086	312,422
Other pension costs	125,167	130,057
	<u>3,690,622</u>	<u>3,527,578</u>

The average monthly number of persons (including directors) employed by the company during the year was 99 (1999 – 93).

6 DIRECTORS' REMUNERATION**Remuneration**

Directors' remuneration for the year was as follows:-

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Emoluments	419,620	577,161
Company contributions to personal pension schemes	35,385	37,479
	<u>455,005</u>	<u>614,640</u>

The company and certain parent companies have entered into contracts with certain directors of the company under which long term bonuses may become payable.

These directors are only entitled to bonuses at the end of periods which extend for several years.

Long term bonuses are included in directors remuneration when they crystallise.

Full accrual has been made in these financial statements in respect of these agreements for 2000 results.

6 DIRECTORS' REMUNERATION (Continued)**Pensions**

The number of directors who were members of pension schemes was as follows:-

	Year ended 31 December 2000	Year ended 31 December 1999
Personal pension schemes	3	4

Highest Paid Director

The above amounts for remuneration include the following in respect of the highest paid director:-

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Emoluments	201,503	210,032
Company contribution to personal pension scheme	17,560	16,600
	219,063	226,632

7 TAXATION

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
UK current year taxation at 30.00% (1999 – 30.25%)	117,079	183,952
Prior year under provision	38,358	-
	155,437	183,952

8 DIVIDENDS

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Final dividends proposed of £1.600 (1999 – £64.541) per share	40,000	1,613,525

9 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Computer equipment £	Office Equipment £	Motor vehicles £	Fixtures and Fittings £	Total £
Cost						
1 January 2000	34,571	173,632	113,461	15,000	88,060	424,724
Additions	163,716	31,851	32,512	-	7,743	235,822
Disposals	-	-	-	(15,000)	(54,357)	(69,357)
31 December 2000	198,287	205,483	145,973	-	41,446	591,189
Depreciation						
1 January 2000	10,447	65,320	71,631	15,000	27,128	189,526
Charge for the year	16,189	41,578	13,951	-	34,349	106,067
Disposals	-	-	-	(15,000)	(54,357)	(69,357)
31 December 2000	26,636	106,898	85,582	-	7,120	226,236
Net book value						
31 December 2000	171,651	98,585	60,391	-	34,326	364,953
1 January 2000	24,124	108,312	41,830	-	60,932	235,198

10 STOCKS

	31 December 2000 £	31 December 1999 £
Paper stocks	272,025	238,167
Work in progress	66,163	73,739
	338,188	311,906

11 DEBTORS

	31 December 2000 £	31 December 1999 £
Amounts falling due within one year:		
Trade debtors	4,021,059	4,563,190
Amount owed by fellow subsidiary undertakings	200,956	1,992,143
Value added tax	24,968	-
Other debtors	47,816	40,577
Prepayments and accrued income	490,730	304,699
	4,785,529	6,900,609

12 CREDITORS:

	31 December 2000	31 December 1999
	£	£
Amounts falling due within one year:		
Trade creditors	2,075,440	3,692,591
Amount owed to fellow subsidiary undertaking	617	20,003
Corporation tax	105,937	57,631
Value added tax	-	13,523
Other taxation and social security	102,634	93,465
Accruals and deferred income	3,057,006	2,033,611
Proposed dividends	40,000	1,613,525
	<u>5,381,634</u>	<u>7,524,349</u>

13 SHARE CAPITAL**Authorised, allotted, called up and fully paid share capital**

	31 December 2000	31 December 1999
	£	£
25,000 £1 Ordinary shares (1999 – 25,000)	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

14 RESERVES

	31 December 2000	31 December 1999
	£	£
Profit and loss account brought forward	891,736	2,141,409
Retained profit/(loss) for the year	108,045	(1,249,673)
Profit and loss account carried forward	<u>999,781</u>	<u>891,736</u>

15 OPERATING LEASES

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	31st December 2000		31st December 1999	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Expiry date:				
Within one year	-	1,356	-	7,934
Between two and five years	286,800	62,489	286,800	50,753
Annual commitments	286,800	63,845	286,800	58,687

16 GUARANTEES AND FINANCIAL COMMITMENTS

Omnicom Europe Limited, jointly and severally with certain of its subsidiary undertakings including Premier Media Partners Limited, has entered into a £8,000,000 collective net overdraft facility with HSBC Bank plc. HSBC Bank plc has the right to apply positive cash balances of the company against indebtedness or liability of any of the other group companies in the agreement. The facility is guaranteed by Omnicom Group Inc.

17 SUBSIDIARY UNDERTAKINGS

The company owned 100% of the issued share capital of Premier International Media Limited, a company incorporated in England, which had not traded. The investment was written down to nil value in the year and was voluntarily struck off on 26th December 2000.

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 December 2000	Year ended 31 December 1999
	£	£
Opening shareholders' funds	916,736	2,166,409
Profit for year	148,045	363,852
Dividends proposed	(40,000)	(1,613,525)
Closing shareholders' funds	1,024,781	916,736

19 RELATED PARTY TRANSACTIONS

During the year, Mrs. J. Waller, wife of Mr. J. C. Waller, director, worked as a freelance human resources manager for Premier Media Partners, in which capacity she was paid £8,325. All amounts had been paid in full by the year end.

20 PARENT UNDERTAKING

The company is a subsidiary undertaking of Omnicom UK Limited, a company registered in England, and itself a wholly owned subsidiary of Omnicom Europe Limited.

The company's results are included in the consolidated accounts of its ultimate United Kingdom parent company, Omnicom Europe Limited, whose principal place of business is 239 Old Marylebone Road, London, NW1 5QT.

The largest group in which the company's results are included are the consolidated accounts of the ultimate parent company, Omnicom Group Inc., a company incorporated in the United States of America. These consolidated accounts are available to the public from Omnicom Group Inc., 437 Madison Avenue, New York 10022, USA.

As a subsidiary of Omnicom Group Inc., the company has taken advantage of the exemption in Financial Reporting Standard 8 - 'Related Party disclosures', not to disclose transactions with other members of the group headed by Omnicom Group Inc.