

AIRPORT ADVERTISING (UK) LIMITED

Financial statements
for the period ended 31 August 2006

Registered number 05608303



AIRPORT ADVERTISING (UK) LIMITED
Financial statements
for the period ended 31 August 2006

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AIRPORT ADVERTISING (UK) LIMITED

Company Information

Directors

J P Corfield
P J Montgomery
G W Thorley

Secretary

Jordan Company Secretaries Limited

Registered office

20-22 Bedford Row, London, WC1R 4JS

Company number

05608303

Auditors

Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors
Arkwright House
Parsonage Gardens
Manchester M3 2HP

Bankers

Lloyds TSB Bank Plc

AIRPORT ADVERTISING (UK) LIMITED

Directors' report

For the period ended 31 August 2006

The directors present their annual report and the audited financial statements for the 10 months period ended 31 August 2006

Principal activities

The principal activities of the company are the operation of advertising sites and provision of advertising services

Incorporation

The company was incorporated on 1 November 2005 and commenced trading in June 2006

Review of the business and future developments

The results for the period are shown in the Income Statement on page 7

On 8 June 2006, the company commenced business having secured concessions to manage advertising at airport locations. The income statement is therefore for a start up trading period

It is anticipated that the company will continue to establish itself in the market during the forthcoming year

Results and dividends

The loss for the three month trading period after taxation was £451,833

The directors do not recommend payment of a dividend

Directors and their interests

The directors who held office during the period were as follows

J Corfield (appointed 1 November 2005)
P J Montgomery (appointed 1 November 2005)
G W Thorley (appointed 1 November 2005)

The directors had no beneficial interests in the shares of the company

Interests in other group companies are disclosed in their financial statements

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

AIRPORT ADVERTISING (UK) LIMITED
Directors' report (continued)
For the period ended 31 August 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the company and the financial performance and cash flows of the company for that period. In preparing those financial statements, the directors are required to


- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance, and
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements

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 and Article 4 of the IAS Regulation. 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

Horwath Clark Whitehill LLP were appointed as auditors in September 2007. A resolution for their re-appointment will be proposed at the next annual general meeting.

On behalf of the board


G W Thorley
Director

05 FEB 2008

2007

AIRPORT ADVERTISING (UK) LIMITED

Report of the independent auditors to the members

for the period ended 31 August 2006

We have audited the financial statements of Airport Advertising (UK) Limited for the period ended 31 August 2006 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. 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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

AIRPORT ADVERTISING (UK) LIMITED
Report of the independent auditors to the members
for the period ended 31 August 2006

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 August 2006 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 and Article 4 of the IAS Regulation, and
- the information given in the Directors' Report is consistent with the financial statements

As explained in Note 1 to the financial statements, the company, in addition to complying with its legal obligation to comply with those IFRSs as adopted by the European Union, has also complied with IFRSs as issued by the International Accounting Standards Board

In our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 31 August 2006 and of its loss for the period then ended

Horwath Clark Whitehill LLP

11 FEB 2008

Horwath Clark Whitehill LLP
Registered Auditors
Arkwright House
Parsonage Gardens
Manchester
M3 2HP

2007

AIRPORT ADVERTISING (UK) LIMITED
Income statement
for the three month period ended 31 August 2006

	Notes	£
Revenue	2	774,308
Cost of sales		<u>(905,293)</u>
Gross loss		(130,985)
Administrative expenses		<u>(312,554)</u>
Earnings before interest tax depreciation and amortisation		(443,539)
Depreciation		<u>(8,917)</u>
Loss from operations	3	(452,456)
Finance income		<u>623</u>
Loss before tax		(451,833)
Tax expense	7	<u>-</u>
Loss for the period		<u>(451,833)</u>

The notes on pages 11 to 16 form part of these financial statements

AIRPORT ADVERTISING (UK) LIMITED
Statement of changes in equity
for the period ended 31 August 2006

	Share capital £	Retained earnings £	Total £
Changes in equity			
2006			
Loss for the period	-	(451,833)	(451,833)
Issue of share capital	<u>10</u>	<u>-</u>	<u>10</u>
Balance at 31 August 2006	<u>10</u>	<u>(451,833)</u>	<u>(451,823)</u>


The notes on pages 11 to 16 form part of these financial statements

AIRPORT ADVERTISING (UK) LIMITED
Balance sheet
As at 31 August 2006

	Notes	2006 £	2006 £
Assets			
Non-current assets			
Property, plant and equipment	6		336,709
Current assets			
Trade and other receivables	7	1,355,581	
Cash and cash equivalents		<u>40,713</u>	
Total current assets			<u>1,396,294</u>
Total assets			<u>1,733,003</u>
Liabilities			
Current liabilities			
Trade and other payables	8		(532,364)
Non-current liabilities			
Amounts owed to group undertakings	14	(1,488,601)	
Provisions	9	<u>(163,861)</u>	
Total non current liabilities			<u>(1,652,462)</u>
Total liabilities			<u>(2,184,826)</u>
Total net assets /(liabilities)			<u>(451,823)</u>
Capital and reserves			
Share capital	10		10
Retained earnings – deficit	11		<u>(451,833)</u>
Total equity			<u>(451,823)</u>

The financial statements on pages 7 to 16 were approved by the board of directors on
and signed on its behalf by

2007


Director

05 FEB 2008

The notes on pages 11 to 18 form part of these financial statements

AIRPORT ADVERTISING (UK) LIMITED
Cash flow statement
for the three month period ended 31 August 2006

	Note	£
Cash flows from operating activities		
Net loss from ordinary activities		(451,833)
Adjustments for		
Depreciation	6	8,917
Interest received		(623)
Increase in trade and other receivables		(1,355,311)
Increase in trade and other payables		<u>2,184,556</u>
Net cash inflow from operations		<u>385,706</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	6	(345,626)
Finance income received		<u>623</u>
Net cash used in investing activities		<u>(345,003)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	10	<u>10</u>
Net cash from financing activities		<u>10</u>
Net increase in cash and cash equivalents		40,713
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalents at the end of the period		<u>40,713</u>

The notes on pages 11 to 16 form part of these financial statements

AIRPORT ADVERTISING (UK) LIMITED

Notes to the financial statements

for the period ended 31 August 2006

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS

The financial statements are prepared on the going concern basis. The balance sheet shows net liabilities of £451,823 at 31 August 2006 and the company relied upon financial support from group undertakings in the form of loans totalling £1,488,601. During 2007, loans were capitalised with the issue of share capital amounting to £4,522,336.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical costs basis. The principal accounting policies adopted are set out below. The policies have been consistently applied throughout the period, unless otherwise indicated.

Revenue recognition

Advertising revenue is recognised in the period over which services are provided, on an accruals basis.

Finance income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Operating leases

Operating leases are those where substantially all of the benefits and risks of ownership remain with the lessor. Rentals payable are charged to the income statement on the straight line basis over the lease term. Where there are fixed contractual increases in rent year on year, a provision is made to spread the impact of these increases over the full lease term, to charge for use of the assets evenly.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in the net profit or loss for the period.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Taxation

The charge for current tax is based upon the adjusted results for the period. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled.

AIRPORT ADVERTISING (UK) LIMITED

Notes to the financial statements

for the period ended 31 August 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price this may include directly attributable costs.

Depreciation is charged so as to write off the cost of the assets over their estimated useful economic lives on a straight line basis using the following annual rates:

Fixtures and equipment	7.5%
Motor Vehicles	20%
Computer equipment	10% - 40%
Plant	5% - 33%
Leasehold improvements	Over the term of the lease

Assets under construction are not depreciated until they are brought into use, at which time they are transferred to plant.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Provisions

Provisions are recognised for present obligations as a result of a past event, where it is probable that an outflow of economic benefits will result and this can be reasonably estimated.

3 LOSS FROM OPERATIONS

The loss from operations is stated after charging

	3 month period ended 31 August 2006 £
Staff costs (note 4)	100,717
Operating lease rentals – concessions site rental	884,676
Operating lease rentals – land & buildings	15,578
Depreciation of plant, property & equipment	8,917
Foreign exchange (gains)/losses	2,719
Auditors remuneration	
Statutory audit	3,000
Other	<u>197</u>

AIRPORT ADVERTISING (UK) LIMITED
Notes to the financial statements
for the period ended 31 August 2006

4 STAFF COSTS

	3 month period ended 31 August 2006 £
Wages and salaries	89,601
Social security costs	9,719
Other pension costs	<u>1,397</u>
	<u>100,717</u>
Directors remuneration	<u>29,049</u>

The average monthly number of employees, including directors, during the period was as follows

	3 month period ended 31 August 2006 No
Management	4
Administration	<u>6</u>
	<u>10</u>

5 TAX EXPENSE

No tax liability arises based upon the results shown by these financial statements

	3 month period ended 31 August 2006 £
Reconciliation to the loss per the income statement - Loss before tax	<u>(451,833)</u>
Tax on loss on ordinary activities at UK corporation tax rate of 30%	(135,550)
Expenses not deductible for tax purposes	25
Capital allowances in excess of depreciation	(3,832)
Losses carried forward	<u>139,357</u>
Current tax expense	<u>-</u>

No deferred tax asset has been recognised in relation to trading losses. The directors consider that, on the basis of current available evidence, there is insufficient certainty surrounding the timing and quantum of future profits to justify recognition of a deferred tax asset.

AIRPORT ADVERTISING (UK) LIMITED
Notes to the financial statements
for the period ended 31 August 2006

6 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Assets under construction £000	Total £000
Cost					
Additions	11,308	45,725	87,575	201,018	345,626
At 31 August 2006	<u>11,308</u>	<u>45,725</u>	<u>87,575</u>	<u>201,018</u>	<u>345,626</u>
Depreciation					
Charge for the period	-	8,917	-	-	8,917
At 31 August 2006	<u>-</u>	<u>8,917</u>	<u>-</u>	<u>-</u>	<u>8,917</u>
Carrying amount					
At 31 August 2006	<u>11,308</u>	<u>36,808</u>	<u>87,575</u>	<u>201,018</u>	<u>336,709</u>

7 TRADE AND OTHER RECEIVABLES

	31 August 2006 £
Trade receivables	1,194,926
Other receivables	36,449
Prepayments and accrued income	<u>124,206</u>
	<u>1,355,581</u>

8 TRADE AND OTHER PAYABLES

	31 August 2006 £
Current	
Social Security and other taxation	65,481
Accruals and deferred income	<u>466,883</u>
	<u>532,364</u>

9 PROVISIONS

	31 August 2006 £
Provided in the period	<u>163,861</u>

Under a concession contract, site rental charges increase annually by fixed amounts. The provision has been made so as to spread the impact of these increases over the full lease term and to charge for use of the assets evenly in accordance with IAS 17.

AIRPORT ADVERTISING (UK) LIMITED
Notes to the financial statements
for the period ended 31 August 2006

10 SHARE CAPITAL

	31 August 2006 £
Authorised	
Ordinary shares of £1 each	<u>10</u>
Issued and fully paid	
Ordinary shares of £1 each	<u>10</u>
All of the shares were issued in the period	

11 RESERVES

Retained earnings	31 August 2006 £
Loss for the period	<u>(451,833)</u>
At the end of the period – deficit	<u>(451,833)</u>

Retained earnings represent cumulative net gains and losses recognised in the income statement

12 OPERATING LEASE COMMITMENTS

Site rental – advertising sites	2006 £
Minimum leasing commitments as follows,	
Due within one year	3,165,189
Due in the second to fifth years inclusive	14,197,077
Due after five years	<u>20,155,068</u>
	<u>37,517,334</u>

Property leases – office premises

Minimum leasing commitments as follows,	2006 £
Due within one year	33,000
Due in the second to fifth years inclusive	105,000
Due after five years	<u>28,000</u>
	<u>166,000</u>

AIRPORT ADVERTISING (UK) LIMITED
Notes to the financial statements
for the period ended 31 August 2006

13 RETIREMENT BENEFIT PLANS

The company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the schemes are held separately from those of the company in funds under the control of trustees.

The total pension cost for defined contribution schemes was £1,397. This represents amounts payable to these schemes by the company at rates specified in the scheme rules. As at 31 August 2006, contributions of £1,397 due in respect of the current reporting period had not been paid over to the schemes.

14 RELATED PARTY TRANSACTIONS

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the company's key management are the directors of Airport Advertising (UK) Limited. Information regarding their remuneration is given in note 4.

The company received working capital loans from its parent undertaking, Eye Corp (UK) Limited, of £1,488,601 during the period.

No interest has been charged on inter-company borrowings.

15 ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is Eye Corp (UK) Limited, registered in England. The ultimate parent undertaking and controlling party at 31 August 2006 was The Ten Group Pty Limited, incorporated in Australia. From 28 August 2007, the ultimate parent and controlling party became CanWest Global Communications Corp, incorporated in Canada.

16 POST BALANCE SHEET EVENTS

During the year ended 31 August 2007, 4,522,336 ordinary shares of £1 each were issued at par and loans to group undertakings were repaid.