

Aegis Group Capital (Jersey) Limited

Report and Financial Statements

31 December 2011

Directors

Nick Priday
Colin Richards
Peter Pontidas

Secretary

Ogier SPV Services Limited

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Solicitors

Slaughter and May
One Bunhill Row
London EC1Y 8YY

Registered Office

Ogier House, The Esplanade
St Helier JE4 9WG

Registered No. FC029918

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011.

Results and dividends

The loss for the year after taxation amounted to £428,000 (for the period 16 March 2010 to 31 December 2010: loss of £428,000). The directors do not recommend the payment of a dividend (2010: £nil).

Principal activities and review of the business

The Company is a wholly-owned subsidiary of Aegis Group plc (the "Group") and is part of the Group's global corporate operations.

The principal activity of the Company is to issue a convertible bond and to facilitate financing for the Group and it will continue to be so for the foreseeable future. There have not been any significant changes in the Company and principal activities in the period under review.

Aegis Group plc manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group's media operations, which includes the Company, is discussed in the Group's Annual Report which does not form part of this report.

Principal risks and uncertainties

The components of financial risk are interest rate risk, credit risk, liquidity risk and cash flow risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risk the Directors consider relevant to this Company is credit risk.

Events since the balance sheet date

The Directors are not aware of any significant events since the balance sheet date.

Going concern

The Directors adopt the going concern basis in preparing the financial statements. Further details are set out in Note 1 to the financial statements.

Directors

The directors who served the company during the year and appointed subsequently were as follows:

Nick Priday
Colin Richards
Peter Pontidas

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The Group's auditors Ernst & Young LLP were appointed following the resignation of Deloitte LLP. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Nick Priday
Director

28 June 2012

Statement of directors' responsibilities

The directors are responsible for preparing 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). Under Company law the Directors must not approve the financial statements unless they are satisfied that they 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 judgments 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 enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. 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 auditor's report

to the members of Aegis Group Capital (Jersey) Limited

We have audited the financial statements of Aegis Group Capital (Jersey) Limited for year ended 31 December 2011 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 auditor's 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 auditor

As explained more fully in the Statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Independent auditor's report (continued)

to the members of Aegis Group Capital (Jersey) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Richard Addison
For and on behalf of Ernst & Young LLP
London, United Kingdom

28 June 2012

Profit and loss account

for the year ended 31 December 2011

		<i>Year ended</i> <i>31 December</i> <i>2011</i> <i>£000</i>	<i>16 March 2010</i> <i>to 31 December</i> <i>2010</i> <i>£000</i>
Operating expenses	4	(8)	(38)
Operating loss		(8)	(38)
Interest receivable and similar income	5	9,272	6,262
Interest payable and similar charges	6	(9,846)	(6,699)
Loss on ordinary activities before taxation		(582)	(475)
Tax	7	154	47
Loss for the financial year		(428)	(428)

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses during the current year other than those reflected in the above profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet

at 31 December 2011

	<i>Notes</i>	<i>2011</i> £000	<i>2010</i> £000
Fixed assets			
Investments	8	104	104
Current assets			
Debtors	9	175,321	170,766
Cash at bank		165	164
		175,486	170,930
Creditors: amounts falling due within one year	10	(946)	(3,980)
Net current assets		174,540	166,950
Total assets less current liabilities			
		174,644	167,054
Creditors: amounts falling due after more than one year	11	(171,546)	(163,528)
Net assets		3,098	3,526
Capital and reserves			
Called up share capital	12	–	–
Capital contribution reserve	13	3,954	3,954
Profit and loss account	13	(856)	(428)
Shareholders' funds		3,098	3,526



Nick Priday

Director

28 June 2012

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

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

Going concern

The Company is an intermediate holding company within the Aegis group and relies on Aegis Group plc to provide the financial support required to meet its day to day financing requirements either directly or indirectly. The directors have considered the ability of Aegis Group plc to provide such financial support as might be required by the company and accordingly have prepared the financial statements on a going concern basis.

Statement of cash flows

The Company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows.

Investments

Investments are stated at cost, less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Current taxation

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

Convertible bond

The convertible bond is regarded as a compound financial instrument, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component was estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs were apportioned between the liability and equity components of the convertible bond based on their relative carrying amounts at the date of issue. The portion relating to the equity component was charged directly against equity. The issue costs are amortised over the life of the instrument through the profit and loss account.

The difference between the fair value of the liability component at issue and its face value is amortised over the life of the instrument as a notional interest charge through the profit and loss account.

The convertible bond was issued on 20 April 2010. The bond is initially convertible into preference shares of the Company, which are immediately convertible into ordinary shares of Aegis Group Plc at any time between 31 May 2010 and their settlement date at an exchange price of £1.6129, adjusted from the original exchange price of £1.6444 following the special dividend and assigned share consolidation at Aegis Group plc in the year. If the bond has not been converted, it will be redeemed on 20 April 2015 at par. Interest of 2.5 per cent will be paid annually up until that settlement date.

The proceeds received from the issuance of the convertible bond were loaned to Aegis Group Plc in exchange for notes receivable at a 2.5 per cent interest rate. The notes constitute an unconditional, unsubordinated and unsecured obligation from Aegis Group Plc and shall at all times rank pari passu without any preference among themselves. The notes will be redeemed at maturity date, 20 April 2015, or

Notes to the financial statements (continued)

at 31 December 2011

1. Accounting policies (continued)

at any time before that date, at the request of either Aegis Group Plc or the holder, the Company. On that date the principal amount together with accrued and unpaid interest will become due. The notes receivable were initially recorded at fair value with the difference taken to reserves. The difference between the amount initially recorded and the amount to be repaid is accreted over the term of the notes through the profit and loss account.

2. Directors' remuneration and employees

No Director received any remuneration during the year in respect of their services to the Company.

The Company had no employees during the current year.

3. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's financial accounts during the year were £1,000 (2010: £2,000). These fees have been borne by the parent company in the current year.

4. Operating loss

This is stated after charging/(crediting):

	<i>Year ended 31 December 2011 £000</i>	<i>16 March 2010 to 31 December 2010 £000</i>
Consultancy costs	(8)	(38)

5. Interest receivable and similar income

	<i>Year ended 31 December 2011 £000</i>	<i>16 March 2010 to 31 December 2010 £000</i>
Interest receivable from parent undertaking and imputed interest	9,165	6,259
Interest on bank deposits	4	3
Other income	103	-
	<u>9,272</u>	<u>6,262</u>

6. Interest payable and similar charges

	<i>Year ended 31 December 2011 £000</i>	<i>16 March 2010 to 31 December 2010 £000</i>
Interest payable to convertible bond holders and imputed interest	9,165	6,259
Amortisation of issue costs	681	440
	<u>9,846</u>	<u>6,699</u>

Notes to the financial statements (continued)

at 31 December 2011

7. Tax

(a) Tax credit on loss on ordinary activities

	<i>Year ended 31 December 2011 £000</i>	<i>16 March 2010 to 31 December 2010 £000</i>
Tax credit on loss on ordinary activities	<u>154</u>	<u>47</u>

(b) Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010: 28.0%). The differences are explained below:

	<i>Year ended 31 December 2011 £000</i>	<i>16 March 2010 to 31 December 2010 £000</i>
Loss on ordinary activities before tax	<u>(582)</u>	<u>(475)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)	154	133
<i>Effects of:</i>		
Loss arising whilst the company was not resident in the UK	–	(86)
Current tax credit for the year (note 7(a))	<u>154</u>	<u>47</u>

Further reductions in the UK corporation tax rate were substantively enacted in the year. The main rate of corporation tax was reduced from 28% to 26% effective from 1 April 2011. The effect of further planned reductions to the main rate of corporation tax by a further one per cent from 1 April 2012 to 24%, and one per cent per annum to 22 per cent by April 1, 2014, will be applied in the Company's financial statements as the legislation is substantively enacted.

8. Investments

	<i>Treasury gilt £000</i>
At 31 December 2010 and 31 December 2011	<u>104</u>

Gilts comprise 4 ¼% treasury stock purchased on 27 October 2010 and repayable at par on 7 June 2032. Interest at 4 ¼% is receivable every six months in June and December.

Notes to the financial statements (continued)

at 31 December 2011

9. Debtors

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Amounts owed by Aegis Group plc	175,114	170,715
Prepayments	6	4
Group relief receivable	201	47
	<u>175,321</u>	<u>170,766</u>

The amounts owed by Aegis Group plc are due over a period of more than one year.

10. Creditors: amounts falling due within one year

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Other creditors	6	-
Convertible bond interest payable	940	3,980
	<u>946</u>	<u>3,980</u>

The amount of the convertible bond interest payable includes FRS4 costs.

11. Creditors: amounts falling due after more than one year

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Net convertible bond liability	<u>171,546</u>	<u>163,528</u>

12. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2011</i>	<i>No.</i>	<i>2010</i>
		<i>£000</i>		<i>£000</i>
Ordinary shares of £1 each	200	<u>—</u>	200	<u>—</u>

Notes to the financial statements (continued)

at 31 December 2011

13. Reserves

	<i>Called up share capital</i>	<i>Capital contribution reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 December 2010	–	3,954	(428)	3,526
Loss for the year	–	–	(428)	(428)
At 31 December 2011	–	3,954	(856)	3,098

The reconciliation above is also representative of the movement in shareholders' funds for the year.

14. Contingent liabilities

The Company has entered into a cross guarantee arrangement with fellow subsidiary undertakings and granted a guarantee to the National Westminster Bank in respect of the net overdraft of Aegis Group plc.

The Company is a named guarantor on the Aegis Group plc borrowings as follows:

<i>Details</i>	<i>Date signed</i>
USD \$342 million private placement debt	28 July 2005
£450 million multicurrency credit facility	26 July 2010
USD \$125 million private placement debt	17 September 2007
USD \$183 million and £25 million private placement debt	17 December 2009

The Company has granted a guarantee in respect of £60 million term loan signed 3 July 2009 as amended and restated on 22 December 2010, 17 January 2011 and 23 May 2011 and provided to Aegis Group Holdings Limited.

The Company has granted a guarantee in respect of AU\$50m facilities provided to Aztec (Holdings) Pty Limited (formerly Synovate (Holdings) Pty Limited).

15. Related party transactions

The Company has taken advantage of the exemption granted by FRS8, Related Party Disclosures, not to disclose details of transactions with other wholly owned group companies. There were no other related party transactions during the year.

16. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Aegis Group plc, a company incorporated in Great Britain and registered in England and Wales. Aegis Group plc is the parent undertaking of the smallest and largest group for which group accounts are prepared and of which the Company is a member. Copies of Group financial statements can be obtained from: The Secretary, Aegis Group plc, 10 Triton Street, Regent's Place, London, NW1 3BF.