

Interstar Holdings Limited

Annual report and financial statements
for the year ended 31 December 2006

Registered number 660277



Directors' report

For the year ended 31 December 2006

The directors present their annual report together with the financial statements for the year ended 31 December 2006

Review of developments

The company has been dormant within the meaning of Section 249AA of the Companies Act 1985 throughout the year. It is anticipated that the company will remain dormant for the foreseeable future.

Directors and their interests

The directors who served during the year were as follows

P W G Richardson

A Scott

C Sweetland

None of the directors had any interest in the shares of the company. The interests of P W G Richardson in the shares of the company's ultimate holding company, WPP Group plc, are shown in that company's financial statements.

C Sweetland and A Scott held the following options and restricted stock awards over shares in WPP Group plc at 31 December 2006

Options

	At 1 Jan 2006 Number	Granted 2006 Number	Exercised 2006 Number	At 31 Dec 2006 Number	Commencement	Expiry	Exercise price per share
<u>A Scott</u>	5,614	-	-	5,614	Sep 2002	Sep 2009	£5 700
(ADRs) 1,265 ¹		-	-	1,265	Sep 2003	Sep 2010	\$63 265
(ADRs) 4,240 ¹		-	-	4,240	Sep 2004	Sep 2011	\$35 380
	22,994	-	-	22,994	Sep 2005	Sep 2011	£4 21
	15,923	-	-	15,923	Nov 2006	Nov 2013	£5 595
	14,818	-	-	14,818	Oct 2007	Oct 2014	£5 535
<u>C Sweetland</u>	23,750	-	(23,750)	-	Jun 1999	Jun 2006	£2 140
	6,861	-	(6,861)	-	Sep 1999	Sep 2006	£2 335
	5,422	-	-	5,422	Sep 2000	Sep 2007	£2 835
	5,012	-	-	5,012	Sep 2001	Sep 2008	£2 930
	2,689	-	-	2,689	Sep 2002	Sep 2009	£5 700
	12,070	-	-	12,070	Sep 2003	Sep 2010	£9 010
	23,143	-	-	23,143	Sep 2004	Sep 2011	£4 865
	25,293	-	-	25,293	Sep 2005	Sep 2012	£4 210
	17,515	-	-	17,515	Nov 2006	Nov 2013	£5 595
	16,300	-	-	16,300	Oct 2007	Oct 2014	£5 535

¹ Each ADR (American Depositary Receipt) represents 5 ordinary shares

Directors' report (continued)
For the year ended 31 December 2006

Directors and their interests (continued)

Restricted stock awards

	At 1 Jan 2006 Number	Granted 2006 Number	Vested 2006 Number	At 31 Dec 2006 Number	Grant date	Vest date
<u>A. Scott</u>	436	-	(436)	-	Feb 2004	Mar 2006
	19,262	-	-	19,262	Mar 2005	Mar 2008
	15,040	-	-	15,040 ¹	Nov 2005	Mar 2007
	5,930	-	-	5,930	Nov 2005	Nov 2008
	-	13,103	-	13,103	Feb 2006	Mar 2008
	-	5,858	-	5,858	Oct 2006	Oct 2009
	-	8,262 ²	-	8,262	Nov 2006	Dec 2010
<u>C. Sweetland</u>	669	-	(669)	-	Feb 2004	Mar 2006
	19,262	-	-	19,262	Mar 2005	Mar 2008
	16,050	-	-	16,050 ¹	Nov 2005	Mar 2007
	8,896	-	-	8,896	Nov 2005	Nov 2008
	-	16,847	-	16,847	Feb 2006	Mar 2008
	-	7,030	-	7,030	Oct 2006	Oct 2009

¹ Vested in March 2007

² This grant was made under a plan where the performance criteria are such that the actual number of shares that will vest will only become evident at vest date. The maximum number that will vest is 41,310 shares

In addition, C. Sweetland had a beneficial interest in 73,894 (2005 – 53,183) shares in WPP Group plc at 31 December 2006

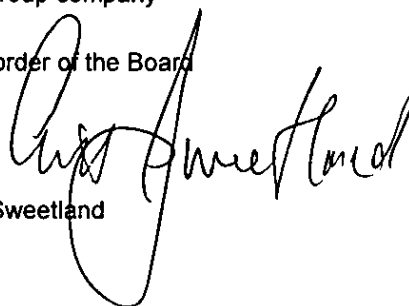
The directors have no other interests in any other group company

27 Farm Street
London
W1J 5RJ

25 June 2007

By order of the Board

C Sweetland



Balance sheet

At 31 December 2006

	Notes	2006 £	2005 £
Fixed assets			
Investments	4	-	-
Net assets		-	-
Capital and reserves			
Called-up equity share capital	5	50,000	50,000
Profit and loss account		(50,000)	(50,000)
Equity shareholders' funds		-	-

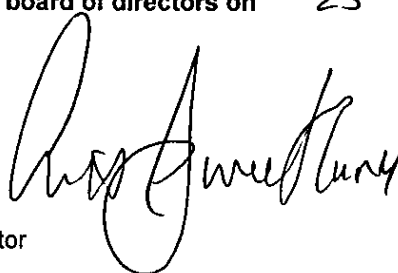
The accompanying notes are an integral part of this balance sheet

Dormant company status.

The annual accounts have not been audited because the company is entitled to the exemption provided by section 249AA(1) of the Companies Act 1985 relating to dormant companies and its members have not required the company to obtain an audit of these accounts in accordance with s249B(2)

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with Section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company

These financial statements were approved by the board of directors on 25 June 2007 and signed on its behalf by:



C Sweetland

Director

Notes to financial statements

For the year ended 31 December 2006

1 Accounting policies

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards

2 Profit and loss account

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during the current or preceding year

3 Information regarding directors and employees

No emoluments were payable to the directors, who were the only employees, of the company during the current or preceding year

4 Fixed asset investments

The investment represents 40% of the issued share capital of Softmedia Limited, an intermediate holding company incorporated in England and Wales. Interstar Holdings Limited also controls the remaining 60%

	£'000
Cost	
At 1 January and 31 December 2006	199,962
Provision for impairment	
At 1 January 2006	199,962
Written off	-
At 31 December 2006	199,962
Net book value at 31 December 2006	-
Net book value at 31 December 2005	-

In accordance with the company's accounting policy, the company annually tests the carrying value of investments for impairment. The 2006 impairment review was undertaken as at 31 December 2006. The review assessed whether the carrying value of investments was supported by the net present value of future cash flows derived from assets using a projection period of up to five years for each subsidiary entity. After the projection period, steady or declining growths have been assumed for each subsidiary entity. An annual growth rate of 3.0% and a pre-tax discount rate of 11.9% has been assumed.

Notes to financial statements (continued)

For the year ended 31 December 2006

5 Called-up equity share capital

	2006 £	2005 £
<i>Authorised, allotted, called-up and fully-paid</i>		
50,000 (2005 – 50,000) ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

6 Ultimate controlling party

The directors regard Cordiant Communications Group Limited, a company incorporated in Great Britain, as the immediate parent company and WPP Group plc, a company incorporated in Great Britain, as the ultimate parent company and the ultimate controlling party

The only group in which the results of Interstar Holdings Limited are consolidated is that headed by WPP Group plc. Copies of the consolidated financial statements of WPP Group plc can be obtained from WPP Group plc, 27 Farm Street, London W1J 5RJ