PRIMESIGHT AIRPORT ADVERTISING LIMITED

Annual Report and
Financial Statements

For the

Year ended

31 December 2005

Registered No: 1950228

DIRECTORS:	A Flanagan G Watt
SECRETARY:	S Clarke
AUDITORS:	PricewaterhouseCoopers LLP Glasgow
REGISTERED OFFICE:	3 Waterhouse Square 138-142 Holborn London EC1N 2NY

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2005.

Principal activities
The principal activity of the Company is advertising contracting.

Review of business and future developments
The directors are satisfied with the results for the year and expect trading to be at a similar level in the future.

Results and dividends
The profit for the year after taxation amounted to £9,000 (2004: £9,000).

The directors do not recommend the payment of a final dividend (2004: £Nil) leaving a profit of £9,000 to be transferred to reserves (2004: £9,000).

Financial risk factors
The Company, as a wholly owned subsidiary of SMG plc ("Group") is exposed to a variety of financial risks that arise from and apply to the Group's activities: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors of SMG plc. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating divisions. The Board of SMG plc provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investing excess liquidity.

(a) Currency risk
The Group operates almost wholly within the UK and is exposed to minimal foreign exchange risk. Foreign exchange risk arises primarily with respect to the Euro, US dollar and the Swiss franc. Foreign exchange risk arises from future commercial transactions and trade assets and liabilities in foreign currencies.

(b) Credit risk
The Group has no significant concentration of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. Derivative transaction counterparties are limited to high-credit-quality financial institutions.

(c) Liquidity risk
Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the nature of the underlying business, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Directors' report for the year ended 31 December 2005 (cont.)

Financial risk factors (cont.)

(d) Cash flow interest rate risk
As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Full details are provided in the Group's statutory accounts for the year ended 31 December 2005.

Directors
The directors of the Company at 31 December 2005, all of whom have been directors for the whole year, are listed on page 1.

In accordance with the Articles of Association, the directors do not retire by rotation.

Directors' interests
The directors do not hold shares in the Company.

The directors hold shares in SMG plc and their interests are dealt with in the financial statements of that Company.

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

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 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
A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By order of the Board

Sara Clarke

Sara Clarke
Secretary
5 June 2006

Independent auditors' report to the members of Primesight Airport Advertising Limited

We have audited the financial statements of Primesight Airport Advertising Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, 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.

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.

Independent auditors' report to the members of Primesight Airport Advertising Limited (cont.)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
5 June 2006

Profit and loss account for the year ended 31 December 2005

	Notes	**2005** **£000**	2004 £000
Turnover	2	**173**	170
Cost of sales		**(128)**	(158)
Profit on ordinary activities before taxation	3	**45**	12
Tax on profit on ordinary activities	5	**(36)**	(3)
Profit for the financial year	12	**9**	9

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

The above results are derived from continuing activities.

There are no recognised gains or losses in either year other than the retained profit for the financial year and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for both years and their historical cost equivalents.

Balance Sheet as at 31 December 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Tangible assets	6	**68**	72
Current assets			
Debtors - due within one year	7	**43**	700
- due after one year	7	**680**	-
		723	700
Creditors: amounts falling due within one year	8	**(87)**	(483)
Net current assets		**636**	217
Total assets less current liabilities		**704**	289
Creditors: amounts falling due after more than one year	9	**(409)**	-
Provisions for liabilities and charges	10	**(1)**	(4)
Net assets		**294**	285
Capital and reserves			
Called up share capital	11	-	-
Profit and loss reserve	12	**294**	285
Total equity shareholders' funds	13	**294**	285

The accompanying notes form an integral part of the balance sheet.

The financial statements on pages 6 to 13 were approved by the Board on 5 June 2006 and signed on its behalf by:

George Watt

George Watt
Director

Notes to the financial statements
Year ended 31 December 2005

1 Accounting policies

Accounting convention and basis of preparation
The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and on the going concern basis.

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

Poster frames	-	6 years straight line

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

The taxation liabilities of certain group companies are reduced wholly or in part by losses surrendered by other group companies. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Cash flow
A cash flow statement has not been included within these financial statements as the Company is a wholly owned subsidiary of SMG plc, a Company incorporated in Scotland, which prepares a consolidated cash flow statement, including the cash flows of this Company, in its 2005 financial statements in accordance with Financial Reporting Standard No.1 (Revised).

Related Parties
The Company has taken advantage of the exemption contained in paragraph 3 (c) of Financial Reporting Standard No.8 in respect of disclosure of transactions with group undertakings.

Notes to the financial statements (cont.)

2 Turnover

Turnover represents the amounts derived from the provision of goods and services exclusive of value added tax.

3 Profit on ordinary activities before taxation

Operating profit on ordinary activities before taxation is stated after charging:

	2005	2004
	£000	£000
Depreciation – owned assets	**8**	6
Advertising site rentals	**104**	113

Auditors' remuneration costs are borne centrally by another group Company.

There were no staff costs during the period. The employment costs are paid by another group Company which makes no recharge to Primesight Airport Advertising Limited as it is not possible to make an accurate apportionment of employees' time in respect of services to specific group Companies.

4 Directors' remuneration

No director received remuneration from the Company during the current or the prior year.

The emoluments of the directors are paid by another group Company which makes no recharge to Primesight Airport Advertising Limited as it is not possible to make an accurate apportionment of their emoluments in respect of their services to specific group Companies.

Notes to the financial statements (cont.)

5 Taxation

	2005 £000	2004 £000
Current tax		
UK corporation tax	**33**	(1)
UK corporation tax adjustment in respect of prior year	**6**	-
	39	(1)
Deferred tax		
Origination and reversal of timing differences	**(3)**	4
Tax charge for the year	**36**	3

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax rate for the current and prior years differs to the standard rate for the reasons set out in the following reconciliation:

	2005 £000	2004 £000
Profit on ordinary activities before taxation	**45**	12
Tax charge on profit on ordinary activities at standard rate 30% (2004: 30%)	**14**	3
Factors affecting the charge for the year:		
Capital allowances in excess of depreciation	**(4)**	(4)
Adjustment to tax charge in respect of previous periods	**6**	-
Other timing differences	**23**	-
Current year tax charge/(credit)	**39**	(1)

Notes to the financial statements (cont.)

6 Tangible fixed assets

	Poster frames £000
Cost	
At 1 January 2005	93
Additions	3
At 31 December 2005	**97**
Depreciation	
At 1 January 2005	21
Charge for the year	8
At 31 December 2005	**29**
Net book amount	
At 31 December 2005	**68**
At 31 December 2004	72

7 Debtors

Due within one year

	2005 £000	2004 £000
Trade debtors	**42**	26
Amounts owed by group undertakings	**-**	669
Prepayments	**1**	4
Corporation tax – group relief recoverable	**-**	1
	43	700

Due after one year

	2005 £000	2004 £000
Amounts owed by group undertakings	**680**	-

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

Notes to the financial statements (cont.)

8 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Trade creditors	-	1
Other taxation and social security costs	1	1
Accruals and deferred income	53	33
Corporation tax – group relief payable	33	-
Amounts due to group undertakings	-	448
	87	483

9 Creditors: amounts falling due after more than one year

	2005 £000	2004 £000
Amounts due to group undertakings	409	-

Amounts due to group undertakings are unsecured, interest free and have no fixed date of repayment.

10 Provisions for liabilities and charges

	Deferred taxation £000
At 1 January 2005	4
Provided during the year	(3)
At 31 December 2005	1

Deferred taxation is provided as follows:

	2005 £000	2004 £000
Capital allowances in advance of depreciation	1	4

11 Called up share capital

	2005 £	2004 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted and fully paid		
100 ordinary shares of £1 each	100	100

Notes to the financial statements (cont.)

12 Reserves

	Profit and loss reserve £000
As at 1 January 2005	285
Profit for the financial year	9
As at 31 December 2005	**294**

13 Reconciliation of movements in equity shareholders' funds

	2005 £000	2004 £000
Opening equity shareholders' funds	**285**	276
Profit for the financial year	**9**	9
Closing equity shareholders' funds	**294**	285

14 Ultimate parent undertaking

The immediate parent undertaking is Primesight Communications Limited.

The ultimate parent undertaking and controlling party is SMG plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of SMG plc consolidated financial statements can be obtained from the Company Secretary at 200 Renfield Street, Glasgow, G2 3PR.