

BBDO CEE Limited

**Director's report and financial
statements**

Registered number 2409974

31 December 2006

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Director's report

The Director presents the annual report and the audited financial statements of BBDO CEE Limited ("the Company") for the year ended 31 December 2006

Principal activities

The principal activity of the Company is to provide media and advertising consultancy

Business review

The profit and loss account is set out on page 6 and shows profit for the year. The Company has met the requirements in the Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review

Post balance sheet events

No events occurred after the balance sheet date that would have a material effect on the financial statements for the year ended 31 December 2006

Dividend

The Company has paid an interim dividend of \$8,738,220 for the year ended 31 December 2006

Director

The director who held office during the year was as follows

Mrs E V Stewart

Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as she is aware, there is no relevant audit information of which the Company's auditors are unaware, and the director has taken all the steps that she ought to have taken as a director to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Director's report *(continued)*

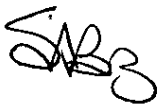
Political and charitable contributions

The Company did not make any political and charitable contributions during the financial year

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



Sally-Ann Bray
Secretary

11th February, 2008
239 Old Marylebone Road
London
NW1 5QT

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law she has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 director is 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 director is 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 its financial statements comply with the Companies Act 1985. She has general responsibility for taking such steps as is reasonably open to her to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of BBDO CEE Limited

We have audited the financial statements of BBDO CEE Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholder's Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein. As described in note 1, the financial statements have not been prepared on a going concern basis.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 the director and auditors

The director's responsibilities for preparing the Director's Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities on page 3.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the Director's 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 director 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 BBDO CEE Limited (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice of the state of the company s affairs as at 31 December 2006 and of the its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements



KPMG Audit Plc
Chartered Accountants
Registered Auditor

22 February 2008

Profit and loss account
for the year ended 31 December 2006

	<i>Note</i>	2006 \$	2005 \$
Administrative expenses		(43,038)	(134,445)
Operating loss		(43,038)	(134,445)
Income from shares in group undertaking		9,256,467	1,488,836
Other interest receivable and similar income	2	161,527	-
Interest payable and similar charges	3	(126,588)	-
Profit before taxation	4-6	9,248,368	1,354,391
Taxation	7	(668,111)	(121,101)
Profit for the financial year		8,580,257	1,233,290

There were no recognised gains or losses other than the result for the year

The whole of the results for the period relate to continuing operations

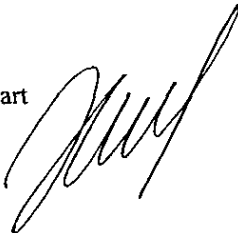
Balance sheet

As of 31 December 2006

	Note	2006 \$	2005 \$
Fixed assets			
Investments in subsidiaries	9	403,330	403,330
Current assets			
Debtors	10	2,684,134	30,560
Cash at bank and in hand		-	3,846
		2,684,134	34,406
Current liabilities			
Creditors amounts falling due within one year	11	(3,061,939)	(254,248)
Net current liabilities		(377,805)	(219,842)
Total assets less current liabilities		25,525	183,488
Net assets		25,525	183,488
Capital and reserves			
Called up share capital	12	16	16
Profit and loss reserve	11	25,509	183,472
Total equity shareholders' funds		25,525	183,488

These financial statements were approved by the board of directors on 11th February, 2008 and were signed on its behalf by

Mrs E V Stewart
Director



Reconciliation of movements in shareholders' funds
for the year ended 31 December 2006

	Note	2006 \$	2005 \$
Profit for the year		8,580,257	1,233,290
Dividends paid	8	(8,738,220)	(1,054,417)
Net (reduction) / addition to shareholders' funds		(157,963)	178,873
Opening shareholders' funds		183,488	4,615
Closing shareholders' funds		25,525	183,488

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts as the company is included in the consolidated accounts of a larger group headed by Omnicom Europe Limited, a parent undertaking established under the law of a member state of the European Union. These financial statements present information about the company as an individual undertaking and not about its group.

As a member of the Omnicom Group Inc group, the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with other members of the group headed by Omnicom Group Inc.

The financial statements have been prepared on a going concern basis as the company has received assurances from its subsidiary undertakings that they will make available to the Company, through distributions, financing to continue to enable the Company to meet its liabilities as and when they fall due.

Under Financial Reporting Standard ("FRS") 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Omnicom Group Inc, which includes the company in its own published consolidated financial statements.

Foreign currencies

The Company's functional currency is the US Dollar. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

Corporation tax is provided on taxable profits at the current rate. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers. Turnover and operating profit are derived solely from the Company's main activity as a provider of media and advertising consultancy, principally within the Russian Federation and CIS.

For long-term projects, revenue is derived from fees for services performed, which are specific to the contract with the client. In such cases, revenue is recognised when the service has been performed, in accordance with the contractual arrangements and the stage of completion of the work.

Notes (continued)

2 Other interest receivable and similar income

	2006 \$	2005 \$
Interest income on loans to Group entities	121,246	-
Net exchange gains	40,281	-
	<u>161,527</u>	<u>-</u>

3 Interest payable and similar charges

	2006 \$	2005 \$
Interest expense on loans from Group entities	112,495	-
Net exchange losses	14,093	-
	<u>126,588</u>	<u>-</u>

4 Auditor's remuneration

	2006 \$	2005 \$
Profit before taxation is stated after charging		
Auditor's remuneration	8,614	83,299
	<u>8,614</u>	<u>83,299</u>

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Omnicom Europe Limited

5 Remuneration of directors

During 2006, the director (2005: directors) was not paid for their services to the Company. Her remuneration was borne by other group companies.

6 Staff numbers and costs

During 2006 the Company had one employee, who was its director (2005: two employees, who were the Company's directors).

Notes (continued)

7 Taxation

Analysis of charge for the period

	2006 \$	2005 \$
<i>UK tax</i>		
Current tax expense for the period	2,774,510	418,793
Less Double tax relief	(2,770,871)	(446,651)
Prior year adjustment	-	75
	<hr/>	<hr/>
	3,639	(27,783)
<i>Foreign tax</i>		
Current tax expense for the period	664,472	148,884
	<hr/>	<hr/>
Total current tax charge	668,111	121,101

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2005 lower) than the standard rate of corporation tax in the UK (2006 30%, 2005 30%) The differences are explained below

	2006 \$	2005 \$
Profit before taxation	9,248,368	1,354,391
	<hr/>	<hr/>
Current tax at 30% (2005 30%)	2,774,510	406,317
<i>Effects of</i>		
Double tax relief on dividend's income	(2,770,871)	(446,651)
Non-deductible expenses	-	12,476
Foreign tax not recoverable	664,472	148,884
Underprovided in prior years	-	75
	<hr/>	<hr/>
	668,111	121,101

8 Dividends

	2006 \$	2005 \$
Equity interim dividend paid	8,738,220	1,054,417
	<hr/>	<hr/>
	8,738,220	1,054,417

Notes (continued)

9 Investments in subsidiaries

Shares in subsidiary	2006 \$
Cost and net book value as at 1 January 2006 and 31 December 2006	403,330

Companies in which the Company's interest at the year-end is more than 20% are as follows

Subsidiary undertaking	Country of incorporation	Principal activity	Class and percentage of shares held
OOO BBDO Marketing	Russia	Media and advertising services	100% of Ordinary share capital
Proximity CEE Limited	UK	Media and advertising services	100% of Ordinary share capital
Instinct CEE Limited	UK	Media and advertising services	100% of Ordinary share capital
Media Direction CEE Limited	UK	Media and advertising services	100% of Ordinary share capital

10 Debtors

	2006 \$	2005 \$
Tax refund	7,428	19,573
VAT recoverable	871	471
Amounts owed from group undertakings	2,675,835	10,516
	<u>2,684,134</u>	<u>30,560</u>

At 31 December 2006 amounts owed from group undertakings included loans receivable from the group undertakings amounting to \$2,655,940, of which interest receivable equalled \$116,940

Notes (continued)

11 Creditors: amounts falling due within one year

	2006 \$	2005 \$
Bank loans and overdraft	156,269	-
Amounts owed to group undertakings	2,866,948	166,717
Accruals and deferred income	38,722	87,531
	<hr/> 3,061,939	<hr/> 254,248

12 Called up share capital

	2006 \$	2005 \$
<i>Authorised</i>		
Equity - 1,000 Ordinary shares of £1 each	<hr/> 1,600	<hr/> 1,600
<i>Allotted, called up and fully paid</i>		
Equity - 10 (2004 - 10) Ordinary shares of £1 each	<hr/> 16	<hr/> 16

13 Reserves

	Profit and loss reserve 2006 \$	2005 \$
As at the beginning of the year	183,472	4,599
Profit for the year	8,580,257	1,233,290
Dividends (see note 8)	<hr/> (8,738,220)	<hr/> (1,054,417)
As at the end of the year	<hr/> 25,509	<hr/> 183,472

14 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Omnicom Group Inc, incorporated in the United States of America

The largest group in which the results of the Company are consolidated is that headed by Omnicom Group Inc. The consolidated accounts of the group is available to the public and may be obtained from Omnicom Group Inc, 437 Madison Avenue, New York, NY 10022, USA, or 1285 Avenue of the Americas, New York, NY 10022, USA, respectively
