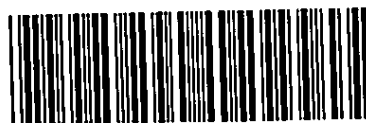


# Edisea Limited

Annual Report

*Year ended 31 December 2006*

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## Company Information

Directors	D Joseph A C Harris
Secretary	D Joseph
Registered office	5-7 Kingston Hill Kingston-upon-Thames Surrey KT2 7PW
Registered number	2650007
Auditors	Grant Thornton UK LLP Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Bankers	Lloyds TSB Bank plc 10 Gresham Street London EC2V 7AE

## Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2006

### Principal activities

The principal activity of the company is publishing

### Business review and future developments

### Dividends

During the year an interim dividend of £Nil was paid (2005 £Nil)

### Directors

None of the directors had any interests in the share capital of the company during the year

The interests of the directors in the share capital of the ultimate parent undertaking, Boat International Media Limited, can be found in the financial statements of that company

### Statement of directors' responsibilities for the financial statements

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). 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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 which 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.

## Report of the Directors

(Continued)

### Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

### Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 1 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 1 July 2007, creating a casual vacancy, which the directors have filled by appointing Grant Thornton. A resolution to reappoint Grant Thornton as auditors of the company will be proposed at the forthcoming Annual General Meeting.

### Approval

The report of the directors was approved by the Board on 5 October 2007 and signed on its behalf by



D Joseph  
Secretary

# Independent Auditors' Report to the Shareholders of Edisea Limited

We have audited the financial statements on pages 5 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 are properly prepared in accordance with the Companies Act 1985. 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, 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 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 judgements 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.

## 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 affairs of the company as at 31 December 2006 and of 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 directors' report is consistent with the financial statements.



Grant Thornton UK LLP  
Chartered Accountants and Registered Auditors  
Birmingham, England  
5 October 2007

## Profit and Loss Account

for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover – continuing operations	2	9,841,173	8,706,513
Cost of sales		(5,291,189)	(4,723,963)
		<hr/>	<hr/>
Gross profit		4,549,984	3,982,550
Distribution costs		(658,319)	(600,725)
Administrative expenses		(1,895,183)	(2,064,020)
		<hr/>	<hr/>
Operating profit	3	1,996,482	1,317,805
Other interest receivable and similar income	6	-	2,105
Interest payable	6	(68,670)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,927,812	1,319,910
Taxation	7	339,536	(237,353)
		<hr/>	<hr/>
Profit on ordinary activities after taxation	16	2,267,348	1,082,557
		<hr/>	<hr/>

There were no recognised gains and losses for the year other than those included in the profit and loss account

# Balance Sheet

at 31 December 2006

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Intangible assets	9	949,010	993,702
Tangible assets	10	96,582	112,637
Investments	11	34,237	8,910
		<hr/>	<hr/>
		1,079,829	1,115,249
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	12	684,550	570,748
Debtors	13	7,115,260	4,715,846
Cash at bank and in hand		546,186	475,964
		<hr/>	<hr/>
<b>Creditors</b> Amounts falling due within one year	14	8,345,996 (2,921,922)	5,762,558 (2,641,252)
		<hr/>	<hr/>
<b>Net current assets</b>		5,424,074	3,121,306
		<hr/>	<hr/>
<b>Net assets</b>		6,503,903	4,236,555
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	15	10,000	10,000
Profit and loss account	16	6,493,903	4,226,555
		<hr/>	<hr/>
<b>Shareholders' funds</b>	17	6,503,903	4,236,555
		<hr/>	<hr/>

The financial statements were approved by the Board on 5 October 2007 and signed on its behalf by



D Joseph  
Director



# Notes to the Financial Statements

31 December 2006

## 1. ACCOUNTING POLICIES

### Basis of accounting

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

### Consolidation

The financial statements present information about the company as an individual undertaking and not about its group. The company is a wholly owned subsidiary and is included in the consolidated accounts for a larger group. The company has, therefore, taken advantage of the exemptions provided by Section 228 of the Companies Act 1985 in not preparing group accounts

### Cash flow statement

The company has taken advantage of the exemption in FRS1 not to prepare a cash flow statement on the basis that the parent company is producing consolidated financial statements

### Turnover

Turnover derives from the company's principal activity. It excludes value added tax and trade discounts and represents the value of goods and services provided in respect of the period to which they relate. Amounts invoiced prior to the year end in respect of services to be provided in the following year are included in deferred income

### Intangible fixed assets

Intangible fixed assets are stated at cost, and are amortised on a straight-line basis over the following periods

Intellectual property	20 years
Goodwill	20 years

The amortisation period for goodwill has been chosen because it reflects its useful economic life

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation

Depreciation is provided to write off the cost of tangible fixed assets as follows

Plant and machinery	-	50% per annum on cost	-
Fixtures and fittings	-	25% per annum on cost	
Motor vehicles	-	25% per annum on cost	

### Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term

### Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow-moving items. Costs include all direct expenditure

# Notes to the Financial Statements

31 December 2006

## 1. ACCOUNTING POLICIES (Continued)

### Deferred taxation

Deferred tax is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements. It is only provided for to the extent that it is material.

### Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction.

Foreign currency assets and liabilities held at the balance sheet date are re-translated at the exchange rates ruling at the date. Any resulting exchange profit or loss is dealt with in the profit and loss account.

### Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

### Pension costs

The company operates a defined contribution scheme in respect of its employees. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year.

## 2. SEGMENTAL INFORMATION

Turnover split by geographical market is as follows

	2006 £	2005 £
United Kingdom	2,510,279	2,556,323
Rest of Europe	3,990,824	4,195,814
USA	1,925,153	1,651,129
Other	1,414,917	303,247
	<hr/>	<hr/>
	9,841,173	8,706,513
	<hr/>	<hr/>

## 3. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting)

	2006 £	2005 £
Depreciation of tangible fixed assets	55,481	56,813
Amortisation of intangible assets	55,350	49,530
Operating lease charges	32,400	37,300
Fees payable to the company's auditors for the audit of the financial statements	25,500	21,100
Fees payable to the company's auditors for other services		
- taxation	9,250	35,113
- other services	-	-
	<hr/>	<hr/>

# Notes to the Financial Statements

31 December 2006

## 4 DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Directors' emoluments	258,200	249,200
Pension costs	10,000	10,000
	<u>268,200</u>	<u>259,200</u>

The emoluments of the highest paid director were £134,100 (2005 £129,600)

In 2006 there were 2 directors accruing retirement benefits under defined contribution money purchase schemes (2005 2)

## 5 STAFF COSTS

Staff costs, excluding costs relating to directors, were as follows

	2006 £	2005 £
Wages and salaries	2,064,915	1,323,163
Social security costs	212,294	172,186
Pension costs	73,345	58,712
	<u>2,350,554</u>	<u>1,554,061</u>

The staff of the company worked in the following activities

	2006 No	2005 No
Editorial	13	12
Advertising	15	16
Corporate	6	8
	<u>34</u>	<u>36</u>

## 6. INTEREST

Interest receivable and similar income

	2006 £	2005 £
Bank Interest	-	2,105

Interest payable and similar costs

	2006 £	2005 £
Exchange rate movements	68,670	-

# Notes to the Financial Statements

31 December 2006

## 7. TAXATION

	2006 £	2005 £
<b>Current taxation</b>		
United Kingdom Corporation tax	24,067	330,459
Adjustments in respect of prior years	(326,753)	(23,780)
	<u>(302,686)</u>	<u>306,679</u>
<b>Deferred taxation</b>		
Net origination	(17,684)	(27,045)
Adjustments in respect of prior years	(19,186)	(42,281)
	<u>(36,870)</u>	<u>(69,326)</u>
<b>Total taxation charge</b>	<u><u>(339,536)</u></u>	<u><u>237,353</u></u>

The tax assessed for the year differs from the standard rate of tax as follows

	2006 £	2005 £
Profit on ordinary activities before tax	1,927,812	1,319,910
Profit on ordinary activities at standard rate of tax 30% (2004 30%)	578,344	395,973
Expenses not deductible for tax purposes	50,351	30,458
Adjustments in respect of prior years	(326,753)	(23,780)
Capital allowances in excess of depreciation	20,206	5,284
Short term timing differences	(2,522)	21,761
Group relief not paid for	(622,312)	(123,017)
	<u>(302,686)</u>	<u>306,679</u>

There is a provided deferred tax asset in the company of

	<b>Amounts provided</b>	
	2006 £	2005 £
Accelerated capital allowances	(66,096)	(26,704)
Other timing differences	(40,100)	(42,622)
	<u>(106,196)</u>	<u>(69,326)</u>

# Notes to the Financial Statements

31 December 2006

## 8. PENSION COSTS

The pension cost charge for the year amounted to £73,345 (2005 £23,342)

The amount of outstanding contributions at the end of the year was £Nil (2005 £52,074)

## 9. INTANGIBLE FIXED ASSETS

	Goodwill £	Other intangibles £	Total £
<b>Cost</b>			
At 1 January 2006	528,086	528,087	1,056,173
Additions	-	10,658	10,658
	<hr/>	<hr/>	<hr/>
At 31 December 2006	528,086	538,745	1,066,831
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 January 2006	31,236	31,235	62,471
Charged in year	27,675	27,675	55,350
	<hr/>	<hr/>	<hr/>
At 31 December 2006	58,911	58,910	117,821
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2006	469,175	479,835	949,010
	<hr/>	<hr/>	<hr/>
At 31 December 2005	496,850	496,852	993,702
	<hr/>	<hr/>	<hr/>

# Notes to the Financial Statements

31 December 2006

## 10 TANGIBLE ASSETS

	Plant and machinery £	Fixtures, fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2006	96,641	55,548	14,355	166,544
Additions	57,705	6,638	-	64,343
Disposals	(26,185)	-	-	(26,185)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	128,161	62,186	14,355	204,702
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2006	33,220	17,995	2,692	53,907
Depreciation for the year	37,388	14,505	3,588	55,481
Disposals	(1,268)	-	-	(1,268)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	69,340	32,500	6,280	108,120
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2006	58,821	29,686	8,075	96,582
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	63,421	37,553	11,663	112,637
	<hr/>	<hr/>	<hr/>	<hr/>

## 11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Shares in joint ventures £	Total £
At 1 January 2006	2,970	5,940	8,910
Additions	-	25,327	25,327
	<hr/>	<hr/>	<hr/>
At 31 December 2006	2,970	31,267	34,237
	<hr/>	<hr/>	<hr/>

During the year the company increased its investment in Linkfern Limited. The % of share capital held remained unchanged.

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

	Country of registration or incorporation	Principal activity	Shares held Class	%
BI USA Inc	USA	Publishing	Ordinary	100
Edisea USA Inc	USA	Publishing	Ordinary	100
Linkfern Limited	Cyprus	Publishing	Ordinary	50
SuperYacht Media Limited UK	UK	Publishing	Ordinary	50

# Notes to the Financial Statements

31 December 2006

## 12 STOCKS

	2006 £	2005 £
Finished goods and goods for resale	684,550	570,748

The replacement cost of the above stocks would not be significantly different from the values stated

## 13. DEBTORS

	2006 £	2005 £
Trade debtors	1,562,722	1,502,971
Group balances	4,092,635	2,383,797
Amounts due from related parties	340,920	122,807
Other debtors	164,111	334,414
Prepayments and accrued income	848,676	302,531
Deferred tax asset (note 7)	106,196	69,326
	<u>7,115,260</u>	<u>4,715,846</u>

Included within other debtors is £200,000 that is being held by the bank as collateral on the facilities held

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank overdrafts (secured – note 19)	349,370	29,637
Trade creditors	592,137	548,139
Corporation tax	11,419	326,753
Other taxation and social security	118,850	93,249
Amounts owed to group undertakings	1,448,072	1,185,236
Amounts owed to related party	81	-
Other creditors	38,512	27,829
Accruals and deferred income	363,481	430,409
	<u>2,921,922</u>	<u>2,641,252</u>

## 15. SHARE CAPITAL

	2006 £	2005 £
<b>Authorised</b>		
10,000 ordinary shares of £1 each	10,000	10,000
<b>Allotted, called up and fully paid</b>		
10,000 ordinary shares of £1 each	10,000	10,000

# Notes to the Financial Statements

31 December 2006

## 16. RESERVES

	Profit and loss account £
At 1 January 2006	4,226,555
Retained for the year	2,267,348
	<hr/>
At 31 December 2006	6,493,903
	<hr/>

## 17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	2,267,348	1,082,557
Dividends	-	-
	<hr/>	<hr/>
Opening shareholders' funds	2,267,348 4,236,555	1,082,557 3,153,998
	<hr/>	<hr/>
Closing shareholders' funds	6,503,903	4,236,555
	<hr/>	<hr/>

## 18 CONTINGENT LIABILITIES

The Bank holds a composite guarantee between BIP1 Limited and BIP2 Limited, Boat International Publications Limited, Edisea Limited, Boat International Holdings 1 Limited, Boat International Holdings 2 Limited and Boar International Group Limited. The total indebtedness covered by the composite guarantee amounts to £14,000,000 (2005 £5,850,000). The bank also have a fixed and floating charge over all the current and future assets of the company.

## 19. OPERATING LEASE COMMITMENTS

The company's commitments under operating leases for the next year are for leases expiring

	2006 £	2005 £
Land and buildings, leases expiring		
Within one year	32,400	27,300
Within two to five years	-	10,000
	<hr/>	<hr/>
	32,400	37,300
	<hr/>	<hr/>



## Notes to the Financial Statements

31 December 2006

### 20 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in 'FRS8 Related Party Disclosures' (FRS8) from disclosing transactions with other group companies

At the balance sheet date, the company owed £159,764 (2005 £5,940) to and was owed £140,737 (2005 £290,787) by Linkfern Limited

During the year the company was invoiced £110,408 (2005 £86,310) for accountant services by Integral 2 Limited, a company in which David Joseph is a director. There was no balance with Integral 2 Limited outstanding at the year end

### 21 ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Boat International Publications Limited. The company considers its ultimate parent undertaking to be Boat International Media Limited. Copies of the group financial statements of Boat International Group Limited, being the smallest group preparing group financial statements which include Edisea Limited, may be obtained from Companies House Crown Way, Maundy, Cardiff, CF14 3UZ

The largest group preparing group financial statements which include Edisea Limited is Boat International Media Limited whose accounts can also be obtained from this address

The majority shareholder of the ultimate parent company is August Equity Partners IV GP Limited