

VIACOM OUTDOOR LIMITED

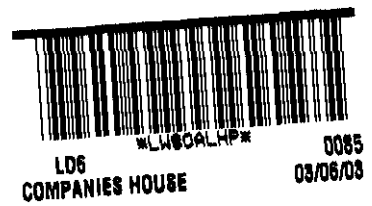
(formerly TDI Advertising Limited)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2001**

REGISTERED NUMBER

2866133



VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The Directors present their report on the affairs of the Company, together with the financial statements and Auditors' Report for the year ended 31 December 2001.

Principal Activity

The principal activity of the Company is that of a poster advertising contractor, operating primarily in relation to transportation systems.

Business Review & Future Developments

On 20 June 2001, the company changed its name from TDI Advertising Limited to Viacom Outdoor Limited.

The results for the year are shown in the attached Financial Statements. The Company successfully negotiated exclusive long term advertising management agreements with certain public transport operators, which the directors consider gives the Group a sound base for the future.

Dividends and Transfer to Reserves

No dividend was paid during the year (2000 - nil). The directors do not recommend payment of a final dividend (2000 - nil). The profit for the year retained in the Company is £15,675,000 (2000 - £15,175,000), which will be transferred to reserves.

Directors and their Interests

The Directors who held office during the period were: -

R.J. Haynes	
J.F. Swainson	
M. Karmazin	
F. Suleman	(resigned 15 March 2002)
M. Baker-Munton	
A. Oldham	
T. S. Haut	
T. Goddard	
C. Punter	

No Director held any disclosable interest in the issued share capital of the Company during the period.

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

Employees

Management holds frequent meetings with Employees and their representatives and encourages all staff to participate fully in the development of the business. The company also operates a number of incentive schemes.

The Company recognises its obligations to give disabled people full and fair consideration for all vacancies. Wherever reasonable and practicable the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

Auditors

On 1 January 2003, PricewaterhouseCoopers formed a Limited Liability Partnership. Consequently, PricewaterhouseCoopers resigned as auditors to Viacom Outdoor Limited and the directors appointed PricewaterhouseCoopers LLP to fill a casual vacancy. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the next Annual General Meeting.

Directors' responsibilities in respect of the preparation of financial statements

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 2001 and that applicable accounting standards have been followed.

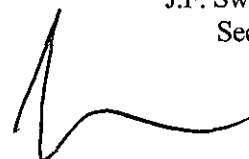
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

London
30 May 2003

Registered Office
28 Jamestown Road
London NW1 7BY

By Order of the Board

J.F. Swainson
Secretary



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)

We have audited the financial statements which comprise the profit and loss account, the reconciliation of movements in shareholders' funds and the balance sheet, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 of the state of the company's affairs at 31 December 2001 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,
London, 30 May 2003

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	<u>2001</u> £000	<u>2000</u> £000
Turnover	(2)	123,050	117,917
Cost of sales		(78,679)	(73,944)
Gross Profit		44,371	43,973
Administration expenses		(22,099)	(21,231)
Operating profit		22,272	22,742
Interest receivable (net)	(3)	915	514
Profit on ordinary activities before taxation	(3)	23,187	23,256
Tax on profit on ordinary activities	(6)	(7,512)	(8,081)
Profit on ordinary activities after taxation		15,675	15,175
Retained profit for the financial year	(13)	15,675	15,175

The results for the year are wholly attributable to the continuing operations of the company. The Company had no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses is presented. There are no differences between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2001

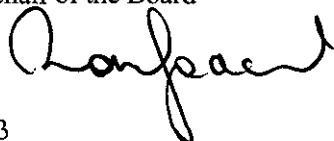
	<u>2001</u> £000	<u>2000</u> £000
Profit for the financial year	15,675	15,175
	<hr/>	<hr/>
Net addition to shareholders' funds	15,675	15,175
Opening shareholders' funds	37,324	22,149
	<hr/>	<hr/>
Closing shareholders' funds	52,999	37,324
	<hr/>	<hr/>

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
BALANCE SHEET AS AT 31 DECEMBER 2001

	Note	<u>2001</u> £000	<u>2000</u> £000
FIXED ASSETS			
Tangible assets	(7)	5,049	2,055
Investments	(8)	3,066	5,141
		<hr/>	<hr/>
		8,115	7,196
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	(9)	65,390	49,534
Cash at bank and in hand		19,643	13,747
		<hr/>	<hr/>
		85,033	63,281
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	(10)	(38,721)	(32,325)
		<hr/>	<hr/>
NET CURRENT ASSETS		46,312	30,956
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		54,427	38,152
		<hr/>	<hr/>
Creditors: Amounts falling due after one year	(10)	(828)	(828)
		<hr/>	<hr/>
Provisions for liabilities and charges	(10)	(600)	-
		<hr/>	<hr/>
NET ASSETS		52,999	37,324
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share Capital	(11)	650	650
Share premium account	(12)	2	2
Profit and loss account	(13)	52,347	36,672
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS		52,999	37,324
		<hr/>	<hr/>

Signed on behalf of the Board

T Goddard



Director

30 May 2003

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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.

a) Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. As a wholly-owned subsidiary of a company incorporated in Great Britain which prepares consolidated financial statements, the company is exempt, under section 228 of the Companies Act 1985, from preparing consolidated financial statements.

The Company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it was a wholly owned subsidiary undertaking of TDI Holdings Limited at the year end and its cash flows are included within the consolidated cash flow statement of that company.

The company has taken advantage of the exemption provided under Financial Reporting Standard No. 8 (for subsidiary undertakings whose voting rights are more than 90% controlled within the group) from disclosing group related party transactions and balances. The financial statements of TDI Holdings Limited, in which these results are included, are publicly available.

Financial Reporting Standard No. 18 has been adopted in these financial statements. There has been no resultant change in any of the company's accounting policies.

b) Fixed assets and depreciation

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements – 10 years

Vehicles, plant and machinery - 4 to 10 years

Computer equipment - 3 to 5 years

Investments in subsidiaries are held at the lower of cost and the estimated value of the underlying assets.

c) Leases

Rental charges relating to operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease.

d) Pensions

The company operates a defined contribution pension scheme. The pension cost charge represents contributions payable to the fund in respect of the accounting period.

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

e) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on a liability method only to the extent that it is probable that an actual liability will crystallise.

f) Turnover

Turnover represents the amounts (excluding the value added tax) derived from the provision of goods and services to customers during the year, net of commissions and discounts.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Attributable pre-tax		Attributable pre-tax	
	Turnover	Profit	Turnover	Profit
	<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>2000</u>
	£000	£000	£000	£000
All turnover and profit was earned in the United Kingdom and derived from Poster Advertising Contracting	123,050	23,187	119,158	23,256

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on Ordinary Activities before taxation is arrived at after charging/(crediting) the following:

	<u>2001</u>	<u>2000</u>
	£000	£000
Auditors' remuneration for audit	20	35
Auditors' remuneration for non-audit work	84	47
Depreciation on tangible fixed assets	1,085	1,159
Write down of investments	2,075	2,608
Operating leases and renting agreement charges - other assets	1,385	1,127
Interest receivable - bank	(911)	(528)
Interest receivable - group undertakings	(6)	(6)
Other interest payable/(receivable)	2	20
	<u>915</u>	<u>(514)</u>

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

4. EMOLUMENTS OF DIRECTORS

	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
Emoluments	754	651
Company pension contributions to money purchase schemes	32	30
	-----	-----
	786	681
	-----	-----
Highest paid director		
Emoluments and benefits	184	127
Company pension contributions to money purchase schemes	7	7
	-----	-----
	191	134
	-----	-----

Retirement benefits were accruing to 5 directors (2000 – 5) under money purchase schemes. Messrs. Karmazin and Suleman are directors of Viacom Outdoor Limited to represent the interests of the US parent company and receive no emoluments in respect of services to the UK company.

5. STAFF NUMBERS AND COSTS

The average weekly number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows:

	<u>2001</u>	<u>2000</u>
Sales and Marketing	232	208
Operations	236	196
Administration	66	60
	-----	-----
	534	464
	-----	-----

The aggregate payroll costs of these persons were as follows:

	<u>£000</u>	<u>£000</u>
Wages and salaries	15,218	13,955
Social security costs	1,355	1,613
Other pension costs	580	487
	-----	-----
	17,153	16,055
	-----	-----

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

6. TAXATION

	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
UK Corporation Tax at 30% (2000 – 30%) on the profits of the year	7,512	8,081
	—	—

7. TANGIBLE FIXED ASSETS

	<u>Leasehold</u> <u>Improvements</u> <u>£000</u>	<u>Computer</u> <u>Equipment</u> <u>£000</u>	<u>Vehicles</u> <u>Plant and</u> <u>Machinery</u> <u>£000</u>	<u>Total</u> <u>£000</u>
COST				
At 1 January 2001	773	1,478	2,375	4,626
Additions	828	850	2,401	4,079
	—	—	—	—
At 31 December 2001	1,601	2,328	4,776	8,705
	—	—	—	—
DEPRECIATION				
At 1 January 2001	241	921	1,409	2,571
Charge for year	77	503	505	1,085
	—	—	—	—
At 31 December 2001	318	1,424	1,914	3,656
	—	—	—	—
NET BOOK VALUE				
At 31 December 2000	532	557	966	2,055
	—	—	—	—
At 31 December 2001	1,283	904	2,862	5,049
	—	—	—	—

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

8. <u>FIXED ASSET INVESTMENTS</u>	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
Investment in subsidiaries	16,107	16,107
Additions	-	-
Less: provisions	(13,041)	(10,966)
	<hr/>	<hr/>
	3,066	5,141
	<hr/>	<hr/>

Additional provisions of £2,075,000 (2000: £2,608,000) were made during the year.

The company owns, directly or through subsidiaries, the whole of the issued share capital of:

	<u>Country of incorporation</u>	<u>Principal activity</u>
TDI (BP) Limited	England & Wales	Poster advertising contractor
TDI (FB) Limited	England & Wales	Poster advertising contractor
Outdoor Images Limited	England & Wales	Poster advertising contractor
TDI Buses Limited	England & Wales	Poster advertising contractor
TDI Transit Advertising Limited	England & Wales	Poster advertising contractor
Metrobus Advertising Limited	England & Wales	Poster advertising contractor

The company also owns, directly or through subsidiaries, 75% of the issued share capital of:

	<u>Country of incorporation</u>	<u>Principal activity</u>
TDI Mail Holdings Limited	England & Wales	Holding company
Ripple Vale Holdings Limited	British Virgin Islands	Holding company
Sky Blue Investments Limited	Jersey	Holding company
TDI Metro (NI) Limited	Northern Ireland	Poster advertising contractor

9. <u>DEBTORS</u>	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
Due within one year:		
Trade debtors	27,768	25,868
Amounts due from parent undertaking	29,515	13,220
Amounts owed by fellow subsidiary undertakings	2,567	6,194
Amounts owed by subsidiary undertakings	3,924	2,994
Other debtors	995	337
Prepayments and accrued income	621	921
	<hr/>	<hr/>
	65,390	49,534
	<hr/>	<hr/>

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

10. CREDITORS

	<u>2001</u>	<u>2000</u>
	£000	£000
Amounts falling due within one year:		
Trade creditors	245	531
Amounts owed to fellow subsidiary undertakings	2,945	-
Amounts owed to subsidiary undertakings	5,155	5,153
Corporation tax	6,170	5,625
Other taxation and social security	2,722	2,271
Accruals and deferred income	21,484	18,745
	<hr/>	<hr/>
	38,721	32,325
	<hr/>	<hr/>

Amounts falling due after one year:

Deferred consideration on acquisition of TDI Transit Advertising Limited	828	828
	<hr/>	<hr/>

The above amount of £828,000 will be offset against a similar amount of indebtedness due from the vendor to TDI Transit Advertising Limited.

Provisions for liabilities and charges:

Provision for obligations under onerous lease of vacated premises	600	-
	<hr/>	<hr/>

11. CALLED UP SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
	£000	£000
Authorised 650,000 ordinary shares of £1 each	650	650
	<hr/>	<hr/>
Allotted, called up and fully paid 650,000 ordinary shares of £1 each	650	650
	<hr/>	<hr/>

12. SHARE PREMIUM ACCOUNT

	<u>2001</u>	<u>2000</u>
	£000	£000
At 31 December	2	2
	<hr/>	<hr/>

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

13. PROFIT AND LOSS RESERVE

	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
Balance brought forward	36,672	21,497
Retained profit for the year	15,675	15,175
	—	—
Balance carried forward	52,347	36,672
	—	—

14. COMMITMENTS

The Company had annual commitments under non-cancellable operating leases and other arrangements as follows:

	Land and Buildings	Other	Land and Buildings	Other
	<u>2001</u> <u>£000</u>	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>	<u>2000</u> <u>£000</u>
Operating leases, renting and other agreements, which expire:				
Within one year	33	153	-	61
In two to five years inclusive	91	363	94	495
Over five years	1,523	-	438	-
	—	—	—	—
	1,647	510	532	556
	—	—	—	—

In the normal course of business and in line with accepted practice in the industry in which it operates, the Company has entered into contracts to provide advertising services to site owners. The terms of these contracts include commitments to pay minimum guaranteed fees to the site owners concerned, which are not included in the above table.

15. PENSIONS

During the period certain of the Company's employees were members of the TDI Pension Scheme.

The TDI scheme, a money purchase scheme, is an exempt approved scheme under Chapter 1 of Part XIV of the Taxes Act. The assets of the scheme are held in trust in an independently managed fund and are therefore completely separate from the assets of the Company. The pension scheme is independently advised and its accounts are independently audited. The pension cost relating to the scheme for the year was £577,000 of which £79,000 was accrued and unpaid at the year end.

VIACOM OUTDOOR LIMITED (formerly TDI Advertising Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

16. CONTINGENT LIABILITY

Under the terms of certain leases of properties occupied by the company, there is an obligation on the company to maintain and reinstate those properties. The first of these leases expires in 2007 and at this stage the directors do not consider a provision is necessary as it is anticipated that future maintenance expenditure will mitigate any liability.

17. DEFERRED TAX

At 31 December 2001, the company had a deferred tax asset of £295,000 (2000: £272,000). Of this balance, £235,000 (2000: £215,000) arose due to the difference between capital allowances and depreciation, and £60,000 (2000: £57,000) arose due to short-term timing differences.

18. HOLDING COMPANY

The smallest group into which the company is consolidated is headed by TDI Holdings Limited, which is registered in England and Wales. The largest group into, which the company is consolidated, is headed by Viacom Inc., of the United States of America, a company listed on the New York Stock Exchange. The directors consider LDI Limited the immediate controlling company, and Viacom Inc. the ultimate controlling company. Copies of the consolidated financial statements are available from 28 Jamestown Road, London, NW1 7BY.