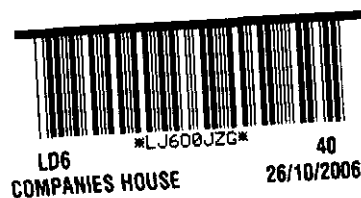


IPC Magazines Holdings Limited

Report and financial statements for the year ended

31 December 2005



Directors' report

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

Activities

The company is the immediate holding company of IPC Media Limited, whose main activity is consumer magazine publishing. The directors do not anticipate any future changes in this activity.

Results and dividends

The profit for the year after taxation amounted to £39,961,000 (2004 - loss of £26,960,000). Interim dividends of £40,000,000 were proposed and paid in the year (2004 - £nil). The directors do not recommend the payment of a final dividend (2004 - £nil).

Directors and their interests

W R Aley (resigned 4 January 2005)
R G Atkinson (resigned 31 December 2005)
S J Auton
R J Evans
S K Evans (appointed 4 January 2005)
H N Rosen (appointed 28 February 2006)

Company Secretaries

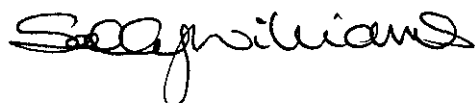
J S Redpath Jr
S J Williams

None of the directors had any beneficial interests in the shares of the company or any other group undertakings, as recorded in the register of directors' interests at the year end, which require disclosure in the financial statements.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to shareholders at the forthcoming annual general meeting.

Approved by the Board of Directors
and signed by order of the Board



S J Williams
Company Secretary
King's Reach Tower
Stamford Street
London
SE1 9LS

26 September 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- state whether applicable 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent auditors' report to the members of IPC Magazines Holdings Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the profit and loss account, balance sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 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 members 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 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 with the company 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.

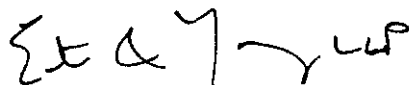
Basis of audit opinion

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.

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.



Ernst & Young LLP
Registered Auditor
London

27 September 2006

IPC Magazines Holdings Limited

Profit and loss account for the year ended 31 December 2005

	Note	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Dividends received		67,000	-
Interest payable and similar charges	4	<u>(27,039)</u>	<u>(26,960)</u>
Profit/(loss) on ordinary activities before taxation		39,961	(26,960)
Tax on profit/(loss) on ordinary activities	5	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities after taxation		39,961	(26,960)
Dividends on equity shares	6	<u>(40,000)</u>	<u>-</u>
Retained loss for the financial year	10	<u>(39)</u>	<u>(26,960)</u>

All activities relate to continuing operations.

There are no recognised gains or losses for the current financial year or the preceding financial year other than those stated in the profit and loss account.

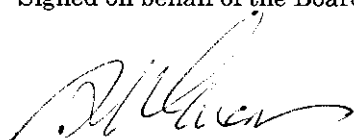
IPC Magazines Holdings Limited

Balance sheet

as at 31 December 2005

	Note	31 December 2005 £'000	31 December 2004 £'000
Fixed assets			
Investments	7	<u>784,000</u>	<u>784,000</u>
Total assets less current liabilities		<u>784,000</u>	<u>784,000</u>
Creditors: amounts falling due after more than one year	8	<u>(575,999)</u>	<u>(575,960)</u>
Total net assets		<u>208,001</u>	<u>208,040</u>
Capital and reserves			
Called up share capital	9	235	235
Share premium account	10	234,765	234,765
Profit and loss account	10	<u>(26,999)</u>	<u>(26,960)</u>
Equity shareholders' funds	10	<u>208,001</u>	<u>208,040</u>

These financial statements were approved by the Board of Directors on 26 September 2006.
Signed on behalf of the Board of Directors



S K Evans
Director

Notes to the financial statements
for the year ended 31 December 2005

1 Accounting policies

Basis of accounting

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under Section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member State of the European Union.

Under the provisions of Financial Reporting Standard 1 - 'Cash Flow Statements', the company has not prepared a cash flow statement because it is a wholly owned subsidiary of Time Warner Holdings Limited, which is incorporated in Great Britain and has prepared consolidated financial statements which include the financial statements of the company and which contain a cash flow statement.

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Fixed asset investments

Investments are shown at cost less provision, if appropriate, for any impairment in value.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax balances are not discounted.

2 Directors and employees

The directors did not receive any emoluments for their services as directors of the company (2004 - £nil).

The company had no other employees during the year (2004 - nil).

3 Auditors' remuneration

The auditors' remuneration in the current and preceding financial years has been borne by another group undertaking. There were no other payments to the auditors.

4 Interest payable and similar charges

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Interest payable to group undertakings	<u>27,039</u>	<u>26,960</u>

Notes to the financial statements
for the year ended 31 December 2005

5 Tax on profit/(loss) on ordinary activities

There is no tax charge/(credit) based on the results for the current financial year or the preceding financial year.

Circumstances affecting current tax

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2004 - 30%). The current tax for the year differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Profit/(loss) on ordinary activities before tax	<u>39,961</u>	<u>(26,960)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	11,988	(8,088)
Factors affecting the charge/(credit):		
Group relief surrendered for nil consideration	8,112	8,088
Other - UK dividend income not taxable	<u>(20,100)</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

6 Dividends on equity shares

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Equity dividends on ordinary shares		
Interim dividends	40,000	-
	<u>40,000</u>	<u>-</u>

7 Fixed asset investments

	Shares in subsidiary undertakings £'000
At 1 January 2005 and 31 December 2005	<u>784,000</u>

The company's fixed asset investment relates to its 100% interest in the ordinary share capital of IPC Media Limited, a company incorporated in Great Britain and registered in England and Wales.

Notes to the financial statements

for the year ended 31 December 2005

8 Creditors: amounts falling due after more than one year

	31 December 2005 £'000	31 December 2004 £'000
Amount owed to parent undertaking	<u>575,999</u>	<u>575,960</u>

9 Called up share capital

	31 December 2005 £'000	31 December 2004 £'000
Authorised		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>
Called up, allotted and fully paid		
235,002 ordinary shares of £1 each	<u>235</u>	<u>235</u>

10 Reconciliation of movements in shareholders' funds and movement in reserves

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	235	234,765	-	235,000
Loss for the year	-	-	(26,960)	(26,960)
At 31 December 2004	235	234,765	(26,960)	208,040
Loss for the year	-	-	(39)	(39)
At 31 December 2005	<u>235</u>	<u>234,765</u>	<u>(26,999)</u>	<u>208,001</u>

11 Related party transactions

The company has taken advantage of the exemption granted under paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions with fellow members of the group where 90% or more of the voting rights are controlled within the group.

12 Parent undertakings

The immediate parent undertaking is International Publishing Corporation Limited.

Time Warner Holdings Limited is the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Time Warner Holdings Limited is registered in England and Wales and copies of its financial statements may be obtained from the Registrar of Companies in Cardiff.

Time Warner Inc., a company incorporated in the United States of America, is the ultimate parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.