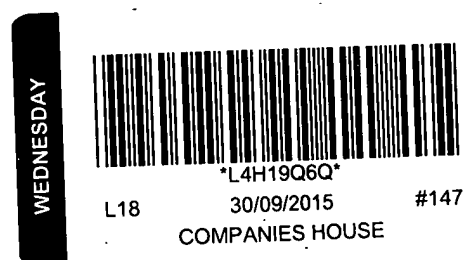


IPC Magazines Holdings Limited

Report and financial statements for the year ended

31 December 2014



Strategic report

The directors present their strategic report for the year ended 31 December 2014.

The loss for the year amounted to £1.2m (2013 - £nil). Net assets at year end were £312.1m (2013 - £313.3m).

The company is part of a group of undertakings, whose main activity is magazine and digital publishing. The principal operating company in this group is Time Inc. (UK) Ltd. The company subscribed for one further share in Time Inc. (UK) Ltd for a consideration of £92.0m which was financed by an intercompany loan from Time UK Publishing Holdings Ltd.

On 6 June 2014, Time Inc. became the company's ultimate parent company.

The business risks facing the company are the same as those facing its ultimate parent company Time Inc. A detailed description of these risks is set out in Time Inc.'s 10-K Annual Report filing which is available online at the Time Inc. investor relations site:

<https://invest.timeinc.com/invest/invest-overview/default.aspx>

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



S J May
Director
Blue Fin Building
110 Southwark Street
London
SE1 0SU

29 September 2015

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Dividends

No equity dividends were proposed or paid during the year (2013 - £nil).

Directors

The directors during the year and subsequently were:

J J Bairstow
R J Evans (resigned 11 July 2014)
S K Evans (resigned 15 July 2014)
D M Mair (resigned 23 April 2014)
M A Rich (appointed 18 March 2014)
C L Meredith (appointed 14 July 2014)
S J May (appointed 13 October 2014)

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 2006.

Company Secretary

L E Klein

Directors' indemnity

The company has granted indemnities to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. This qualifying third party indemnity provision was in force throughout the period and remains in force as at the date of approving the directors' report.

Disclosure of information to the auditors

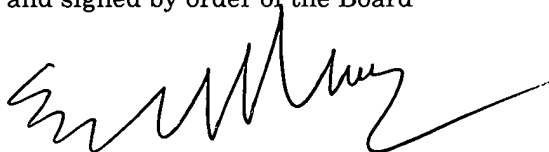
As far as each person who was a director at the date of approving this report is aware there is no relevant information of which the company's auditors are unaware. Directors have taken all the steps they ought to take as directors to make themselves aware of relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report (continued)

Going concern

Time Inc., the company's ultimate parent company, has confirmed that, if required, it will provide financial support to the company during the year following the approval of the accounts. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future thus they consider that it is appropriate to prepare the financial statements on a going concern basis.

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

A handwritten signature in black ink, appearing to read 'S J May', with a long horizontal flourish extending to the right.

S J May
Director
Blue Fin Building
110 Southwark Street
London
SE1 0SU

29 September 2015

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and 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). Under company law, the directors must not approve the financial statements unless they are satisfied that they 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 United Kingdom 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 auditor's report to the members of IPC Magazines Holdings Limited

We have audited the financial statements of IPC Magazines Holdings Limited for the year ended 31 December 2014 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

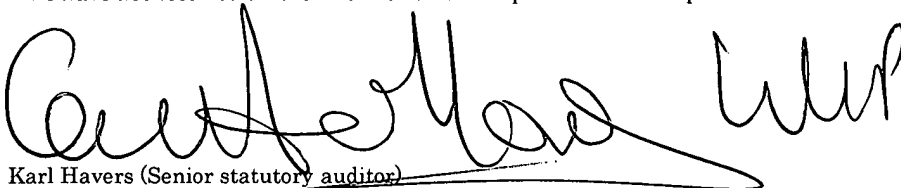
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Karl Havers (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, UK

29 September 2015

Profit and loss account
for the year ended 31 December 2014

	Note	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Interest payable and similar charges	4	<u>(1,197)</u>	<u>-</u>
Loss on ordinary activities before taxation		(1,197)	-
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Loss for the year	10	<u>(1,197)</u>	<u>-</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.

Balance sheet

as at 31 December 2014

	Note	31 December 2014 £'000	31 December 2013 £'000
Fixed assets			
Investments	6	<u>405,347</u>	<u>313,300</u>
Creditors: amounts falling due within one year	7	<u>(1,197)</u>	<u>-</u>
Net current liabilities		<u>(1,197)</u>	<u>-</u>
Creditors: amounts falling due after more than one year	8	<u>(92,047)</u>	<u>-</u>
Total net assets		<u><u>312,103</u></u>	<u><u>313,300</u></u>
Capital and reserves			
Called up share capital	9	55	55
Share premium account	10	45	45
Profit and loss account	10	<u>312,003</u>	<u>313,200</u>
Equity shareholders' funds	10	<u><u>312,103</u></u>	<u><u>313,300</u></u>

These financial statements were approved by the Board of Directors on 29 September 2015.
Signed on behalf of the Board of Directors



S J May
Director

Notes to the financial statements
for the year ended 31 December 2014

1 Accounting policies

Basis of preparation

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under Section 400 of the Companies Act 2006 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 Inc., which is incorporated in the United States of America, and which has prepared consolidated financial statements which are publicly available.

Time Inc., the company's ultimate parent company, has confirmed that, if required, it will provide financial support to the company during the year following the approval of the accounts. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future thus they consider that it is appropriate to prepare the financial statements on a going concern basis.

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 qualifying services as directors of the company (2013 - £nil).

The company had no other employees during the year (2013 - nil).

3 Auditors' remuneration

The auditors' remuneration in the current and preceding financial years is included in the fee disclosed in the financial statements of Time Inc. (UK) Ltd. There were no other payments to the auditors.

Notes to the financial statements
for the year ended 31 December 2014

4 Interest payable and similar charges

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Interest payable to group undertakings	<u>1,197</u>	<u>-</u>

5 Tax on loss on ordinary activities

There is no tax charge 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 21.5% (2013 - 23.25%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Loss on ordinary activities before tax	<u>(1,197)</u>	<u>-</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	(257)	-
Factors affecting the charge:		
Group relief surrendered for nil consideration	<u>257</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

Factors affecting future tax charges

The Finance Act 2013, enacted in July 2013, included legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The effect of this change on the deferred tax balances has been included in the figures within these accounts.

Summer Finance Bill 2015 includes proposed changes to the future mainstream corporation tax rate. From 1 April 2017 the rate will reduce from 20% to 19% and from 1 April 2020 the rate will reduce further to 18%. As these changes have not yet been substantively enacted, they are not reflected in the figures in these accounts.

It is not yet possible to quantify the impact of these rate changes upon current tax.

Notes to the financial statements
for the year ended 31 December 2014

6 Fixed asset investments

	Shares in subsidiary undertakings £'000
At 1 January 2014	313,300
Additions	92,047
At 31 December 2014	<u>405,347</u>

The company's fixed asset investment relates to its 100% interest in the ordinary share capital of Time Inc. (UK) Ltd, a company incorporated in Great Britain and registered in England and Wales.

The main activity of Time Inc. (UK) Ltd is magazine and digital publishing.

On 14 July 2014 the company subscribed for one further share in Time Inc. (UK) Ltd for a consideration of £92.0m.

7 Creditors: amounts falling due within one year

	31 December 2014 £'000	31 December 2013 £'000
Amounts owed to group undertakings	<u>1,197</u>	<u>-</u>

Amounts owed to group undertakings consist of interest payable on the loan payable to Time UK Publishing Holdings Limited.

8 Creditors: amounts falling due after more than one year

	31 December 2014 £'000	31 December 2013 £'000
Amounts owed to group undertakings	<u>92,047</u>	<u>-</u>

On 14 July 2014 the company entered into a loan agreement with Time UK Publishing Holdings Limited whereby Time UK Publishing Holdings Limited loaned the company £92.0m. The loan is repayable on 14 July 2019. Interest is calculated at a rate per annum equal to LIBOR plus an applicable margin of 2.25% and is payable quarterly in arrears or as may otherwise be agreed by the parties.

Notes to the financial statements

for the year ended 31 December 2014

9 Called up share capital

	31 December 2014 £'000	31 December 2013 £'000
Called up, allotted and fully paid 548,670,002 ordinary shares of 0.01p each	<u>55</u>	<u>55</u>

10 Reconciliation of movements in shareholders' funds

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2013	55	45	313,200	313,300
Result for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	55	45	313,200	313,300
Loss for the year	<u>-</u>	<u>-</u>	<u>(1,197)</u>	<u>(1,197)</u>
At 31 December 2014	<u>55</u>	<u>45</u>	<u>312,003</u>	<u>312,103</u>

No equity dividends were proposed or paid on ordinary shares in respect of the year ended 31 December 2014 (2013 - £nil).

11 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 - 'Related Party Disclosures' from disclosing transactions with fellow members of the group where 90% or more of the voting rights are controlled within the group.

There were no material related party transactions during the year other than those set out below or disclosed elsewhere in the financial statements.

12 Parent undertakings

The company's immediate parent undertaking is International Publishing Corporation Limited.

Until 30 April 2014 Time Warner Holdings Limited was the parent undertaking of the smallest group of undertakings of which the company was a member and for which group financial statements were 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.

From 30 April 2014 Time Inc., a company incorporated in the United States of America, was the parent undertaking of the smallest group of undertakings of which the company was a member and for which group financial statements were drawn up. Copies of Time Inc.'s financial statements can be obtained from Time Inc., 1271 Avenue of the Americas, New York, NY 10020, USA.

Notes to the financial statements

for the year ended 31 December 2014

12 Parent undertakings (cont'd)

Until 6 June 2014 Time Warner Inc., a company incorporated in the United States of America, was the ultimate parent undertaking of the largest group of undertakings of which the company was a member and for which group financial statements were drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from Time Warner Inc., One Time Warner Center, New York, NY 10019, USA.

From 6 June 2014 Time Inc. became the ultimate parent undertaking of the largest group of undertakings of which the company was a member and for which group financial statements are drawn up. Copies of Time Inc.'s financial statements can be obtained from Time Inc., 1271 Avenue of the Americas, New York, NY 10020, USA.