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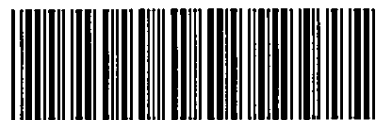
ARCHANT LIFESTYLE PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2007

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ARCHANT LIFESTYLE PLC

Registered Number 3550181

DIRECTORS

J A Fry
A D Jeakings
J O Ellison

SECRETARY

J O Ellison

AUDITORS

Ernst & Young LLP
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

REGISTERED OFFICE

Prospect House
Rouen Road
Norwich
NR1 1RE

ARCHANT LIFESTYLE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report together with the financial statements of the company for the year ended 31 December 2007

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £915,273 (2006 profit £912,870) The directors do not recommend the payment of a dividend

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is the intermediate holding company for the magazine interests of the Archant group of companies

Archant Life Limited, a subsidiary of the company, acquired The Living Edge Magazine Limited in January 2007, West Essex Life in February 2007 and WeddingLink Limited on 29 June 2007 The consideration for these acquisitions was £1,762,000

The company and its subsidiaries will continue to make acquisitions where they can add value to the group's existing portfolios

POST BALANCE SHEET EVENTS

On 22 February 2008, Archant Life Limited, a subsidiary of the company, acquired four free distribution magazines on the south coast of England The magazines have an annual turnover of £1,100,000

DIRECTORS

The names of the directors who served during the year are as follows

J A Fry
A D Jeakings
J O Ellison

ARCHANT LIFESTYLE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing this report and the financial statements in accordance with applicable law and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving this report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditors are unaware, and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Ernst & Young LLP are deemed re-appointed as the company's auditor in accordance with section 487(2) Companies Act 2006.

By order of the board



J O Ellison
Secretary

21 July 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHANT LIFESTYLE PLC

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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

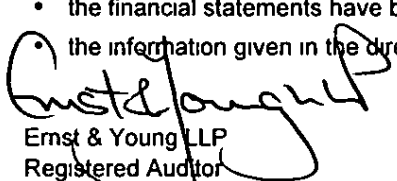
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 2007 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.


Ernst & Young LLP
Registered Auditor
Cambridge
21 July 2008

ARCHANT LIFESTYLE PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
Investment income	2	2,735,000	2,500,000
Financing costs	3	(2,595,794)	(2,266,501)
Operating costs		(3,815)	(828)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		135,391	232,671
Tax credit on profit on ordinary activities	4	779,882	680,199
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	915,273	912,870

All revenue and expenses included in the profit and loss account relate to continuing operations

There are no recognised gains or losses for the period other than those included in the profit and loss account above

The notes on pages 8 to 12 form part of these financial statements

ARCHANT LIFESTYLE PLC

BALANCE SHEET - 31 DECEMBER 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Investment in subsidiary undertakings	5	88,178,214	88,178,214
CURRENT ASSETS			
Debtors	6	780,933	681,371
CREDITORS:			
Amounts falling due within one year	7	(44,537,164)	(44,807,138)
NET CURRENT LIABILITIES		(43,756,231)	(44,125,767)
TOTAL ASSETS LESS CURRENT LIABILITIES		44,421,983	44,052,447
CREDITORS:			
Amounts falling due after more than one year	10	(25,214,008)	(25,759,745)
NET ASSETS		19,207,975	18,292,702
CAPITAL AND RESERVES			
Called up share capital	11	1,000,000	1,000,000
Profit and loss account	12	18,207,975	17,292,702
SHAREHOLDERS' FUNDS	12	19,207,975	18,292,702

Approved by the Board on 24 July 2008

A D Jeakings
Director

The notes on pages 8 to 12 form part of these financial statements

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention and are drawn up in accordance with United Kingdom Generally Accepted Accounting Practice

(b) Basis of consolidation

The company has taken advantage of exemptions conferred by section 228 of the Companies Act 1985 from preparing consolidated financial statements. Therefore, these financial statements represent the state of affairs of the company only

2 INVESTMENT INCOME

	2007 £	2006 £
Dividends received from subsidiary undertakings	2,735,000	2,500,000

3 FINANCING COSTS

	2007 £	2006 £
Inter company loan	2,512,966	2,176,934
Unsecured loan notes 2008	71,902	73,437
Bank guarantee commission	8,746	9,660
Amortisation of loan issue costs	2,180	6,470
	<u>2,595,794</u>	<u>2,266,501</u>

4 TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
UK corporation tax		
current year credit	779,883	680,199
adjustment in respect of prior years	(1)	-
	<u>779,882</u>	<u>680,199</u>

Factors affecting current tax credit

The tax credit assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%). The differences are reconciled below

Profit on ordinary activities before tax	135,391	232,671
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	40,617	69,801
Non taxable income	(820,500)	(750,000)
Adjustment in respect of prior years	1	-
Total current tax above	<u>(779,882)</u>	<u>(680,199)</u>

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

5 INVESTMENT IN SUBSIDIARY UNDERTAKINGS	2007 £	2006 £
Cost		
At 1 January and at 31 December	89,048,740	89,048,740
Amounts provided		
At 1 January and at 31 December	870,526	870,526
Net book value		
At 31 December	88,178,214	88,178,214

The company's principal subsidiary undertakings, all of which are wholly owned, are listed below. With the exception of The British Connection Inc, which is incorporated in the United States of America, all such subsidiary undertakings are incorporated in England.

<i>Company</i>	<i>Activity</i>	<i>Holding</i>
Home Counties Newspapers Holdings Plc	Holding company	100% ord shares
Home Counties Newspapers Limited *	Non trading	100% ord shares
Eastern Counties Newspapers Group Limited *		
(formerly The South Essex Recorders Limited)	Non trading	100% ord shares
Community Media Limited * (formerly The Hampstead and Highgate Express Printing and Publishing Company Limited)	Non trading	100% ord shares
Archant Specialist Limited	Magazine publishing	100% ord shares
Archant Leisure Limited *	Title holding company	100% ord shares
Archant Imaging Limited *	Title holding company	100% ord shares
Archant Style Limited *	Title holding company	100% ord shares
Archant Travel Limited *	Title holding company	100% ord shares
Archant Life Limited *	Magazine publishing	100% ord shares
Archant Community Magazines Limited *	Title holding company	100% ord shares
Archant France Magazines Limited *	Title holding company	100% ord shares
Archant Urban Publications Limited *	Title holding company	100% ord shares
Archant Dialogue Limited	Contract publishing	100% ord shares
The Derbyshire Countryside Limited (formerly Archant Life (North) Limited)	Dormant	100% ord shares
The British Connection Inc *	Magazine distribution	100% ord shares

* denotes investment indirectly owned

In the opinion of the directors the value of the investments is not less than their book value

6 DEBTORS	2007 £	2006 £
Group relief receivable	779,883	680,199
Other debtors	1,050	1,172
	780,933	681,371

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

7 CREDITORS Amounts falling due within one year	2007	2006
	£	£
Unsecured loan notes 2008 (Note 8)	1,227,148	1,498,698
Unsecured loan (Note 9)	38,600,000	38,600,000
Amounts owed to fellow subsidiary undertakings	4,700,000	4,700,000
Income tax payable	7,753	6,479
Other creditors	2,263	1,961
	<u>44,537,164</u>	<u>44,807,138</u>

8 UNSECURED LOAN NOTES 2008

The loan notes were floating rate, guaranteed, unsecured loan notes 2008, and were redeemed on 26 May 2008, together with interest accrued to that date. The financing cost had been payable half yearly on 30 June and 31 December at a rate of 1% below the base rate of Barclays Bank Plc on the first business day in the period. The loan notes were guaranteed by Barclays Bank PLC.

	2007	2006
	£	£
Total loan notes outstanding	1,236,998	1,510,728
Less issue costs	(9,850)	(12,030)
	<u>1,227,148</u>	<u>1,498,698</u>

9 UNSECURED LOAN

The loan is repayable to the parent company at three months' notice, and carries interest at 1% above the base rate of Barclays Bank Plc payable annually in arrears.

Loan balance outstanding	<u>38,600,000</u>	<u>38,600,000</u>
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10 CREDITORS amounts falling due after more than one year	2007	2006
	£	£
Amounts owed to parent undertaking	<u>25,214,008</u>	<u>25,759,745</u>

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

11 CALLED UP SHARE CAPITAL	2007	2006
	£	£
Authorised		
6,950,000 ordinary shares of £1 each	6,950,000	6,950,000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit & loss account	Shareholders' funds
	£	£	£
At 31 December 2005	1,000,000	16,379,832	17,379,832
Profit for the year	-	912,870	912,870
At 31 December 2006	1,000,000	17,292,702	18,292,702
Profit for the year	-	915,273	915,273
At 31 December 2007	1,000,000	18,207,975	19,207,975

13 CONTINGENT LIABILITY

Certain companies in the Group have provided a cross guarantee, by way of a debenture, in relation to the overdraft facility with Barclays Bank Plc. Details of the overdraft facility are contained in the Archant Limited group financial statements.

In addition, certain of the companies in the Group have provided a cross guarantee in relation to the revolving credit facilities with The Royal Bank of Scotland plc. Details of the overdraft facility are also contained in the Archant Limited group financial statements.

14 POST BALANCE SHEET EVENTS

On 22 February 2008, Archant Life Limited, a subsidiary of the company, acquired four free distribution magazines on the south coast of England. The magazines have an annual turnover of £1,100,000.

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

15 RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption in paragraph 3 of FRS 8 "Related Party Disclosures" not to disclose transactions with entities that are part of the Archant Limited group and its associates

16 ULTIMATE PARENT UNDERTAKING

At 31 December 2007, the parent undertaking for which group financial statements are drawn up and of which the company was a member was Archant Limited, registered in England and Wales. Copies of that company's financial statements can be obtained from The Registrar, Companies House, Crown Way, Mandy, Cardiff

17 STATEMENT OF CASH FLOWS

The Company has taken advantage of the dispensation under FRS 1 Section 8 (c) not to publish a cash flow statement. The cash flow statement of the Group is published in the financial statements of Archant Limited