

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

Company Number: 5172703

ANNUAL REPORT

EIGHTEEN MONTHS ENDED 31 DECEMBER 2005



HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

COMPANY INFORMATION

Directors	A E Urry K R Labinsky R G Hubert
Secretary	K R Labinsky
Company Number	5172703
Registered Office	The Billings Guildford Surrey GU1 4YD
Auditors	PKF (UK) LLP Pannell House Park Street Guildford Surrey GU1 4HN

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

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HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

DIRECTORS' REPORT EIGHTEEN MONTHS ENDED 31 DECEMBER 2005

The directors submit their report and the financial statements for the period ended 31 December 2005.

Results

The profit for the period, after taxation, amounted to **£16,298**.

Incorporation and change of name

The company was incorporated on 7 July 2004 as Hedgemere Limited and changed its name on 10 March 2005 to Hubert Burda Media Limited. It commenced trading on 7 July 2004.

Principal activity and review of the business

The principal activity of the business during the period was magazine publishing. During the period the trade was transferred to Hubert Burda Media UK, a limited partnership in which this company is the General Partner. After the transfer of business, the company ceased to trade.

Directors

The directors who served during the period and their interests in the company's issued share capital at the balance sheet date and at the start of the period (or date of appointment, if later) were:

A E Urry (appointed 7 July 2004)

S Hesling (appointed 7 July 2004)(resigned 31 December 2005)

K R Labinsky (appointed 4 April 2005)


R G Hubert (appointed 4 April 2005)

Hanover Directors Limited (appointed 7 July 2004)(resigned 7 July 2004)

Auditors

A resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

By order of the board


A E Urry
Director
1st August 2006

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 judgments 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;
- 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)**

We have audited the financial statements of Hubert Burda Media Ltd (formerly Hedgemere Limited) for the period ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 law and United Kingdom 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.

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

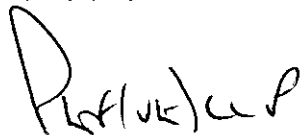
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 of the state of the company's affairs as at 31 December 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

4 August 2006
Guildford, UK


PKF (UK) LLP
Registered Auditors

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

PROFIT AND LOSS ACCOUNT EIGHTEEN MONTHS ENDED 31 DECEMBER 2005

	Notes	2005 £
TURNOVER	2	943,857
Cost of sales		<u>(123,917)</u>
GROSS PROFIT		819,940
Administrative expenses		<u>(793,601)</u>
OPERATING PROFIT	3	26,339
Interest receivable		3,392
Interest payable	6	<u>(1,933)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		27,798
TAXATION	7	<u>(11,500)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>16,298</u></u>

All amounts relate to discontinued operations.

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

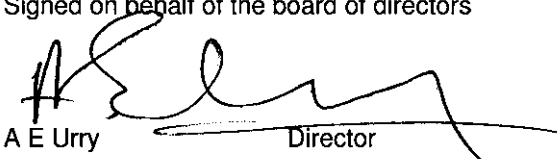
HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

BALANCE SHEET 31 DECEMBER 2005

	Notes	2005 £
CURRENT ASSETS		
Debtors	9	127,506
Cash at bank and in hand		3,119
		<u>130,625</u>
CREDITORS: amounts falling due within one year	10	<u>(114,325)</u>
NET CURRENT ASSETS		<u>16,300</u>
CAPITAL AND RESERVES		
Called up share capital	11	2
Profit and loss account	12	16,298
SHAREHOLDERS' FUNDS	13	<u>16,300</u>

The financial statements were approved by the board on 1st August 2006

Signed on behalf of the board of directors


A E Urry Director

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS EIGHTEEN MONTHS ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(b) Revenue

Turnover is recognised on a receivable basis in accordance with the service level agreement.

(c) Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, over their expected useful lives on the following bases

Computer equipment	33.3% per annum, straight line
Fixtures & fittings	25% per annum, straight line

(d) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates ruling at 31 December. All such differences are taken to the profit and loss account.

(f) Deferred taxation

As required by FRS 19 "Deferred Tax", full provision is made for deferred tax liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax balances are not discounted.

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the UK.

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS EIGHTEEN MONTHS ENDED 31 DECEMBER 2005

3 OPERATING PROFIT

The operating profit is stated after charging:

	2005 £
Depreciation of tangible fixed assets:	
- owned by the company	61,555
Audit fees	4,750
Auditors' remuneration - non-audit services	1,250
Operating lease rentals:	
- other	49,167
	<u>117,712</u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2005 £
Directors' emoluments	223,333
	<u>223,333</u>

No directors were members of company pension schemes.

The highest paid director received emoluments and benefits as follows:

	2005 £
Emoluments and benefits under long term incentive schemes	128,333
	<u>128,333</u>

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2005 £
Wages and salaries	463,709
Social security costs	55,073
	<u>518,782</u>

The average monthly number of employees, including executive directors, during the period was:

	No
Publishing and administrative staff	11
	<u>11</u>

6 INTEREST PAYABLE

	2005 £
Interest payable to group companies	1,933
	<u>1,933</u>

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS EIGHTEEN MONTHS ENDED 31 DECEMBER 2005

7 TAXATION

(a) Analysis of charge in period	2005
	£
UK corporation tax	
Current tax on income for the period	11,500

The tax assessed for the period is greater than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2005
	£
Profit on ordinary activities before tax	27,798
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30 %:	8,339
Effects of:	
Expenses not deductible for tax purposes	3,161
Current tax charge for the period	11,500

8 TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures & fittings £	Total £
Cost			
Additions	187,663	9,010	196,673
Disposals	(187,663)	(9,010)	(196,673)
At 31 December 2005	-	-	-
Depreciation			
Charge for year	59,079	2,476	61,555
On disposals	(59,079)	(2,476)	(61,555)
At 31 December 2005	-	-	-
Net book amount			
At 31 December 2005	-	-	-

All assets were transferred to Hubert Burda Media UK, a limited partnership in which the company is the general partner.

9 DEBTORS

	2005
	£
Due within one year	
Amounts due from group undertakings	127,506

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS EIGHTEEN MONTHS ENDED 31 DECEMBER 2005

10 CREDITORS

	2005 £
Amounts falling due within one year	
Amounts owed to group undertakings	95,739
Corporation tax	11,500
Other creditors	1,086
Accruals and deferred income	6,000
	<u>114,325</u>

11 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
Issued in the year and at 31 December 2005:			
£1 Ordinary shares	<u>100</u>	<u>2</u>	<u>2</u>

During the year 2 ordinary shares with an aggregate nominal value of £2 were issued for cash at par.

12 RESERVES

	£
Profit and loss account	
Profit for the period	16,298
At 31 December 2005	<u>16,298</u>

13 SHAREHOLDERS' FUNDS

	2005 £
Profit for the period	16,298
Other movements:	
New shares issued	2
Shareholders' funds at 31 December 2005	<u>16,300</u>

14 TRANSACTIONS WITH RELATED PARTIES

The turnover in the period all relates to amounts charged to M.I.G. Medien Innovation GmbH, a fellow group company.

During the period the trade and assets of the company were acquired by Hubert Burda Media UK (a limited partnership). The consideration was the net book value of the net assets at the date of acquisition.

At the period end there is £127,506 outstanding at the year end from Hubert Burda Media UK, a limited partnership and an amount due to Hubert Burda Media UK of £95,739.

HUBERT BURDA MEDIA LTD (FORMERLY HEDGEMERE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
EIGHTEEN MONTHS ENDED 31 DECEMBER 2005

15 CASH FLOW STATEMENT

The company is a wholly owned subsidiary of Burda GmbH and is included in the consolidated financial statements of Hubert Burda Media Holding & Co KG which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

16 INTEREST IN GROUP UNDERTAKING

The company has a £1 interest in a limited partnership, Hubert Burda Media UK and shares the responsibility for this entity with Hubert Burda Media Holding GmbH & Co. KG.

The company has a £1 interest in a limited partnership, Hubert Burda Media UK and shares the responsibility for this entity with Hubert Burda Media Holding GmbH & Co. KG.

17 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company's immediate parent undertaking is Burda GmbH, a company incorporated in Germany. The company's ultimate parent undertaking is Hubert Burda Media Holding GmbH & Co KG, a company incorporated in Germany. This company is the parent undertaking of the largest and smallest group for which consolidated accounts are prepared. The results of the company are included within these consolidated accounts copies of which are available from Amtsgericht Offenburg, Registergericht, Wilhelmstraße 23, 77654 Offenburg, Germany.