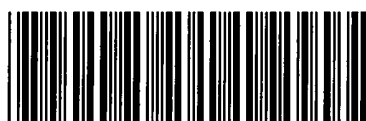


Company Registration No. 06296539 (England and Wales)

PORTLAND MEDIA GROUP UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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PORTLAND MEDIA GROUP UK LIMITED

COMPANY INFORMATION

Directors	Mr R Sanderson Mr M S Ellice (Appointed 1 April 2016)
Secretary	Mr R Sanderson
Company number	06296539
Registered office	The Northern & Shell Building Number 10 Lower Thames Street London United Kingdom EC3R 6EN
Auditor	KPMG LLP 15 Canada Square London United Kingdom E14 5GL
Bankers	Barclays Bank 27 Soho Square London United Kingdom W1D 3QR

PORTLAND MEDIA GROUP UK LIMITED

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PORTLAND MEDIA GROUP UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of the holding of shares in group companies.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R Sanderson

Mr M S Ellice

Mr C Ratcliff

(Appointed 1 April 2016)

(Resigned 1 April 2016)

Results and dividends

The results for the year are set out on page 6.

After incurring a charge of £1.1 million (2015: £14.4 million) for investment impairment losses, the company recorded a loss before taxation of £999,000 (2015: £14.2 million).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Review of the period and future developments

The directors consider the result for the year to be satisfactory. It is the intention of the company to continue in its principal activity for the foreseeable future.

The risks, uncertainties and key performance indicators pertaining to the company are consistent with those experienced by the company's fellow subsidiaries. They are discussed in the Strategic Report of Northern & Shell Media Group Limited, the ultimate parent of the company.

The company's net assets were £15.0 million as at 31 December 2016 (2015: £15.8 million).

Financial risk management

The company has not implemented specific measures to mitigate financial risks because the directors believe that the nature of the company's operations are such that it is not exposed to financial risks that might impact adversely on the financial performance of the company. The directors keep this position under constant review.

Political donations

The company made no political donations or incurred any political expenditure during the year (2015: £nil).

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

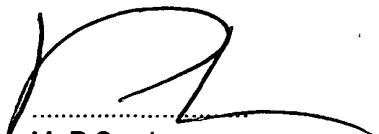
PORTLAND MEDIA GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

A handwritten signature in black ink, appearing to be 'R Sanderson', written over a dotted line.

Mr R Sanderson
Director

Date: 20 June 2017

PORTLAND MEDIA GROUP UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTLAND MEDIA GROUP UK LIMITED

We have audited the financial statements of Portland Media Group UK Limited for the year ended 31 December 2016 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PORTLAND MEDIA GROUP UK LIMITED

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Chartered Accountants
Statutory Auditor

15 Canada Square
London
United Kingdom
E14 5GL

Date: 22 June 2017

PORTLAND MEDIA GROUP UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £000	2015 £000
Administrative expenses		(1,114)	(14,388)
Operating loss	3	(1,114)	(14,388)
Interest receivable and similar income	6	254	529
Interest payable and similar expenses	7	(139)	(385)
Loss before taxation		(999)	(14,244)
Taxation	8	159	(29)
Loss for the financial year		(840)	(14,273)
Other comprehensive income		-	-
Total comprehensive income for the year		(840)	(14,273)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 9 to 15 form an integral part of these financial statements.

PORTLAND MEDIA GROUP UK LIMITED

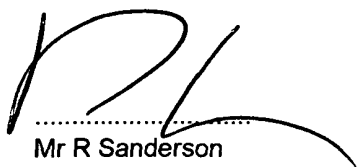
BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	9	10,831	11,945
		<u>10,831</u>	<u>11,945</u>
Current assets			
Debtors	11	10,418	10,164
Creditors: amounts falling due within one year	12	(6,242)	(6,262)
Net current assets		<u>4,176</u>	<u>3,902</u>
Net assets		<u>15,007</u>	<u>15,847</u>
Capital and reserves			
Called up share capital	13	1	1
Share premium account		56,691	56,691
Profit and loss reserves		(41,685)	(40,845)
Total equity		<u>15,007</u>	<u>15,847</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 20 June 2017 and are signed on its behalf by:



 Mr R Sanderson
 Director

Company Registration No. 06296539

PORTLAND MEDIA GROUP UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2015		1	56,691	(26,572)	30,120
Year ended 31 December 2015:					
Total comprehensive income for the year		-	-	(14,273)	(14,273)
Balance at 31 December 2015		1	56,691	(40,845)	15,847
Year ended 31 December 2016:					
Total comprehensive income for the year		-	-	(840)	(840)
Balance at 31 December 2016		1	56,691	(41,685)	15,007

The notes on pages 9 to 15 form an integral part of these financial statements.

PORTLAND MEDIA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Portland Media Group UK Limited is a company limited by shares incorporated in England and Wales. The registered office is The Northern & Shell Building, Number 10 Lower Thames Street, London, United Kingdom, EC3R 6EN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000 (unless stated otherwise).

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Portland Media Group UK Limited is a wholly owned subsidiary of Northern & Shell Media Group Limited and the results of Portland Media Group UK Limited are included in the consolidated financial statements of Northern & Shell Media Group Limited which are available from its registered office, The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN.

The company has taken advantage of the exemption provided in section 33.1A of Financial Reporting Standard 102 from the requirement to disclose transactions with other wholly owned group members of Northern & Shell Media Group Limited.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

PORTLAND MEDIA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

PORTLAND MEDIA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date, and any adjustment to tax payable/receivable in respect of previous years.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the standard enacted rate of corporation tax in the UK of 17% (2015: 18%). Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

PORTLAND MEDIA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Operating loss

	2016 £000	2015 £000
Operating loss for the year is stated after charging/(crediting):		
Impairment of fixed asset investments	1,114	14,388

4 Auditor's remuneration

Auditors' remuneration of £3,000 (2015: £3,000) in respect of the audit of these financial statements is borne by Northern & Shell Plc, a fellow group company.

5 Directors' remuneration

There were no directors' emoluments in the year (2015: £nil).

There were no employees during the year other than the directors.

6 Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable from group undertakings	254	529

7 Interest payable and similar expenses

	2016 £000	2015 £000
Interest payable to group undertakings	139	385

PORTLAND MEDIA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Taxation

	2016 £000	2015 £000
Current tax		
Adjustments in respect of prior periods	(182)	-
Group tax relief	23	29
Total current tax	<u>(159)</u>	<u>29</u>
Total tax (credit)/charge	<u>(159)</u>	<u>29</u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £000	2015 £000
Loss before taxation	<u>(999)</u>	<u>(14,244)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(200)	(2,884)
Tax effect of expenses that are not deductible in determining taxable profit	223	2,913
Adjustments in respect of prior years	<u>(182)</u>	<u>-</u>
Taxation for the year	<u>(159)</u>	<u>29</u>

The company has no deferred tax assets, either recognised or unrecognised (2015: £nil).

9 Fixed asset investments

	Notes	2016 £000	2015 £000
Investments in subsidiaries	10	<u>10,831</u>	<u>11,945</u>

Impairment testing:

The company's policy is to carry out annual reviews of its investments. Based on operating results for the subsidiary undertakings, future forecasts and their net assets, the directors consider that the investment's carrying amount exceeded the recoverable amount by £1.1 million and consequently has been written down by this amount. The impairment loss has been recognised within administrative expenses in the profit and loss account (note 3).

PORTLAND MEDIA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings £000
Cost or valuation	
At 1 January 2016 & 31 December 2016	26,333
Impairment	
At 1 January 2016	14,388
Impairment losses	1,114
At 31 December 2016	15,502
Carrying amount	
At 31 December 2016	10,831
At 31 December 2015	11,945

10 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
NS Jersey Finance Limited United Kingdom	Holding company	Ordinary	100.00

11 Debtors

	2016 £000	2015 £000
Amounts falling due within one year:		
Amounts due from group undertakings	10,418	10,164

Amounts due from group undertakings carry interest at 2% above base rate, are unsecured and repayable on demand.

PORTLAND MEDIA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts due to group undertakings	5,711	5,571
Amounts due to group undertakings with respect to group relief	531	691
	<u>6,242</u>	<u>6,262</u>

Amounts due to group undertakings carry interest at 2% above base rate, are unsecured and repayable on demand. Amounts owed to group undertakings with respect to group relief are non interest bearing.

13 Share capital

	2016 £000	2015 £000
Ordinary share capital		
Issued and fully paid		
1,107 Ordinary of £1 each	<u>1</u>	<u>1</u>

14 Financial commitments, guarantees and contingent liabilities

The company is part of the Northern & Shell Media Group Limited group. At 31 December 2016, certain claims in the normal course of business were pending against the Group and certain tax computations were still subject to agreement with the relevant taxation authorities. Although there is uncertainty regarding the final outcome of these matters, the directors believe, based on professional advice received, that adequate provision has been made in the financial statements for anticipated liabilities and the probable ultimate resolution of such matters will not have a material effect on the financial statements of the company.

15 Controlling party

The immediate parent undertaking is Portland Media Group Limited and the ultimate parent undertaking is Northern & Shell Media Group Limited.

The ultimate controlling party is Richard Desmond, the Chairman of Northern & Shell Media Group Limited.

The largest and smallest group into which these accounts are consolidated is Northern & Shell Media Group Limited. Northern & Shell Media Group Limited is registered in England. Copies of the financial statements of Northern & Shell Media Group Limited can be obtained from: The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN, United Kingdom.