

Redbus Group Limited
Report And Financial Statements
31 July 2011

Rees Pollock
Chartered Accountants



COMPANY INFORMATION

The Board of Directors	S E Franks L J Chrisfield D V Dorrell J N Mendelsohn S Borson
Company Secretary	S E Franks
Registered Office	Orwell House, 5th Floor 16-18 Berners Street London W1T 3LN
Auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Coutts & Co 440 Strand London WC2R 0QS Goldman Sachs Peterborough Court 133 Fleet Street London EC4A 2BB
Advisors	Allen & Company 9th Floor 711 5th Avenue New York NY 10022
Registered Number	03622388

Redbus Group Limited

CHAIRMAN'S STATEMENT For the Year Ended 31 July 2011

The chairman presents his statement for the period

This was a year of contrast for Redbus Group. We suffered the frustration of coming very close, but missing, on a couple of deals that we were very excited about and that would have expanded the group meaningfully. Only time will tell if being more aggressive on our offers would have been the right thing to do from a profit perspective. But at the very least, I am happy that we stuck to the conservative investment approach that has proved successful for us over the years. Whilst we have missed or passed on a number of opportunities that would have been very profitable for us, we have also passed on many many opportunities that would have been loss making. To have retained our 100% track record after all these years is of course something I am very proud of.

The financial performance of the group, I am pleased to report, was solid and it is with a great deal of satisfaction that I can report that our UK businesses under Stefan Borson are doing extremely well. Once again all the companies within the group were profitable despite the difficult economic environment. All our teams have done a great job in their respective businesses at growing market share.

I look forward to being able to report next year and onwards the early results from our expansion into Australia. Our office in Sydney is certainly buzzing and having been in Australia now for some years, I am hoping the fruits of our labours will soon be apparent.

From a treasury point of view, we have continued to profit from our multi-year underweight position in sterling. Despite being a UK based company, we have managed to keep 70% of our balance sheet in non-sterling assets. Likewise, our continued holding of intermediate duration government bonds has continued to pay us income despite market rates being at or close to zero.

Finally, on behalf of Larry, Dean, Jon, Sir Keith, Stefan and myself, I want to thank all of our employees, colleagues and advisors. Thank you for all your help, hard work and good performances.

Simon Franks
Chairman

DIRECTORS' REPORT

For the Year Ended 31 July 2011

The directors present their report and the financial statements for the year ended 31 July 2011

Principal activities and review of the business

The principal activity of Redbus Group Limited was that of an acquisitions vehicle and a holding and management company to its trading subsidiaries

A review of the business is contained in the Chairman's statement on page 2

Results and dividends

The profit for the year, after taxation amounted to £1,215,238 (2010 - loss £333 194)

The directors have not recommended a dividend

Charitable contributions

During the year the company made charitable contributions of £31,494 (2010 £641,066) The majority of these contributions were made to UK based communal organisations In addition the company had made loans of \$1 035 000 (2010 \$1,035,000) to a charitable organisation

Directors

The directors who served during the year were

S E Franks
L J Chrisfield
D V Dorrell
J N Mendelsohn
S Borson

Directors' responsibilities

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 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 these 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 UK 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

DIRECTORS' REPORT

For the Year Ended 31 July 2011

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 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.

Directors' indemnities

The company has made qualifying third party indemnities for the benefit of its directors which were made during the year and remain in force at the date of this report.

Provision of information to auditors

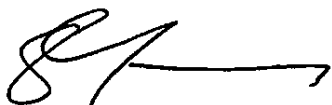
Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 April 2012 and signed on its behalf



S E Franks
Director



REESPOLLOCK

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDBUS GROUP LIMITED

We have audited the financial statements of Redbus Group Limited for the year ended 31 July 2011, set out on pages 5 to 15. 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 shareholders, 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 shareholders 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 shareholders 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 directors' responsibilities statement, 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 July 2011 and of its profit 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 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.

Alexander Macpherson (Senior statutory auditor)
for and on behalf of

Rees Pollock, Statutory Auditor

30 April 2012

PROFIT AND LOSS ACCOUNT
For the Year Ended 31 July 2011

	Note	2011 £	2010 £
TURNOVER	1,2	-	31,363
Administrative expenses		(586,824)	(635,685)
Other operating income	3	-	(55,019)
		<u> </u>	<u> </u>
OPERATING LOSS	4	(586,824)	(659,341)
Income from other participating interests		-	9,592
Profit on disposal of investments		1,924,447	-
Interest receivable and similar income		226,438	325,594
Interest payable and similar charges	8	(2,212)	(11,242)
		<u> </u>	<u> </u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,561,849	(335,397)
Tax on profit/(loss) on ordinary activities	9	(346,611)	2,203
		<u> </u>	<u> </u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16	<u>1,215,238</u>	<u>(333,194)</u>

All amounts relate to continuing operations

The notes on pages 8 to 15 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the Year Ended 31 July 2011

	2011 £	2010 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	1 215,238	(333,194)
Net surplus on revaluation of current asset investments	42,542	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>1,257,780</u>	<u>(333 194)</u>

The notes on pages 8 to 15 form part of these financial statements

BALANCE SHEET
As at 31 July 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	10		42,809		185,866
Investments	11		1,249,554		1,685,086
			<u>1,292,363</u>		<u>1,870,952</u>
CURRENT ASSETS					
Debtors	12	5,091,019		4,732,786	
Investments	13	467,427		278,187	
Cash in hand		6,476,468		4,774,393	
		<u>12,034,914</u>		<u>9,785,366</u>	
CREDITORS: amounts falling due within one year	14	(636,870)		(223,691)	
NET CURRENT ASSETS			<u>11,398,044</u>		<u>9,561,675</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,690,407</u>		<u>11,432,627</u>
CAPITAL AND RESERVES					
Called up share capital	15		9,117,007		9,117,007
Share premium account	16		3,331,601		3,331,601
Revaluation reserve	16		(56,318)		-
Profit and loss account	16		298,117		(1,015,981)
SHAREHOLDERS' FUNDS	17		<u>12,690,407</u>		<u>11,432,627</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 April 2012



S E Franks
Director

The notes on pages 8 to 15 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 July 2011

I ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of current asset investments 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 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services provided during the year, exclusive of value added tax.

Investments

Fixed asset investments are carried at cost less provision for impairment for permanent diminution in value. Current asset investments are carried at market value.

Depreciation

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

Motor vehicles	- 20% per annum
Fixtures & fittings	- 15% per annum

Artwork is not depreciated as the residual value is estimated to be such a high proportion of the original purchase price that depreciation would be immaterial. In accordance with FRS 11, the artwork is subject to annual impairment reviews.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 July 2011

1 ACCOUNTING POLICIES (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

2 TURNOVER

All turnover arose within the United Kingdom

3 OTHER OPERATING INCOME

	2011	2010
	£	£
Net movement in market value of current asset investments	-	(55 019)

4 OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of tangible fixed assets		
- owned by the company	4 502	10 805
Difference on foreign exchange	(178,877)	(632 200)
Loss on disposal fixed asset investment	-	68 129

5 AUDITORS' REMUNERATION

	2011	2010
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	5 500	11,400
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	6 500	6,250
All other services	13 900	2,600

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 July 2011

6 PARTICULARS OF EMPLOYEES

Staff costs, including directors' remuneration were as follows

	2011	2010
	£	£
Wages and salaries	99 305	236 285
Social security costs	12 711	7 490
Other pension costs	-	20 000
	<u>112 016</u>	<u>263,775</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011	2010
	No	No
Management and administration	<u>6</u>	<u>6</u>

7 DIRECTORS' EMOLUMENTS

	2011	2010
	£	£
Emoluments	<u>50 129</u>	<u>12 765</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>20,000</u>

During the year retirement benefits were accruing to no directors (2010 - 1) in respect of defined contribution pension schemes

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
On bank loans and overdrafts	171	11 242
Other interest payable	2 041	-
	<u>2 212</u>	<u>11 242</u>

9 TAXATION ON ORDINARY ACTIVITIES

	2011	2010
	£	£
Analysis of tax charge/(credit) in the year		
UK corporation tax charge on profit/loss for the year	381,814	-
Adjustments in respect of prior periods	(35,203)	(2 203)
Tax on profit/loss on ordinary activities	<u>346 611</u>	<u>(2 203)</u>

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 July 2011

9 TAXATION ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit/loss on ordinary activities before tax	1,561,849	(335,397)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	437,318	(93,911)
Effects of:		
Expenses not deductible for tax purposes	3,496	4,378
Timing differences in respect of fixed assets and other temporary differences	3,240	(1,213)
Utilisation of tax losses	(18,661)	67,779
Adjustments to tax charge in respect of prior periods	(35,203)	(2,203)
Differences on tax treatment of investments	(34,525)	22,967
Change in rate of corporation tax	(9,054)	-
Current tax charge/(credit) for the year (see note above)	346,611	(2,203)

10 TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 August 2010	54,025	181,364	235,389
Disposals	-	(138,555)	(138,555)
At 31 July 2011	54,025	42,809	96,834
Depreciation			
At 1 August 2010	49,523	-	49,523
Charge for the year	4,502	-	4,502
At 31 July 2011	54,025	-	54,025
Net book value			
At 31 July 2011	-	42,809	42,809
At 31 July 2010	4,502	181,364	185,866

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 July 2011

11 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 August 2010	1,235,731	449,355	1,685,086
Disposals	-	(435,532)	(435,532)
At 31 July 2011	1,235,731	13,823	1,249,554
Net book value			
At 31 July 2011	1,235,731	13,823	1,249,554
At 31 July 2010	1,235,731	449,355	1,685,086

Subsidiary undertakings

The company owns 100% of the issued share capital of the companies listed below except for Redbus Outdoor Limited (97%), Redbus Outdoor Holdings Limited (76%), Redbus Retail Advertising Limited (79%) and RBG Capital Partners Australia Pty (90%). All of the companies are registered in England and Wales with the exception of RBG Capital Partners Australia Pty which is registered in Australia.

Name	Class of shares
Redbus Outdoor Limited	Outdoor advertising
Redbus Outdoor Holdings Limited	Outdoor advertising
Redbus Retail Advertising Limited	Outdoor advertising
RBG Capital Partners Australia Pty	Acquisition vehicle
Redbus Media Services Limited	Dormant
Polygram Group Limited	Dormant
Polygram Picture Limited	Dormant
Polygram Limited	Dormant

The aggregate of the share capital and reserves as at 31 December 2010 (the last finalised accounts for these entities, the accounting reference date of which is aligned with the ultimate parent undertaking) and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Redbus Outdoor Limited	709,578	138,312
Redbus Outdoor Holdings Limited	687,044	861,885
Redbus Retail Advertising Limited	172,735	297,368

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 July 2011

12 DEBTORS

	2011 £	2010 £
Due after more than one year		
Other debtors	184,896	-
Due within one year		
Amounts owed by group undertakings	1,097,569	578,610
Other debtors	3,808,554	4,154,176
	<u>5,091,019</u>	<u>4,732,786</u>

13 CURRENT ASSET INVESTMENTS

	2011 £	2010 £
Listed investments	<u>467,427</u>	<u>278,187</u>

Listed investments

The historic cost of the listed investments at 31 July 2011 was £523,744 (2010: £278,187)

14 CREDITORS

Amounts falling due within one year

	2011 £	2010 £
Trade creditors	33,600	-
Amounts owed to group undertakings	177,556	46,759
Corporation tax	381,814	110,305
Other creditors	-	56,627
Accruals and deferred income	43,900	10,000
	<u>636,870</u>	<u>223,691</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 July 2011

15 SHARE CAPITAL

	2011	2010
	£	£
Allotted, called up and fully paid		
1,440,001 Ordinary 'B' shares of £1 each	1 440 001	1,440 001
15,353,012 Ordinary shares of £0.50 each	7 676 506	7,676,506
500 Deferred shares of £1 each	500	500
	<u>9,117,007</u>	<u>9,117 007</u>

The ordinary shares rank pari passu in all respects. The deferred shares shall only be entitled to a return of capital after a total of £1,000,000 has been distributed in respect of each of the ordinary shares of the company. The deferred shares are not entitled to a dividend or participation in profits and carry no voting rights.

16 RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 August 2010	3 331,601		(1 015,981)
Profit for the year			1,215 238
Net surplus on revaluation of current asset investments		42 542	
Transfer on realisation of investment revaluations		(98,860)	98 860
At 31 July 2011	<u>3 331,601</u>	<u>(56,318)</u>	<u>298 117</u>

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Opening shareholders' funds	11,432 627	11,765,821
Profit/(loss) for the year	1 215,238	(333,194)
Other recognised gains and losses during the year	42 542	-
Closing shareholders' funds	<u>12 690 407</u>	<u>11 432,627</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 July 2011

18 RELATED PARTY TRANSACTIONS

At 1 August 2010 an amount of £3,509,856 was due to the company from one of its directors (2009 £462,512 due to the director). Net amounts repaid during the year totalled £2,029,299 (2010 net amounts advanced £4,082,050) and interest of £130,911 (2010 net interest £55,818) was charged by the company on the loan and the company incurred exchange rate losses of £nil (2010 £165,500). The amount outstanding at the balance sheet date and included in other debtors was £1,611,468 (2010 £3,509,856). The highest amount outstanding on the loan account during the year was £4,524,128 (2010 £4,124,846). The loan is repayable on demand and interest is charged at the HM Revenue and Customs official rate of interest (currently 4%).

During the year the company disposed of fixed assets with a cost and net book value of £138,555 (2010 £nil) for proceeds of £138,555 (2010 £nil).

During the year the company was charged consultancy fees of £70,000 (2010 £25,000) by directors.

At 1 August 2010 an amount of £578,610 (2009 £nil) was due to the company from its parent undertaking. During the year interest free loans of £nil (2010 £550,066) were advanced to the parent undertaking and the company incurred costs on behalf of its parent totalling £7,000 (2010 £38,544) and was charged a management fee by its parent of £10,000 (2010 £10,000). The amount outstanding at the balance sheet date was £575,610 (£578,610).

At 1 August 2010 the company owed an amount of £38,859 to (2009 was owed £493,873 by) Redbus Outdoor Holdings Limited ('RBOH'), a subsidiary undertaking. RBOH incurred net costs on the company's behalf of £153,889 (£30,857) and repaid amounts of £nil (2010 £522,970). Interest of £nil (2010 £21,095) was charged by the company on the balance. The amount outstanding to RBOH at the balance sheet date was £192,748 (2010 £38,859).

At 1 August 2010 the company owed an amount of £7,900 to (2009 was owed £242,450 by) Redbus Retail Advertising Limited ('RRA'), a subsidiary undertaking. The company incurred costs of £nil (£1,270) and charged interest of £nil (2010 £9,211) on the balance and amounts of £nil (2010 £260,831) were repaid. The amount outstanding to RRA at the balance sheet date was £7,900 (2010 £7,900).

During the year the company advanced an interest free loan of £629,652 (2010 £nil) to RBG Capital Partners Pty, a subsidiary undertaking. Expenses of £200,749 (2010 £nil) were incurred on the company's behalf by RBG Capital Partners Pty. The amount outstanding at the balance sheet date was £552,061 (2010 £nil).

19 POST BALANCE SHEET EVENTS

On 9 August 2011 the company placed an amount of €200,000 on deposit with a derivatives broker. Since that date the broker has been placed into administration. At the date of signing of these accounts the directors believe there to be significant uncertainty as to the recoverability of the funds.

20 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate parent undertaking is Heath Street Limited, a company registered in England and Wales. Heath Street Limited heads the smallest and largest group for which consolidated accounts including the company's position and results are produced. Copies of the consolidated accounts are available from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

The directors consider Simon Franks to be the ultimate controlling party.