

WPP Air 1 Limited

Reports and Financial Statements  
for the year ended  
31 December 2010

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**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

P. Richardson  
T. Lenders  
J. Condren  
J. P. Donnelly  
D. Haugh

**SECRETARY**

D. Haugh

**REGISTERED OFFICE**

6 Ely Place  
Dublin 2

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2.

**SOLICITORS**

A & L Goodbody Solicitors  
International Financial Services Centre  
North Wall Quay  
Dublin 1.

**BANKERS**

BNP Paribas  
Dublin Branch  
5 Georges Dock  
International Financial Services Centre  
Dublin 1.

## **WPP AIR 1 LIMITED**

### **DIRECTORS' REPORT**

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The directors present their report and the audited financial statements for the year ended 31 December 2010.

#### **PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND PRINCIPAL RISKS AND UNCERTAINTIES**

The company is an intermediate holding company within the WPP plc group.

#### **RESULTS AND DIVIDENDS**

The profit and loss account for the year ended 31 December 2010 and the balance sheet at that date are set out on pages 9 and 10 respectively.

The directors do not propose payment of a dividend.

#### **DIRECTORS AND SECRETARY**

The present directors are listed on page 2.

#### **DIRECTORS' AND SECRETARY'S INTERESTS**

The directors and secretary who held office at 31 December 2010 had the following interest in the share capital of the ultimate parent company WPP plc at the beginning and end of the year.

	<b>WPP plc Ordinary Shares of £1 Each</b>		<b>Share Options WPP PLC</b>	
	<b>31/12</b>	<b>01/01</b>	<b>31/12</b>	<b>01/01</b>
T. Lenders	-	-	1,375	1,200
J. Condren	1,731	1,731	750	750
P. Richardson	494,790	330,907	-	-
JP. Donnelly	0	18,861	9,908	12,191
D. Haugh	6,820	7,420	750	625

#### **POST BALANCE SHEET EVENTS**

There were no significant post balance sheet events.

#### **BOOKS OF ACCOUNT**

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's registered office at 6 Ely Place, Dublin 2.

**WPP AIR 1 LIMITED**

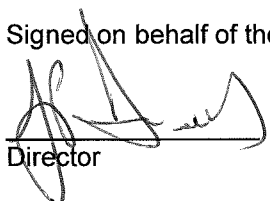
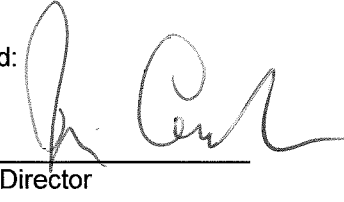
**DIRECTORS' REPORT**

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**AUDITORS**

Deloitte & Touche, Chartered Accountants, continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Signed on behalf of the Board:

 _____ Director	 _____ Director
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Date  
18/8/2011

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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Irish 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 year. 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; 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2009. 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 WPP AIR 1 LIMITED**

We have audited the financial statements of WPP Air 1 Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Accounting Policies and the related Notes 1 to 13. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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**

The directors are responsible for preparing the financial statements, as set out in the Statement of Directors' Responsibilities in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditor, 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, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit and whether the company's balance sheet and profit and loss account are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

### **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 judgements 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 evaluated the overall adequacy of the presentation of information in the financial statements.

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WPP AIR 1 LIMITED**

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31 December 2010 and of the result for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its profit and loss account are in agreement with the books of account.

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

The net assets of the company, as stated in the balance sheet, are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2010 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.



Chartered Accountants and Registered Auditors  
Dublin

Date 22 August 2011



## **BASIS OF PREPARATION AND ACCOUNTING CONVENTION**

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2009. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The ultimate parent company, WPP plc prepares consolidated financial statements. The company is therefore exempt under the European Communities (Companies : Group Accounts) Regulations, 1992 from the requirement to prepare consolidated financial statements. Accordingly the information contained in these financial statements relates to the company as an individual undertaking and not as a group.

## **TAXATION**

Corporation tax is provided on taxable profits at current rates.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are only recognised when it is more likely than not the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be recovered.

## **FINANCIAL ASSETS**

Financial asset investments are stated at cost less provision for impairment.

## **TRANSLATION OF FOREIGN CURRENCY**

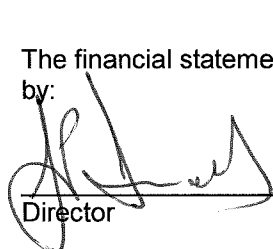
Foreign currency transactions arising from operating activities are translated from local currency into euro at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are translated at the year end exchange rate. Foreign currency gains and losses are credited or charged to the profit and loss account as they arise.

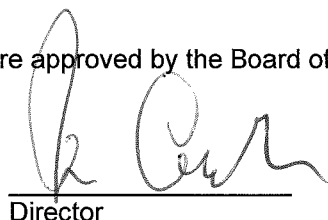
**WPP AIR 1 LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<i>Notes</i>	<b>Year ended 31/12/2010 €'000</b>	<b>Period from 30/09/2008 to 31/12/2009 €'000</b>
Operating expenses		<b>(40)</b>	1
<b>GROSS LOSS</b>		<b>(40)</b>	1
Interest expense		<b>(1)</b>	(25)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>(41)</b>	(24)
Taxation charge on loss on ordinary activities	3	<b>(6)</b>	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	8	<b>(47)</b>	(24)

There are no other recognised gains or losses in the period other than the loss attributable to the shareholders of the company. All results are derived from continuing operations.

The financial statements were approved by the Board of Directors on 18<sup>th</sup> August 2011 and signed on its behalf by:

  
Director

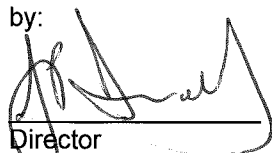
  
Director

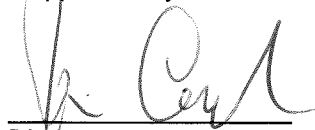
**WPP AIR 1 LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2010**

	Notes	31/12/2010 €'000	31/12/2009 €'000
<b>FIXED ASSETS</b>			
Financial assets	4	<u>5,276,565</u>	<u>5,276,565</u>
<b>CURRENT ASSETS</b>			
Debtors	5	12	12
Cash at bank and in hand		-	12
		<u>12</u>	<u>24</u>
<b>CREDITORS: (Amounts falling due within one year)</b>	6	<u>(251,348)</u>	<u>(251,313)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(251,336)</u>	<u>(251,289)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,025,229</u>	<u>5,025,276</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	7	5,025,300	5,025,300
Profit and loss account – (deficit)	8	(71)	(24)
<b>SHAREHOLDERS' FUNDS</b>	9	<u>5,025,229</u>	<u>5,025,276</u>

The financial statements were approved by the Board of Directors on 18<sup>th</sup> August 2011 and signed on its behalf by:

  
Director

  
Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2010**

**1. EMPLOYEES**

Other than the directors, the company had no employees during the current year.

Staff costs during the period (including directors)	<b>31/12/2010</b> €'000	31/12/2009 €'000
Wages	25	29
Social welfare costs	3	3
	<u>28</u>	<u>32</u>

**2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

**Year ended  
31/12/2010  
€'000**

Period from  
30/09/2008 to  
31/12/2009  
€'000

The loss on ordinary activities before taxation, all of which arises on continuing activities, is stated after charging:

Auditor's remuneration	9	3
Directors' remuneration	28	32
	<u>          </u>	<u>          </u>

**3. TAXATION CHARGE ON LOSS ON ORDINARY ACTIVITIES**

**Year ended  
31/12/2010  
€'000**

Period from  
30/09/2008 to  
31/12/2009  
€'000

**Current tax:**

Corporation tax	-	-
Under provision in prior period	6	-

Current tax charge for the year	<u>6</u>	<u>-</u>
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Loss on ordinary activities before tax	<u>(41)</u>	<u>(24)</u>
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Loss on ordinary activities multiplied by the standard rate of tax of 12.5%	(5)	(3)
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**Effects of:**

Expenses not allowed for tax purposes	5	3
	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2010**

<b>4. FINANCIAL ASSETS</b>	<b>31/12/2010 €'000</b>	<b>31/12/2009 €'000</b>
Investment in subsidiary undertakings:		
Balance at beginning of year	<b>5,276,565</b>	-
Additions during year	-	14,533,358
Disposals	-	(9,256,793)
Balance at end of year	<b>5,276,565</b>	<b>5,276,565</b>

Details relating to subsidiary undertakings are as follows:

<b>Name</b>	<b>Nature of business</b>	<b>Holding %</b>	<b>Registered office 2009</b>	<b>Carrying Value €'000</b>
WPP Air 3 Limited	An intermediate holding company within the WPP plc group	100%	6 Ely Place, Dublin 2	251,265
Lexington International BV	An intermediate holding company within the WPP plc group	100%	Wilhelminaplein 10, 3072D Rotterdam, Netherlands	5,025,300

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 2009**

**4. FINANCIAL ASSETS (CONTINUED)**

The capital and reserves at the end of the year and the profit for the financial period of the direct subsidiary undertakings were as follows:

	<b>Profit/(loss) for the year</b> <b>€'000/£'000</b>	<b>Capital and Reserves</b> <b>€'000/£'000</b>
WPP Air 3 Limited	(€10)	€251,241
Lexington International BV	£9,200*	£5,542,800*

\*(Unaudited)

The principal indirect subsidiary undertakings of the company are:

	<b>Country of Incorporation</b>
Grey Global Group, Inc	US
J. Walter Thompson Company, Inc	US
GroupM Worldwide, Inc	US
The Ogilvy Group, Inc	US
Young & Rubicam, Inc	US
Taylor Nelson Sofres	UK

The company indirectly holds controlling interests in the issued share capital of these undertakings with the exception of those specifically identified in the annual report of WPP plc.

The company's indirect investment in principal associates and joint ventures at 31 December 2010 included:

	<b>%</b> <b>Owned</b>	<b>Country of</b> <b>Incorporation</b>
Asatsu-DK	24.3	Japan
CHI & Partners Limited	49.9	UK
Chime Communications PLC	15.0	UK
Dentsu, Young & Rubicam Inc.	49.0	Japan
GIIR, Inc	22.7	Korea
High Co S.A.	34.1	France
Ibope Latinoamericana SA	44.2	Brazil
Ooh! Media Group Limited	27.2	Australia
Singleton, Ogilvy & Mather (Holdings) Pty Limited	33.3	Australia
STW Communications Group Limited	20.6	Australia
The Jupiter Drawing Room Pty Limited	49.0	South Africa
The Grass Roots Group PLC	44.8	UK

A more detailed listing of the operating subsidiary undertakings, associates and joint ventures is given in the annual report of WPP plc, copies of which are available on [www.wpp.com](http://www.wpp.com).

In accordance with Section 154 of the Companies Act, 1963 and because the company is a wholly owned subsidiary, no group financial statements have been prepared for the company and its subsidiaries. In the opinion of the directors the value to the company of the unlisted investments is not less than the book amount shown.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2010

<b>5. DEBTORS</b>	<b>31/12/2010</b> <b>€'000</b>	<b>31/12/2009</b> <b>€'000</b>
Amounts owed by group undertakings	<u>12</u>	<u>12</u>
<b>6. CREDITORS (Amounts falling due within one year)</b>	<b>31/12/2010</b> <b>€'000</b>	<b>31/12/2009</b> <b>€'000</b>
Amounts owed to group undertakings	251,331	251,305
Accruals	17	8
	<u>251,348</u>	<u>251,313</u>
<b>7. CALLED-UP SHARE CAPITAL</b>	<b>31/12/2010</b> <b>€'000</b>	<b>31/12/2009</b> <b>€'000</b>
<b>Authorised:</b> 10,000,000,000 ordinary shares of €1 each	<u>10,000,000</u>	<u>10,000,000</u>
<b>Allotted, called-up and fully paid:</b> 5,025,300,001 ordinary shares of €1 each	<u>5,025,300</u>	<u>5,025,300</u>
<b>8. PROFIT AND LOSS ACCOUNT</b>	<b>31/12/2010</b> <b>€'000</b>	<b>31/12/2009</b> <b>€'000</b>
At beginning of year	(24)	-
Loss for the year	(47)	(24)
At end of year	<u>(71)</u>	<u>(24)</u>
<b>9. RECONCILIATION OF MOVEMENT OF SHAREHOLDERS' FUNDS</b>	<b>31/12/2010</b> <b>€'000</b>	<b>31/12/2009</b> <b>€'000</b>
Shareholders' funds at beginning of year	5,025,276	-
Loss for the financial year	(47)	(24)
Issue of ordinary share capital	-	5,025,300
Shareholders' funds at end of year	<u>5,025,229</u>	<u>5,025,276</u>

**10. GUARANTEES**

The Company has provided guarantees amounting to €4,088m during the period in respect of bonds and Euro commercial notes issued by fellow group companies.

The company has provided a guarantee to a fellow group company which underwrites the redemption obligations of 3,746m redeemable preference shares of stg£1 each in WPP Holdings UK Limited.

**11. GROUP MEMBERSHIP**

The company is a wholly owned subsidiary of WPP plc, a company incorporated in Jersey. Copies of the financial statements of WPP plc are available at [www.wpp.com](http://www.wpp.com) or can be obtained from 6 Ely Place, Dublin 2, Ireland.

**12. POST BALANCE SHEET EVENTS**

There were no significant post balance sheet events.

**13. RELATED PARTY TRANSACTIONS**

The company has availed of the exemption contained in FRS 8 "Related Party Disclosures" in respect of disclosures of transactions with group undertakings.