

COMPANY REGISTRATION NUMBER 1577754

SOUTHERN STAR INTERNATIONAL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008



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30/01/2009

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COMPANIES HOUSE

HEXTALL MEAKIN

Chartered Accountants & Registered Auditors
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

SOUTHERN STAR INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

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SOUTHERN STAR INTERNATIONAL LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of the international distribution of television programming. The directors do not envisage any future changes in those activities.

There was a slight increase in turnover from £27,525,896 to £29,240,601. However, an increase in cost of sales meant that the gross profit decreased slightly. A decrease in various administrative expenses and lower tax expense resulted in a profit for the financial year increasing from £1,069,387 to £1,815,135.

POST BALANCE SHEET EVENTS

On 20 January 2009 the ultimate parent company, Fairfax Media Limited, announced the sale of the company to Endemol. This sale is subject to the normal regulatory checks.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,815,135. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies

The company's principal financial instruments comprise revolving cash advances and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from operations. It is the company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the company's financial instruments is foreign currency fluctuation.

As the company operates in Australia, the balance sheet can be affected by movements in the UK£/A\$ exchange rates. No hedging transactions are entered into to mitigate this risk as it is considered that the company's exposure to currency fluctuations resulting from its overseas operations is not significant.

The company also has transactional currency exposures. Such exposure arises from sales and purchases by an operating unit in currencies other than the unit's functional currency.

DIRECTORS

The directors who served the company during the year were as follows:

C Birks

C Payne

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

None of the directors who served during the year had any interest in the share capital of the company or any group company which is required to be disclosed in accordance with the Companies Act 1985.

SOUTHERN STAR INTERNATIONAL LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2008

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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.

The directors are responsible for keeping proper accounting records that 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

SOUTHERN STAR INTERNATIONAL LIMITED

THE DIRECTORS' REPORT *(continued)*

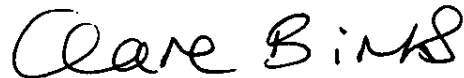
YEAR ENDED 30 JUNE 2008

AUDITOR

A resolution to re-appoint Hextall Meakin as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
47 Marylebone Lane
London
W1U 2NT

Signed on behalf of the directors



C Birks
Director

Approved by the directors on 28 January 2009

SOUTHERN STAR INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SOUTHERN STAR INTERNATIONAL LIMITED

YEAR ENDED 30 JUNE 2008

We have audited the financial statements of Southern Star International Limited for the year ended 30 June 2008 on pages 6 to 13, which have been prepared on the basis of the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

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

SOUTHERN STAR INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SOUTHERN STAR INTERNATIONAL LIMITED *(continued)*

YEAR ENDED 30 JUNE 2008

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

HEXTALL MEAKIN
Chartered Accountants
& Registered Auditors

Dated: 28 January 2009

SOUTHERN STAR INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2008

	Note	2008 £	2007 £
TURNOVER	2	29,240,601	27,525,896
Cost of sales		25,426,594	23,585,841
GROSS PROFIT		<u>3,814,007</u>	<u>3,940,055</u>
Distribution Costs		240,596	183,457
Administrative expenses		1,583,665	2,002,235
Other operating income		—	(978)
OPERATING PROFIT	3	1,989,746	1,755,341
Interest receivable	5	41,493	56,426
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,031,239</u>	<u>1,811,767</u>
Tax on profit on ordinary activities	6	216,104	742,380
PROFIT FOR THE FINANCIAL YEAR		<u>1,815,135</u>	<u>1,069,387</u>
Balance brought forward		4,180,114	3,110,727
Balance carried forward		<u>5,995,249</u>	<u>4,180,114</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 13 form part of these financial statements.

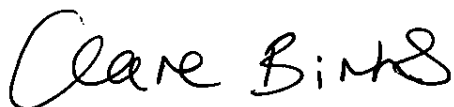
SOUTHERN STAR INTERNATIONAL LIMITED

BALANCE SHEET

30 JUNE 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	7	—	48,599
CURRENT ASSETS			
Debtors	8	32,163,766	29,172,143
Cash at bank		3,339,929	1,289,973
		<u>35,503,695</u>	<u>30,462,116</u>
CREDITORS: Amounts falling due within one year	9	25,746,194	22,612,829
NET CURRENT ASSETS		9,757,501	7,849,287
TOTAL ASSETS LESS CURRENT LIABILITIES		9,757,501	7,897,886
CREDITORS: Amounts falling due after more than one year	10	431,482	387,002
		<u>9,326,019</u>	<u>7,510,884</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	3,330,770	3,330,770
Profit and loss account		5,995,249	4,180,114
SHAREHOLDERS' FUNDS	13	<u>9,326,019</u>	<u>7,510,884</u>

These financial statements were approved by the directors and authorised for issue on 28 January 2009, and are signed on their behalf by:



.....
C BIRKS

The notes on pages 8 to 13 form part of these financial statements.

SOUTHERN STAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover represents gross licence fees and royalty income arising from the development and distribution of programmes to customers, net of sales related tax. Turnover is recognised when those programmes and films are available for delivery, the sales contract is fully executed, and the collectibility of the full licence fee is reasonably assured.

Goodwill

Intangible fixed assets - programme rights

Programme rights are stated at cost or valuation less amortisation.

Amortisation is provided at rates calculated to write off the cost of each programme right over its expected useful life, up to a maximum of twenty-five years. Income from programme rights does not arise evenly over the useful life and the amortisation charge each year is designed to match the expected proportion of income from each programme right in the year.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company does not run its own pension scheme. As part of some employees' remuneration package the company makes contributions to Southern Star Entertainment UK PLC's pension scheme. Contributions are charged to the profit and loss account when paid.

SOUTHERN STAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

1. ACCOUNTING POLICIES *(continued)*

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	11,315,052	15,365,834
Overseas sales	17,925,549	12,160,062
	<u>29,240,601</u>	<u>27,525,896</u>

SOUTHERN STAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Directors' emoluments	—	—
Amortisation	48,599	—
Auditor's remuneration		
- as auditor	6,302	5,900
Operating lease costs:		
Plant and equipment	631	30,725
Other	36,974	20,605
Net (profit)/loss on foreign currency translation	<u>(188,228)</u>	<u>434,230</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of distribution staff	5	4
Number of administrative staff	5	6
	<u>10</u>	<u>10</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	858,938	718,819
Social security costs	60,629	89,586
Other pension costs	22,718	21,212
	<u>942,285</u>	<u>829,617</u>

5. INTEREST RECEIVABLE

	2008	2007
	£	£
Bank interest receivable	<u>41,493</u>	<u>56,426</u>

SOUTHERN STAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

6. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2008 £	2007 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2007 - 30%)	207,816	431,609
Over/under provision in prior year	8,288	310,771
Total current tax	<u>216,104</u>	<u>742,380</u>

7. INTANGIBLE FIXED ASSETS

	Programme rights £
COST	
At 1 July 2007 and 30 June 2008	<u>111,263</u>
AMORTISATION	
At 1 July 2007	62,664
Charge for the year	48,599
At 30 June 2008	<u>111,263</u>
NET BOOK VALUE	
At 30 June 2008	<u>—</u>
At 30 June 2007	<u>48,599</u>

8. DEBTORS

	2008 £	2007 £
Trade debtors	21,510,452	19,736,375
Amounts owed by group undertakings	7,410,897	7,823,734
Corporation tax repayable	—	46,134
Distribution Advances	3,186,836	1,550,045
Other debtors	—	12,513
Prepayments and accrued income	55,581	3,342
	<u>32,163,766</u>	<u>29,172,143</u>

The debtors above include the following amounts falling due after more than one year:

	2008 £	2007 £
Distribution Advances	<u>2,253,278</u>	<u>716,328</u>

SOUTHERN STAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

9. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	–	5,835
Amounts owed to group undertakings	14,674,277	13,647,597
Corporation tax	155,447	–
VAT	166,111	53,089
Other creditors	37,165	26,312
Accruals and deferred income	10,713,194	8,879,996
	<u>25,746,194</u>	<u>22,612,829</u>

10. CREDITORS: Amounts falling due after more than one year

	2008	2007
	£	£
Accruals and deferred income	<u>431,482</u>	<u>387,002</u>

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted under Paragraph 3 of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with other group companies.

12. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
3,400,000 Ordinary shares of £1 each	<u>3,400,000</u>	<u>3,400,000</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>3,330,770</u>	<u>3,330,770</u>	<u>3,330,770</u>	<u>3,330,770</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	1,815,135	1,069,387
Opening shareholders' funds	<u>7,510,884</u>	<u>6,441,497</u>
Closing shareholders' funds	<u>9,326,019</u>	<u>7,510,884</u>

SOUTHERN STAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

14. POST BALANCE SHEET EVENTS

On 12 November 2008 the company paid a dividend of £6,669,621 to its immediate parent company Primetime Limited from its accumulated Profit and Loss Reserves at that date. The payment was processed through its inter company account.

It was announced on 20 January 2009 that the ultimate parent company, Fairfax Media Limited had entered into an agreement for the sale of the Southern Star group which includes Southern Star International Limited to the Endemol group. The deal is scheduled to complete sometime in the next four weeks.

15. ULTIMATE PARENT COMPANY

The immediate parent company is Primetime Limited, a company registered in England and Wales.

The Group parent company is Southern Star Entertainment UK PLC, a company registered in England and Wales. Copies of group financial statements are available from 47 Marylebone Lane, London, W1U 2NT.

The ultimate parent company is Fairfax Media Limited, a company registered in Australia. Copies of the group accounts of Fairfax Media Limited are available from Level 5, 1 Darling Island Road, Pyrmont, NSW 2009, Australia.