

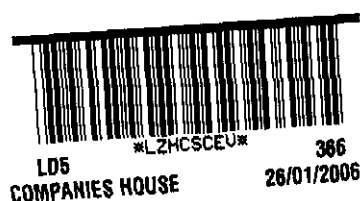
COMPANY REGISTRATION NUMBER 1577754

**SOUTHERN STAR INTERNATIONAL LIMITED
(FORMERLY SOUTHERN STAR SALES LIMITED)**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2005



HEXTALL MEAKIN

Chartered Accountants & Registered Auditors

Argon House

Argon Mews

Fulham Broadway

London

SW6 1BJ

**SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY
SOUTHERN STAR SALES LIMITED)**

FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

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SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

THE DIRECTORS' REPORT

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1 April 2004 to 30 June 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of the international distribution of television programming. The directors do not envisage any future changes in those activities. On 9 June 2004 the company changed its name to Southern Star International Limited.

RESULTS AND DIVIDENDS

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

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

C Birks

C Payne

F Lyons

(Resigned 31 March 2005)

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.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

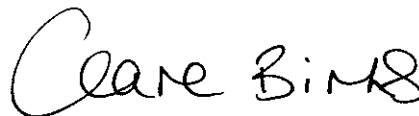
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

Registered office:
45-49 Mortimer Street
London
W1W 8HX

Signed on behalf of the directors



C Birks
Director

Approved by the directors on 20.01.06

Hextall Meakin

Chartered Accountants

Argon House, Argon Mews, Fulham Broadway, London SW6 1BJ
Telephone: 020 7381 2022 Fax: 020 7385 1087
E-mail: admin@hextallmeakin.co.uk

SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

We have audited the financial statements of Southern Star International Limited (formerly Southern Star Sales Limited) for the period from 1 April 2004 to 30 June 2005 on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

T.C. Hextall FCA 3 G.R. Meakin FCA

Tax manager: A Morley CTA MBIAAC Audit Manager: G.R.Barrett FCA

Also at: Beckett House, Bridge Street, Salisbury SP1 2LX. Telephone: 01722 414445 Fax: 01722 414196

Registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

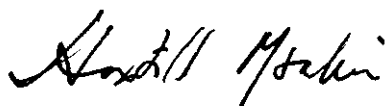
**SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY
SOUTHERN STAR SALES LIMITED)**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN
STAR SALES LIMITED) *(continued)***

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



**Hextall Meakin
Chartered Accountants
& Registered Auditors**

Dated: 26/1/06

**SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY
SOUTHERN STAR SALES LIMITED)**

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

	Note	30 Jun 05 £	Year to 31 Mar 04 £
TURNOVER	2	26,965,562	24,772,301
Cost of sales		23,388,556	20,512,524
GROSS PROFIT		3,577,006	4,259,777
Distribution Costs		308,441	235,433
Administrative expenses		1,635,584	3,488,264
Other operating income		(122,902)	(83,796)
OPERATING PROFIT	3	1,755,883	619,876
Interest receivable		30,789	1,285
Interest payable and similar charges	5	(1)	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,786,671	621,161
Tax on profit on ordinary activities	6	267,813	106,979
RETAINED PROFIT FOR THE FINANCIAL PERIOD		1,518,858	514,182

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 period as set out above.

The notes on pages 7 to 13 form part of these financial statements.

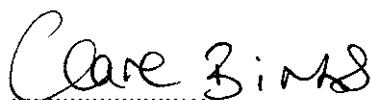
SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

BALANCE SHEET

30 JUNE 2005

	Note	30 Jun 05 £	£	31 Mar 04 £	£
FIXED ASSETS					
Intangible assets	7		57,001		88,840
CURRENT ASSETS					
Debtors	8	33,260,162		29,758,727	
Cash at bank		1,022,491		2,071,322	
		34,282,653		31,830,049	
CREDITORS: Amounts falling due within one year	10	29,336,247		26,518,681	
NET CURRENT ASSETS			4,946,406		5,311,368
TOTAL ASSETS LESS CURRENT LIABILITIES			5,003,407		5,400,208
CREDITORS: Amounts falling due after more than one year	11		236,077		2,151,736
			4,767,330		3,248,472
CAPITAL AND RESERVES					
Called-up equity share capital	13		3,330,770		3,330,770
Profit and loss account	14		1,436,560		(82,298)
SHAREHOLDERS' FUNDS	15		4,767,330		3,248,472

These financial statements were approved by the directors on the 20.01.06 and are signed on their behalf by:


C BIRKS

The notes on pages 7 to 13 form part of these financial statements.

SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

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.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Intangible Fixed Assets: Programme Rights – 20%

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.

SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

1. ACCOUNTING POLICIES *(continued)*

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 Circle PLC's pension scheme. Contributions are charged to the profit and loss account when paid.

Deferred taxation

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.

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:

	30 Jun 05	Year to 31 Mar 04
	£	£
United Kingdom	11,239,926	9,936,407
Overseas sales	15,725,636	14,835,894
	<u>26,965,562</u>	<u>24,772,301</u>

SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

3. OPERATING PROFIT

Operating profit is stated after charging:

	30 Jun 05	Year to 31 Mar 04
	£	£
Directors' emoluments	—	—
Amortisation	31,839	22,423
Auditors' remuneration		
- as auditors	6,250	8,852
Operating lease costs:		
Land and buildings	73,657	55,647
Plant and equipment	1,258	1,256
Net loss on foreign currency translation	<u>78,575</u>	<u>1,497,626</u>

4. PARTICULARS OF EMPLOYEES

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

	30 Jun 05	Year to 31 Mar 04
	No	No
Number of distribution staff	2	2
Number of administrative staff	5	5
	<u>7</u>	<u>7</u>

The aggregate payroll costs of the above were:

	30 Jun 05	Year to 31 Mar 04
	£	£
Wages and salaries	533,487	545,849
Social security costs	58,073	65,421
Other pension costs	21,182	15,678
	<u>612,742</u>	<u>626,948</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	30 Jun 05	Year to 31 Mar 04
	£	£
Interest payable on bank borrowing	<u>1</u>	<u>—</u>

**SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY
SOUTHERN STAR SALES LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

6. TAXATION ON ORDINARY ACTIVITIES

	30 Jun 05	Year to 31 Mar 04
	£	£
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 30% (2004 - 30%)	256,460	100,229
Under provision in prior year	1,731	—
Total current tax	<u>258,191</u>	<u>100,229</u>
Deferred tax:		
Origination and reversal of timing differences (note 9)		
Losses	9,622	6,750
Tax on profit on ordinary activities	<u>267,813</u>	<u>106,979</u>

7. INTANGIBLE FIXED ASSETS

	Programme rights £
COST	
At 1 April 2004 and 30 June 2005	<u>111,263</u>
AMORTISATION	
At 1 April 2004	22,423
Charge for the period	31,839
At 30 June 2005	<u>54,262</u>
NET BOOK VALUE	
At 30 June 2005	<u>57,001</u>
At 31 March 2004	<u>88,840</u>

SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

8. DEBTORS

	30 Jun 05	31 Mar 04
	£	£
Trade debtors	18,026,056	20,603,765
Amounts owed by group undertakings	13,726,557	7,320,135
Corporation tax repayable	140,179	-
Distribution Advances	1,325,731	1,633,106
Other debtors	-	89,209
Prepayments and accrued income	34,011	95,262
Deferred taxation (note 9)	7,628	17,250
	<u>33,260,162</u>	<u>29,758,727</u>

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

	30 Jun 05	31 Mar 04
	£	£
Trade debtors	829,812	2,872,235
Distribution Advances	-	1,409,723
	<u>829,812</u>	<u>4,281,958</u>

9. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	30 Jun 05	Year to 31 Mar 04
	£	£
Included in debtors (note 8)	<u>7,628</u>	<u>17,250</u>

The movement in the deferred taxation account during the period was:

	30 Jun 05	Year to 31 Mar 04
	£	£
Balance brought forward	17,250	24,000
Profit and loss account movement arising during the period	(9,622)	(6,750)
Balance carried forward	<u>7,628</u>	<u>17,250</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	30 Jun 05	31 Mar 04
	£	£
Tax losses available	<u>7,628</u>	<u>17,250</u>
	<u>7,628</u>	<u>17,250</u>

SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

10. CREDITORS: Amounts falling due within one year

	30 Jun 05	31 Mar 04
	£	£
Trade creditors	11,764,142	8,911,618
Amounts owed to group undertakings	17,258,606	16,463,933
Other creditors including taxation:		
Withholding tax	—	28,201
VAT	10,028	738,687
Other creditors	25,687	48,757
	35,715	815,645
Accruals and deferred income	277,784	327,485
	<u>29,336,247</u>	<u>26,518,681</u>

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

	30 Jun 05	31 Mar 04
	£	£
Trade creditors	<u>236,077</u>	<u>2,151,736</u>

12. 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.

13. SHARE CAPITAL

Authorised share capital:

	30 Jun 05	31 Mar 04
	£	£
3,400,000 Ordinary shares of £1 each	<u>3,400,000</u>	<u>3,400,000</u>

Allotted, called up and fully paid:

	30 Jun 05		31 Mar 04	
	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>

SOUTHERN STAR INTERNATIONAL LIMITED (FORMERLY SOUTHERN STAR SALES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2004 TO 30 JUNE 2005

14. PROFIT AND LOSS ACCOUNT

	30 Jun 05	Year to 31 Mar 04
	£	£
Balance brought forward	(82,298)	(594,690)
Retained profit for the financial period	1,518,858	514,182
Foreign currency retranslation	—	(1,790)
Balance carried forward	<u>1,436,560</u>	<u>(82,298)</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 Jun 05	31 Mar 04
	£	£
Profit for the financial period	1,518,858	514,182
Foreign currency retranslation	—	(1,790)
Net addition to shareholders' equity funds	<u>1,518,858</u>	<u>512,392</u>
Opening shareholders' equity funds	3,248,472	2,736,080
Closing shareholders' equity funds	<u>4,767,330</u>	<u>3,248,472</u>

16. ULTIMATE PARENT COMPANY

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

The immediate parent company is Southern Star Entertainment UK PLC, a company registered in England and Wales. Copies of group financial statements are available from 45-49 Mortimer Street, London, W1W 8HX.

The ultimate parent company is Southern Cross Broadcasting (Australia) Limited, a company registered in Australia. Copies of the group accounts of Southern Cross Broadcasting (Australia) Limited are available from 70 Park Street, South Melbourne, Victoria.