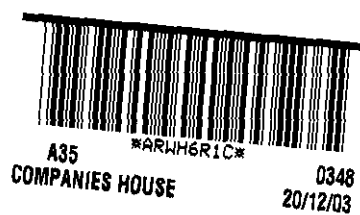


Snowman Enterprises Limited

FINANCIAL STATEMENTS

for the year ended

30 June 2003



Company Registration No. 01603770

Snowman Enterprises Limited

DIRECTORS AND OFFICERS

DIRECTORS

J P Coates
N D Kauffman
J McLaren
S M Floyer

Chairman

SECRETARY

N D Kauffman

COMPANY NUMBER

01603770 (England and Wales)

REGISTERED OFFICE

2 Bloomsbury Street
London
WC1B 3ST

AUDITORS

Baker Tilly
Chartered Accountants
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

Snowman Enterprises Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Snowman Enterprises Limited for the year ended 30 June 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of making, producing and directing animated films.

REVIEW OF THE BUSINESS

The directors are satisfied with the level of income and profit generated by the film in the year under review.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £3,980 (2002: £26,440). The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office during the year:

J P Coates
N D Kauffman
J McLaren (appointed 29 August 2002)
S M Floyer

Ms C J Engle resigned as a director on 30 June 2002.

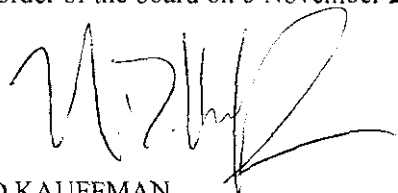
DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors held any interest in the shares of the company during the year.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board on 6 November 2003



N D KAUFFMAN
Secretary

Snowman Enterprises Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires 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, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SNOWMAN ENTERPRISES
LIMITED

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

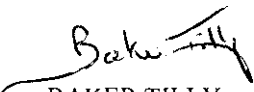
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Chartered Accountants
Registered Auditor
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

11 November 2003

Snowman Enterprises Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2003

	<i>Notes</i>	2003 £	2002 £
TURNOVER	1	579,175	485,481
Cost of sales		212,636	115,651
Gross profit		<u>366,539</u>	<u>369,830</u>
Other operating expenses (net)	2	<u>345,556</u>	<u>315,358</u>
OPERATING PROFIT		20,983	54,472
Investment income	3	<u>909</u>	<u>721</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	21,892	55,193
Taxation	5	<u>(17,912)</u>	<u>(28,753)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR	10	<u>3,980</u>	<u>26,440</u>

The operating result for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Snowman Enterprises Limited

BALANCE SHEET

30 June 2003

	<i>Notes</i>	2003 £	2002 £
FIXED ASSETS			
Intangible assets	6	100,000	100,000
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	7	29,328	29,642
Cash at bank		104,880	126,769
		<hr/>	<hr/>
		134,208	156,411
		<hr/>	<hr/>
CREDITORS: Amounts falling due within one year	8	128,156	154,339
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		6,052	2,072
		<hr/>	<hr/>
		106,052	102,072
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account	10	105,952	101,972
		<hr/>	<hr/>
		106,052	102,072
		<hr/>	<hr/>

Approved by the board on 6 November 2003



J P COATES

Director

Snowman Enterprises Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

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 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

TURNOVER

Turnover represents the invoice value, net of Value Added Tax, of goods sold and services provided to customers.

FILM PRODUCTION COSTS

Film production costs to 30 June 1985 have been capitalised when incurred.

Amounts have been written off against income to reduce the costs to a written down value of £100,000. Subsequent costs have been written off as they are incurred.

The Directors undertake an annual impairment review encompassing the level of income generated by the film and market conditions in relation to the sale of film rights. In their opinion, the asset is shown at a fair value.

Snowman Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	2003 £	2002 £
United Kingdom	336,399	196,072
Europe	20,010	32,394
Far East and Australia	128,818	168,497
USA and Canada	93,948	88,518
	<u>579,175</u>	<u>485,481</u>

2 OTHER OPERATING EXPENSES (NET)

	2003 £	2002 £
Administration expenses	<u>345,556</u>	<u>315,358</u>

3 INVESTMENT INCOME

	2003 £	2002 £
Bank interest receivable	<u>909</u>	<u>721</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £	2002 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors remuneration	<u>3,000</u>	<u>2,800</u>

Snowman Enterprises Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

5	TAXATION	2003 £	2001 £
	Current tax:		
	UK corporation tax on profits of period		-
	Foreign taxation	17,912	28,753
	Total current tax	<u>17,912</u>	<u>28,753</u>
	Tax on profit on ordinary activities	<u>17,912</u>	<u>28,753</u>
	Factors affecting tax charge for the period		
	Profit on ordinary activities before tax	21,892	55,193
	Profit on ordinary activities multiplied by the standard rate of corporation tax for small companies (19%)	4,159	10,487
	Effects of:		
	Utilisation of tax losses	(4,159)	(10,487)
	Foreign taxation	17,912	28,753
	Current tax charge for the period	<u>17,912</u>	<u>28,753</u>
6	INTANGIBLE FIXED ASSETS		£
	Cost		
	1 July 2002 and 30 June 2003		308,446
	Amortisation		
	1 July 2002 and 30 June 2003		208,446
	Net book value		
	30 June 2003 and 30 June 2002		100,000
7	DEBTORS	2003 £	2002 £
	Due within one year:		
	Trade debtors	2,541	12,844
	Other debtors	26,787	8,098
	Prepayments	-	8,700
		<u>29,328</u>	<u>29,642</u>

Snowman Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

8	CREDITORS: Amounts falling due within one year	2003 £	2002 £
	Trade creditors	3,775	4,755
	Amount due to parent company	41,734	42,417
	Amounts due to associated undertaking	78,647	104,267
	Accruals	4,000	2,900
		<u>128,156</u>	<u>154,339</u>
9	SHARE CAPITAL	2003 £	2002 £
	Allotted, issued and fully paid: 100 ordinary shares of £1 each	100	100
10	PROFIT AND LOSS ACCOUNT	2003 £	2002 £
	1 July 2002	101,972	75,532
	Profit for the year	3,980	26,440
	30 June 2003	<u>105,952</u>	<u>101,972</u>
11	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2003 £	2002 £
	Result for the year	3,980	26,440
	Opening shareholders' funds	102,072	75,632
	Closing shareholders' funds	<u>106,052</u>	<u>102,072</u>
12	ULTIMATE PARENT COMPANY		

The ultimate parent company is TV Cartoons Limited, incorporated in England.