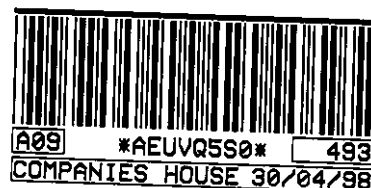


Snowman Enterprises Limited

FINANCIAL STATEMENTS

for the year ended

30 June 1997



Snowman Enterprises Limited

DIRECTORS AND OFFICERS

DIRECTORS

J P Coates	Chairman
I Harvey	
S D Hall	
E M Attenborough	

SECRETARY

N D Kauffman

COMPANY NUMBER

01603770 (England and Wales)

REGISTERED OFFICE

2 Bloomsbury Street
London
WC1B 3ST

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

Snowman Enterprises Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Snowman Enterprises Limited for the year ended 30 June 1997.

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 very pleased with the results for the year and anticipate continued success in the ensuing year.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £9,702 (1996 : £8,201).

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office during the year:-

J P Coates
I Harvey
S D Hall
Ms E M Attenborough

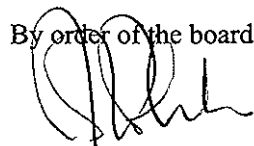
DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors held any interests 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



J P Coates
Director

28 April 1998

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.

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

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

Snowman Enterprises Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 1997

	<i>Notes</i>	1997 £	1996 £
TURNOVER	1	553,901	529,484
Cost of sales		105,849	105,491
		<hr/>	<hr/>
Gross profit		448,052	423,993
Other operating expenses (net)	2	453,513	414,549
		<hr/>	<hr/>
OPERATING LOSS		(5,461)	9,444
Investment income	3	5,997	15,897
Interest payable and similar charges		(433)	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	103	25,341
Taxation	6	(9,805)	(17,140)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR	11	(9,702)	8,201
		<hr/> <hr/>	<hr/> <hr/>

The operating profit 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.

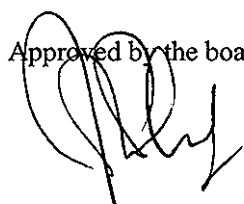
Snowman Enterprises Limited

BALANCE SHEET

30 June 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Intangible assets	7	100,000	100,000
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	8	16,186	98,002
Cash at bank and in hand		82,301	192,184
		<hr/>	<hr/>
		98,487	290,186
CREDITORS: Amounts falling due within one year	9	79,720	261,717
		<hr/>	<hr/>
NET CURRENT ASSETS		18,767	28,469
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		118,767	128,469
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	118,667	128,369
		<hr/>	<hr/>
		118,767	128,469
		<hr/> <hr/>	<hr/> <hr/>

Approved by the board on



28 April 1998

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

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

TURNOVER

Turnover represents the invoiced 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 £100,00 which in Directors' opinion is a fair value of the assets. Subsequent costs have been written off as they are incurred.

Snowman Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1997

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:

	1997 £	1996 £
United Kingdom	61,517	52,080
Europe	14,227	12,056
Far East and Australia	224,138	204,182
USA and Canada	254,019	261,166
	<u>553,901</u>	<u>529,484</u>

2 OTHER OPERATING EXPENSES (NET)

	1997 £	1996 £
Administration expenses	453,513	414,549
	<u>453,513</u>	<u>414,549</u>

3 INVESTMENT INCOME

	1997 £	1996 £
Bank interest receivable	5,997	15,897
	<u>5,997</u>	<u>15,897</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

5 TAXATION

	1997 £	1996 £
Based on the profit for the year:		
UK corporation tax at 24% (1996 - 24%)	351	-
Surplus withholding tax	9,454	17,140
	<u>9,805</u>	<u>17,140</u>

Snowman Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1997

7	INTANGIBLE FIXED ASSETS		£
	Cost		
	1 July 1996 and 30 June 1997		308,446
			<hr/>
	Amortisation:		
	1 July 1996 and 30 June 1997		208,446
			<hr/>
	Net book value		
	30 June 1997 and 30 June 1996		100,000
			<hr/>
		1997	1996
8	DEBTORS	£	£
	Due within one year:		
	Trade debtors	890	434
	Other debtors	15,296	97,368
	Prepayments	-	200
		<hr/>	<hr/>
		16,186	98,002
		<hr/>	<hr/>
		1997	1996
9	CREDITORS: Amounts falling due within one year	£	£
	Trade creditors	3,290	2,540
	Amount due to parent company	9,223	112,816
	Amounts due to associated undertaking	61,867	140,261
	Accruals	5,340	6,100
		<hr/>	<hr/>
		79,720	261,717
		<hr/>	<hr/>

Snowman Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1997

10	SHARE CAPITAL	1997 £	1996 £
	Authorised, issued and fully paid: 100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
11	PROFIT AND LOSS ACCOUNT	1997 £	1996 £
	1 July 1996	128,369	120,168
	(Profit)/loss for the year	(9,702)	8,201
	30 June 1997	<u>118,667</u>	<u>128,369</u>
		<u> </u>	<u> </u>
12	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1997 £	1996 £
	Profit/(loss) for the financial year	(9,702)	8,201
	Opening shareholders' funds	128,469	120,268
		<u>118,767</u>	<u>128,469</u>
		<u> </u>	<u> </u>
13	ULTIMATE PARENT COMPANY		
	The ultimate parent company is TV Cartoons Limited, incorporated in England.		