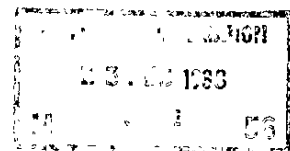


1927955  
GNN INTERNATIONAL SALES LIMITED  
(formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
(formerly BURGINHALL 9 LIMITED)

DIRECTORS' REPORT AND ACCOUNTS  
31 December 1986

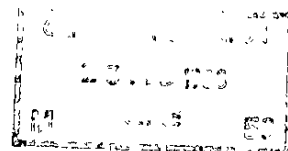


*Price Waterhouse*



1927955  
CNN INTERNATIONAL SALES LIMITED  
(formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
(formerly BURGINHALL 9 LIMITED)

DIRECTORS' REPORT AND ACCOUNTS  
31 December 1986



GNN INTERNATIONAL SALES LIMITED  
(formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
(formerly BURGINHALL 9 LIMITED)

DIRECTORS' REPORT

The directors present their first report and the audited accounts of the company for the eighteen months ended 31 December 1986.

REVIEW OF THE BUSINESS

The company was incorporated on 2 July 1985 as Burginhall 9 Limited and changed its name to Turner Broadcasting International Limited on 30 October 1985.

The group commenced trading on 1 April 1986 when it acquired the trade and net assets of Turner Broadcasting International a branch of Turner Program Systems Inc.

The group's principal activity is the marketing of 24 hour television news services by satellite and television programmes.

RESULTS AND DIVIDENDS

The group's loss for the eighteen months was £355,239. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors during the year are given below:

DH & B Directors Limited	(appointed 3 February 1986, resigned 4 February 1986)
DH & B Managers Limited	(appointed 3 February 1986, resigned 4 February 1986)
RE Turner	(appointed 3 February 1986)
H Gillespie	(appointed 3 February 1986)
MF Flint	(appointed 3 February 1986)
AJ Shipwright	(appointed 3 February 1986, resigned 12 June 1987)

No director had any interest in the shares of group companies at the beginning and end of the period except for RE Turner and H Gillespie whose interests in shares of the ultimate holding company were as follows:

	<u>3 February 1986</u> (date of appointment)	<u>31 December 1986</u>
RE Turner	17,554,682	17,524,114
H Gillespie	55,000	55,000

#### FIXED ASSETS

Details of the movements in tangible fixed assets are given in Note 4.

#### SUBSEQUENT EVENT

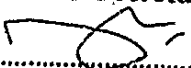
On 28 January 1987 the company changed its name to CNN International Sales Limited.

#### AUDITORS

The directors have appointed Price Waterhouse to be auditors of the company. Price Waterhouse have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

By Order of the Board  
For and on behalf of

**Gray's Inn Secretaries Limited**

  
.....DIRECTOR/  
Gray's Inn Secretaries Limited  
Secretary

December 15, 1987

*Price Waterhouse*



AUDITORS' REPORT TO THE MEMBERS OF  
CNN INTERNATIONAL SALES LIMITED  
(formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
(formerly BURGINHALL & LIMITED)

We have audited the accounts on pages 4 to 8 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1986 and of the loss of the group for the eighteen months then ended and comply with the Companies Act 1985.

The account do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice number 10.

*Price Waterhouse*

Chartered Accountants

*December* 15<sup>th</sup>

1987

CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY  
 (formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
 (formerly BURGINHALL 9 LIMITED)

GROUP PROFIT AND LOSS ACCOUNT  
 FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 1986

	<u>Note</u>	<u>1986</u> £
TURNOVER		41,374
Administrative expenses		<u>(396,613)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(355,239)
Tax on loss on ordinary activities	3	<u>-</u>
LOSS TRANSFERRED FROM RESERVES		<u>(355,239)</u>

A statement of movements on reserves is given in Note 9.

CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY  
 (formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
 (formerly BURGINHALL 9 LIMITED)

GROUP AND COMPANY BALANCE SHEETS - 31 DECEMBER 1986

	<u>Note</u>	<u>Group</u> <u>1986</u> £	<u>Company</u> <u>1986</u> £
FIXED ASSETS			
Tangible assets	4	13,365	13,365
Investments	5	<u>-</u>	<u>100</u>
		13,365	13,465
CURRENT ASSETS			
Debtors	6	50,608	58,145
Cash at bank and in hand		<u>45,490</u>	<u>37,853</u>
		96,098	95,998
CREDITORS (amounts falling due within one year)	7	<u>464,602</u>	<u>464,602</u>
NET CURRENT LIABILITIES		(368,504)	(368,604)
		<u>(355,139)</u>	<u>(355,139)</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account	9	(355,239)	(355,239)
		<u>(355,139)</u>	<u>(355,139)</u>

Approved by the Board on December 15, 1987.

*RE Dunn*  
*AGGilligan*

) DIRECTORS

CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY  
(formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
(formerly BURGINHALL 9 LIMITED)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1986

1 ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the historical cost convention.

b) Turnover

Turnover represents the value of services provided during the year net of value added tax.

c) Depreciation

Office equipment is depreciated over its estimated useful life on a straight line basis at a rate of 12½% per annum.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

1986  
£

Loss on ordinary activities before taxation  
is stated after charging the following amounts:

Staff costs	
Wages and salary costs	77,453
Social security costs	14,707
Depreciation	2,170
Directors' remuneration	-
Auditors' remuneration	8,000

3 TAX ON LOSS ON ORDINARY ACTIVITIES

The charge for United Kingdom corporation tax in the period was nil.



CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY  
(formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
(formerly BURGINHALL 9 LIMITED)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1986 (continued)

4 TANGIBLE ASSETS

	<u>Group and company</u> £
<u>Cost</u>	
At 1 April 1986	12,767
Additions	<u>2,768</u>
At 31 December 1986	<u>15,535</u>
<u>Accumulated depreciation</u>	
At 1 April 1986	-
Provision for the year	<u>2,170</u>
At 31 December 1986	<u>2,170</u>
<u>Net book value</u>	
At 31 December 1986	<u>13,365</u>

5 INVESTMENTS

	<u>1986</u> £
Shares in Turner Program International Limited (formerly Burginhall 13 Limited) at cost	<u>100</u>

Turner Program International Limited markets 24 hour television news services by satellite and television programmes. It is a wholly owned subsidiary of CNN International Sales Limited (formerly Turner Broadcasting International Limited).

6 DEBTORS

	<u>Group 1986</u> £	<u>Company 1986</u> £
Trade debtors	37,484	-
Amounts owed by group companies	-	45,021
Other debtors	12,224	13,124
Prepayments	<u>900</u>	<u>-</u>
	<u>50,608</u>	<u>58,145</u>

CNN INTERNATIONAL SALES LIMITED  
(formerly TURNER BROADCASTING INTERNATIONAL LIMITED)  
(formerly BURGINHALL 9 LIMITED)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1986 (continued)

7 CREDITORS (amounts falling due within one year)

	<u>Group and company</u> <u>1986</u> £
Amounts owed to group companies	420,037
Taxation and social security	4,485
Accruals	<u>40,080</u>
	<u>464,602</u>

8 CALLED UP SHARE CAPITAL

	<u>1986</u> Number	<u>1986</u> £
Authorised, allotted and fully paid ordinary shares of £1 each	<u>100</u>	<u>100</u>

9 PROFIT AND LOSS ACCOUNT

	<u>Group</u> <u>1986</u> £	<u>Company</u> <u>1986</u> £
At 31 December 1985	-	-
Loss for the year	<u>(355,239)</u>	<u>(355,239)</u>
At 31 December 1986	<u>(355,239)</u>	<u>(355,239)</u>

10 TURNOVER BROADCASTING INTERNATIONAL LIMITED  
PROFIT AND LOSS ACCOUNT

CNN International Sales Limited (formerly Turner Broadcasting International Limited) has not presented its own profit and loss account as permitted by Section 228 (7) of the Companies Act 1985. The amount of the consolidated loss for the financial period dealt with in the accounts of the holding company is £355,239.

11 ULTIMATE HOLDING COMPANY AND FINANCIAL SUPPORT

The company's ultimate holding company is Turner Broadcasting System, Inc., which is incorporated in the USA.

The company has been informed that it is the present intention of Turner Broadcasting System, Inc. to provide the financial support necessary to enable the group to continue in business as a going concern.