

Company Registration No. 2280184 (England and Wales)

OPTOMEN TELEVISION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



OPTOMEN TELEVISION LIMITED

COMPANY INFORMATION

Directors	P Llewellyn M A Bibby B Adler B Hoppe
Secretary	R Whalley
Company number	2280184
Registered office	1 Valentine Place London SE1 8QH
Auditors	Ivan Sopher & Co. 5 Elstree Gate, Elstree Way, Borehamwood, Herts. WD6 1JD
Business address	1 Valentine Place London SE1 8QH

OPTOMEN TELEVISION LIMITED

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OPTOMEN TELEVISION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of a producer and seller of television programmes and video in the field of broadcast and cable television.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

An interim ordinary dividend was paid amounting to £107,200. The directors do not recommend payment of a final dividend.

Future developments

The directors consider that the company is well placed to take advantage of market opportunities in the ensuing year.

Directors

The following directors have held office since 1 April 2004:

P Gillbe	(Resigned 29 July 2005)
P Llewellyn	
C M Goss	(Appointed 17 May 2004 and resigned 24 November 2004)
B Adler	(Appointed 2 July 2004)
B Hoppe	(Appointed 19 October 2004)
M A Bibby	(Appointed 14 September 2005)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2005	1 April 2004
P Gillbe	807	807
P Llewellyn	807	807
B Adler	-	-
B Hoppe	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Ivan Sopher & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

OPTOMEN TELEVISION LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2005**

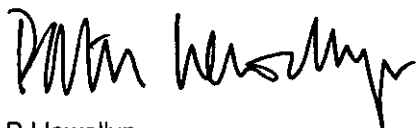
Directors' responsibilities

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 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;
- 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 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.

On behalf of the board



P Llewellyn

Director

7 October 2005

OPTOMEN TELEVISION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OPTOMEN TELEVISION LIMITED

We have audited the financial statements of Optomen Television Limited on pages 4 to 16 for the year ended 31 March 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

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

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ivan Sopher & Co.

Chartered Accountants

Registered Auditor

7 October 2005

5 Elstree Gate, Elstree Way,
Borehamwood,
Herts.
WD6 1JD

OPTOMEN TELEVISION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	5,064,316	5,212,980
Cost of sales		(3,347,293)	(3,626,490)
Gross profit		1,717,023	1,586,490
Administrative expenses		(1,424,180)	(1,340,702)
Operating profit	3	292,843	245,788
Other interest receivable and similar income		4,958	5,720
Profit on ordinary activities before taxation		297,801	251,508
Tax on profit on ordinary activities	4	(79,033)	(58,488)
Profit on ordinary activities after taxation		218,768	193,020
Dividends	5	(107,200)	(217,970)
Retained profit/(loss) for the year	15	111,568	(24,950)

The profit and loss account has been prepared on the basis that all operations are continuing operations.


There are no recognised gains and losses other than those passing through the profit and loss account.

OPTOMEN TELEVISION LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	6		34,535		46,289
Investments	7		63		63
			<u>34,598</u>		<u>46,352</u>
Current assets					
Stocks	8	381		25,076	
Debtors	9	808,036		1,247,972	
Cash at bank and in hand	10	2,299,885		1,039,835	
		<u>3,108,302</u>		<u>2,312,883</u>	
Creditors: amounts falling due within one year	11	(1,622,705)		(919,109)	
Net current assets			<u>1,485,597</u>		<u>1,393,774</u>
Total assets less current liabilities			<u>1,520,195</u>		<u>1,440,126</u>
Creditors: amounts falling due after more than one year	12		(788,028)		(819,527)
			<u>732,167</u>		<u>620,599</u>
Capital and reserves					
Called up share capital	14		1,614		1,614
Profit and loss account	15		730,553		618,985
Shareholders' funds - equity interests	16		<u>732,167</u>		<u>620,599</u>

The financial statements were approved by the Board on 7 October 2005



P Llewellyn
Director

OPTOMEN TELEVISION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	£	2005 £	£	2004 £
Net cash inflow from operating activities		1,454,509		87,447
Returns on investments and servicing of finance				
Interest received	4,958		5,720	
	<u> </u>		<u> </u>	
Net cash inflow for returns on investments and servicing of finance		4,958		5,720
Taxation		(49,339)		(74,003)
Capital expenditure				
Payments to acquire tangible assets	(16,122)		(62,325)	
	<u> </u>		<u> </u>	
Net cash outflow for capital expenditure		(16,122)		(62,325)
Equity dividends paid		(107,200)		(325,170)
		<u> </u>		<u> </u>
Net cash inflow/(outflow) before management of liquid resources and financing		1,286,806		(368,331)
Financing				
Capital element of finance lease contracts	(26,756)		(22,484)	
	<u> </u>		<u> </u>	
Net cash outflow from financing		(26,756)		(22,484)
		<u> </u>		<u> </u>
Increase/(decrease) in cash in the year		1,260,050		(390,815)
		<u> </u>		<u> </u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005		2004	
		£		£	
	Operating profit	292,843		245,788	
	Depreciation of tangible assets	27,876		26,733	
	Decrease/(increase) in stocks	24,695		(18,686)	
	Decrease/(increase) in debtors	439,346		(174,642)	
	Increase in creditors within one year	669,749		8,254	
	Net cash inflow from operating activities	1,454,509		87,447	
2	Analysis of net funds	1 April 2004	Cash flow	Other non-	31 March 2005
		£	£	cash changes	£
	Net cash:				
	Cash at bank and in hand	1,039,835	1,260,050	-	2,299,885
	Debt:				
	Finance leases	(846,283)	26,756	-	(819,527)
	Net funds	193,552	1,286,806	-	1,480,358
3	Reconciliation of net cash flow to movement in net funds	2005		2004	
		£		£	
	Increase/(decrease) in cash in the year	1,260,050		(390,815)	
	Cash outflow from decrease in debt and lease financing	26,756		22,484	
	Movement in net funds in the year	1,286,806		(368,331)	
	Opening net funds	193,552		561,883	
	Closing net funds	1,480,358		193,552	

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents income receivable in respect of television productions, together with distribution income and royalties received during the year excluding Value Added Tax.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33% on straight line
Fixtures, fittings & equipment	20% on straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Work in progress represents costs incurred on projects in development and is stated at the lower of these costs and their recoverability.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.10 Royalties receivable

Royalty advances which are non-returnable and non-recoupable are accounted for as income on a receipt basis. Returnable advances are accounted for as other operating income on a royalty earning basis.

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

(continued)

1.11 Sale and leaseback of master tapes

The company has entered into a sale and leaseback arrangement in respect of the master tape of the television programme "Two Men In A Trench". The lease rentals are payable over a 13 year period ending 18 December 2015. A capital deposit is held under pledge at a fixed rate of interest in order to guarantee payment of the rentals as they fall due. The fixed rate interest receivable is set off annually against the matching lease rentals that fall due in accordance with the sale and leaseback contract.

The contracted total lease rentals are carried as a creditor to be reduced each year as payments are made from the pledge account.

2 Turnover

Geographical market

	Turnover	
	2005	2004
	£	£
United Kingdom	4,388,737	4,688,120
Rest of the World	862,382	524,860
	<u>5,251,119</u>	<u>5,212,980</u>

3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	27,876	26,733
Operating lease rentals	211,557	198,735
Auditors' remuneration	11,976	11,975
Remuneration of auditors for non-audit work	2,000	7,775
	<u>253,309</u>	<u>245,218</u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

4	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	79,437	59,510
	Adjustment for prior years	(4)	-
	Overseas taxation paid	(23,321)	32,498
	Less: relief for overseas taxation	23,321	(32,498)
		<hr/>	<hr/>
	Current tax charge	79,433	59,510
	Deferred tax		
	Deferred tax charge/credit current year	(400)	(1,022)
		<hr/>	<hr/>
		79,033	58,488
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	297,801	251,508
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	89,340	75,452
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	1,847	970
	Depreciation	8,362	8,020
	Capital allowances	(7,890)	(11,037)
	Marginal rate adjustments	(12,222)	(13,895)
	Adjustments to previous periods	(4)	-
		<hr/>	<hr/>
		(9,907)	(15,942)
		<hr/>	<hr/>
	Current tax charge	79,433	59,510
		<hr/>	<hr/>
5	Dividends	2005	2004
		£	£
	Ordinary interim paid	107,200	217,970
		<hr/>	<hr/>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

6 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2004	187,998	41,543	229,541
Additions	16,122	-	16,122
Disposals	(17,605)	-	(17,605)
At 31 March 2005	186,515	41,543	228,058
Depreciation			
At 1 April 2004	151,430	31,822	183,252
On disposals	(17,605)	-	(17,605)
Charge for the year	24,426	3,450	27,876
At 31 March 2005	158,251	35,272	193,523
Net book value			
At 31 March 2005	28,264	6,271	34,535
At 31 March 2004	36,568	9,721	46,289

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2004 & at 31 March 2005	63

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Optomen Productions Inc.	USA	Ordinary	75

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2005 £	Turnover 2005 £	Loss before tax 2005 £	Loss after tax 2005 £
Optomen Productions Inc.	(160,439)	479,131	(211,419)	(211,419)

8 Work in progress

	2005 £	2004 £
Work in progress	381	25,076

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

9 Debtors	2005 £	2004 £
Trade debtors	226,461	486,666
Amounts owed by subsidiary undertakings	202,967	179,512
Corporation tax	-	990
Other debtors	309,821	334,625
Prepayments and accrued income	60,386	238,178
Deferred tax asset	8,401	8,001
	<u>808,036</u>	<u>1,247,972</u>

10 Cash at bank and in hand

Included within the balance sheet figure of £2,299,885 (2004 - £1,039,835) are sums amounting to £543,141 (2004 - £130,304) held in trust bank accounts on behalf of television companies which have commissioned work and advanced funds to cover future production costs and a pledged deposit account in the sum of £819,526 (2004 - £846,283) to meet the company's liabilities under a sale and leaseback arrangement.

Included within creditors are net production advances, certain trade creditors, accruals, and other taxation and social security which represent the unexpended funds held on trust at the balance sheet date.

11 Creditors: amounts falling due within one year	2005 £	2004 £
Net obligations under finance leases	31,499	26,756
Trade creditors	259,289	315,584
Corporation tax	56,116	27,012
Other taxation and social security	193,727	103,163
Other creditors	69,133	56,070
Production advances	885,935	297,387
Accruals and deferred income	126,868	64,418
	<u>1,622,705</u>	<u>919,109</u>

The company's bank facilities are secured by a debenture over all the assets of the company.

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

12 Creditors: amounts falling due after more than one year	2005 £	2004 £
Net obligations under finance leases	788,028	819,527
Net obligations under finance leases		
Repayable after five years	1,122,542	1,189,708
	1,122,542	1,189,708
Finance charges and interest allocated to future accounting periods	(303,015)	(343,425)
	819,527	846,283
Included in liabilities falling due within one year	(31,499)	(26,756)
	788,028	819,527

The bank deposit pledge account is secured by a counter indemnity as security for the lease obligations.

13 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 9) is made up as follows:

	2005 £	
Balance at 1 April 2004	(8,001)	
Profit and loss account	(400)	
Balance at 31 March 2005	(8,401)	
	2005 £	2004 £
Accelerated capital allowances	(8,401)	(8,001)

14 Share capital	2005 £	2004 £
Authorised		
1,614 Ordinary shares of £1 each	1,614	1,614
Allotted, called up and fully paid		
1,614 Ordinary shares of £1 each	1,614	1,614

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2004	618,985
Retained profit for the year	111,568
	<hr/>
Balance at 31 March 2005	730,553
	<hr/>

16 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	218,768	193,020
Dividends	(107,200)	(217,970)
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	111,568	(24,950)
Opening shareholders' funds	620,599	645,549
	<hr/>	<hr/>
Closing shareholders' funds	732,167	620,599
	<hr/>	<hr/>

17 Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Expiry date:				
Between two and five years	192,326	192,326	1,996	1,996
	<hr/>	<hr/>	<hr/>	<hr/>

18 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	149,949	76,000
	<hr/>	<hr/>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

19 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2005	2004	in year
	£	£	£
P Llewellyn	27,004	19,820	27,004

During the year the company paid fees amounting to £33,825 to Brain Juice Limited in respect of the services of C M Goss, a director of the company. C M Goss has a material interest in Brain Juice Limited.

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Directors	3	2
Administration	14	13
Development	4	5
Sales	2	2
	<u>23</u>	<u>22</u>

Employment costs

	£	£
Wages and salaries	863,678	822,723
Social security costs	97,293	91,082
	<u>960,971</u>	<u>913,805</u>