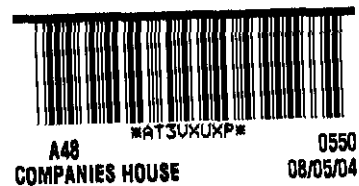


Company Registration No. 2280184 (England and Wales)

OPTOMEN TELEVISION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003



OPTOMEN TELEVISION LIMITED

COMPANY INFORMATION

Directors

P Gillbe
P Llewellyn

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 2003

The directors present their report and financial statements for the year ended 31 March 2003.

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.

During the year the company established a wholly-owned subsidiary in the USA, Optomen Productions Inc. The directors are pleased to report that Optomen Productions Inc. achieved a turnover of \$1,411,490 in its first year of trading.

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.

The directors recommend payment of an ordinary dividend amounting to £107,200.

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 2002:

P Gillbe	
P Llewellyn	
S Andreae	(Resigned 5 April 2002)

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
P Gillbe	807	538
P Llewellyn	807	538

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 2003

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 Gillbe

Director

15 April 2004

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 17 for the year ended 31 March 2003. 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 2003 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

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

15 April 2004

OPTOMEN TELEVISION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover	2	4,488,328	6,618,398
Cost of sales		(2,849,344)	(5,027,129)
Gross profit		<u>1,638,984</u>	<u>1,591,269</u>
Administrative expenses		(1,358,147)	(1,515,798)
Operating profit	3	<u>280,837</u>	<u>75,471</u>
Investment income	4	(862)	-
Other interest receivable and similar income	4	6,293	17,680
Interest payable and similar charges	5	(150)	-
Profit on ordinary activities before taxation		<u>286,118</u>	<u>93,151</u>
Tax on profit on ordinary activities	6	(76,587)	(9,524)
Profit on ordinary activities after taxation		<u>209,531</u>	<u>83,627</u>
Dividends	7	(107,200)	-
Retained profit for the year	17	<u><u>102,331</u></u>	<u><u>83,627</u></u>

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

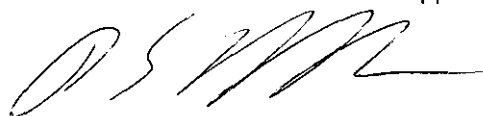
There are no recognised gains and losses other than those passing through the profit and loss account.

OPTOMEN TELEVISION LIMITED

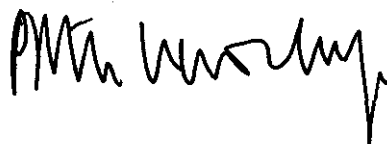
BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	8		10,697		24,329
Investments	9		63		862
			<u>10,760</u>		<u>25,191</u>
Current assets					
Stocks	10	6,390		34,603	
Debtors	11	1,071,318		889,244	
Cash at bank and in hand	12	1,430,650		370,990	
		<u>2,508,358</u>		<u>1,294,837</u>	
Creditors: amounts falling due within one year	13	(1,027,286)		(776,810)	
Net current assets			<u>1,481,072</u>		<u>518,027</u>
Total assets less current liabilities			<u>1,491,832</u>		<u>543,218</u>
Creditors: amounts falling due after more than one year	14		(846,283)		-
			<u>645,549</u>		<u>543,218</u>
Capital and reserves					
Called up share capital	16		1,614		1,614
Profit and loss account	17		643,935		541,604
Shareholders' funds - equity interests	18		<u>645,549</u>		<u>543,218</u>

The financial statements were approved by the Board on 15 April 2004



P Gillbe
Director



P Llewellyn
Director

OPTOMEN TELEVISION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	£	2003 £	£	2002 £
Net cash inflow/(outflow) from operating activities		236,476		(436,136)
Returns on investments and servicing of finance				
Interest received	6,293		17,680	
Interest paid	(150)		-	
Net cash inflow from returns on investments and servicing of finance		6,143		17,680
Taxation		(47,053)		(28,608)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(4,609)		(14,912)	
Payments to acquire investments	(64)		(862)	
Net cash outflow for capital expenditure		(4,673)		(15,774)
Net cash inflow/(outflow) before management of liquid resources and financing		190,893		(462,838)
Financing				
Issue of ordinary share capital	-		862	
Capital element of finance lease contracts	868,767		-	
Net cash inflow from financing		868,767		862
Increase/(decrease) in cash in the year		1,059,660		(461,976)

OPTOMEN TELEVISION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2003	2002
		£	£
	Operating profit	280,837	75,471
	Depreciation of tangible assets	17,486	27,462
	Loss on disposal of tangible assets	756	670
	Decrease/(increase) in stocks	28,213	(15,596)
	(Increase)/decrease in debtors	(182,611)	869,312
	Increase/(decrease) in creditors within one year	91,795	(1,393,455)
	Net cash inflow/(outflow) from operating activities	236,476	(436,136)

2	Analysis of net funds	1 April 2002	Cash flow	Other non- cash changes	31 March 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	370,990	1,059,660	-	1,430,650
	Debt:				
	Finance leases	-	(868,767)	-	(868,767)
	Net funds	370,990	190,893	-	561,883

3	Reconciliation of net cash flow to movement in net funds	2003	2002
		£	£
	Increase/(decrease) in cash in the year	1,059,660	(461,976)
	Cash inflow from increase in debt and lease financing	(868,767)	-
	Movement in net funds in the year	190,893	(461,976)
	Opening net funds	370,990	832,966
	Closing net funds	561,883	370,990

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

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 2003

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 2003 £	2002 £
United Kingdom	3,622,442	6,128,404
Rest of the World	865,886	489,994
	<u>4,488,328</u>	<u>6,618,398</u>

3 Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	17,486	27,462
Loss on disposal of tangible assets	756	670
Operating lease rentals	192,326	159,742
Auditors' remuneration	11,975	9,000
	<u>222,543</u>	<u>296,874</u>

4 Investment income

	2003 £	2002 £
Income from fixed asset investments	(862)	-
Bank interest	6,284	17,680
Other interest	9	-
	<u>5,431</u>	<u>17,680</u>

5 Interest payable

	2003 £	2002 £
On bank loans and overdrafts	150	-
	<u>150</u>	<u>-</u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

6	Taxation	2003	2002
		£	£
	Domestic current year tax		
	U.K. corporation tax	76,050	17,040
	Overseas taxation paid	35,535	5,522
	Less: relief for overseas taxation	(35,535)	(5,522)
		<hr/>	<hr/>
	Current tax charge	76,050	17,040
	Deferred tax		
	Deferred tax charge/credit current year	537	(7,516)
		<hr/>	<hr/>
		76,587	9,524
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	286,118	93,151
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 20.00%)	85,835	18,630
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	2,717	3,225
	Depreciation	5,473	5,626
	Capital allowances	(5,726)	(4,723)
	Marginal rate adjustments	(12,508)	-
	Chargeable disposals	259	-
	Other tax adjustments	-	(5,718)
		<hr/>	<hr/>
		(9,785)	(1,590)
		<hr/>	<hr/>
	Current tax charge	76,050	17,040
		<hr/>	<hr/>
7	Dividends	2003	2002
		£	£
	Ordinary final proposed	107,200	-
		<hr/>	<hr/>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

8 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2002	172,613	33,561	206,174
Additions	4,608	-	4,608
Disposals	(37,220)	(1,804)	(39,024)
At 31 March 2003	140,001	31,757	171,758
Depreciation			
At 1 April 2002	155,661	26,184	181,845
On disposals	(36,464)	(1,804)	(38,268)
Charge for the year	14,182	3,302	17,484
At 31 March 2003	133,379	27,682	161,061
Net book value			
At 31 March 2003	6,622	4,075	10,697
At 31 March 2002	16,952	7,377	24,329

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2002	862
Additions	63
Disposals	(862)
	<hr/>
At 31 March 2003	63
	<hr/>

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	100

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 2003 £	Turnover 2003 £	Profit before tax 2003 £	Profit after tax 2003 £
Optomen Productions Inc.	26,211	893,348	36,515	26,148
	<hr/>	<hr/>	<hr/>	<hr/>

Following the transfer of the entire trades of both Scarlet Media Limited and Tidy Television Limited to the company with effect from 1 April 2001, these two wholly-owned subsidiary companies were no longer required and they were both dissolved during the year under review.

10 Work in progress	2003 £	2002 £
Work in progress	6,390	34,603
	<hr/>	<hr/>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

11 Debtors	2003 £	2002 £
Trade debtors	343,640	257,037
Amounts owed by subsidiary undertakings	200,353	-
Other debtors	393,753	492,424
Prepayments and accrued income	126,593	132,267
Deferred tax asset	6,979	7,516
	<u>1,071,318</u>	<u>889,244</u>

Deferred tax

	2003 £
Balance at 1 April 2002	7,516
Profit and loss account	(537)
	<u>6,979</u>
Balance at 31 March 2003	<u>6,979</u>

	2003 £	2002 £
Accelerated capital allowances	6,979	7,516
Provision for deferred taxation	<u>6,979</u>	<u>7,516</u>

Other debtors include a rent deposit of £35,250 (2002 - £35,250) which is repayable within one year (2002 - after more than one year).

12 Cash at bank and in hand

Included within the balance sheet figure of £1,430,650 (2002 - £370,990) are sums amounting to £249,230 (2002 - £106,448) 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 £868,767 (2002 - nil) 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.

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

13 Creditors: amounts falling due within one year	2003 £	2002 £
Net obligations under finance leases	22,484	-
Trade creditors	252,445	386,375
Corporation tax	40,515	11,518
Other taxation and social security	56,498	37,620
Other creditors	51,985	95,498
Production advances	390,141	190,098
Accruals and deferred income	71,564	55,701
	<u>1,027,286</u>	<u>776,810</u>

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

14 Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under finance leases	<u>846,283</u>	<u>-</u>
Net obligations under finance leases		
Repayable after five years	<u>1,253,676</u>	<u>-</u>
	1,253,676	-
Finance charges and interest allocated to future accounting periods	<u>(384,909)</u>	<u>-</u>
	868,767	-
Included in liabilities falling due within one year	<u>(22,484)</u>	<u>-</u>
	<u>846,283</u>	<u>-</u>

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

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

15 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 11) is made up as follows:

	2003 £	
Balance at 1 April 2002	(7,516)	
Profit and loss account	537	
	<u>(6,979)</u>	
Balance at 31 March 2003	<u>(6,979)</u>	
	2003 £	2002 £
Accelerated capital allowances	<u>(6,979)</u>	<u>(7,516)</u>

16 Share capital

	2003 £	2002 £
Authorised		
1,614 Ordinary shares of £1 each	<u>1,614</u>	<u>1,614</u>
Allotted, called up and fully paid		
1,614 Ordinary shares of £1 each	<u>1,614</u>	<u>1,614</u>

17 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2002	541,604
Retained profit for the year	<u>102,331</u>
Balance at 31 March 2003	<u>643,935</u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

18 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Profit for the financial year	209,531	83,627
Dividends	(107,200)	-
	<hr/>	<hr/>
	102,331	83,627
Proceeds from issue of shares	-	862
	<hr/>	<hr/>
Net addition to shareholders' funds	102,331	84,489
Opening shareholders' funds	543,218	458,729
	<hr/>	<hr/>
Closing shareholders' funds	<u>645,549</u>	<u>543,218</u>

19 Financial commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Between two and five years	192,326	10,000	2,087	2,782
In over five years	-	192,326	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>192,326</u>	<u>202,326</u>	<u>2,087</u>	<u>2,782</u>

20 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	<u>76,000</u>	<u>126,500</u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

21 Transactions with directors

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

	Amount outstanding		Maximum
	2003	2002	in year
	£	£	£
P Gillbe	34,454	-	34,454
P Llewellyn	92,616	-	92,616

P Gillbe repaid his loan on 7 April 2003 by way of the payment of the proposed final dividend for 2002/03 payable at the balance sheet date. P Llewellyn reduced her loan to £39,016 on 7 April 2003 by way the payment of the proposed final dividend for 2002/03 payable at the balance sheet date. P Llewellyn further reduced her loan by way of the payment of an interim dividend for 2003/04 of £28,719 on 30 April 2003.

22 Employees

Number of employees

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

	2003 Number	2002 Number
Directors	2	3
Administration	15	16
Development	3	6
Sales	2	2
	<u>22</u>	<u>27</u>

Employment costs

	£	£
Wages and salaries	793,535	912,265
Social security costs	79,227	92,746
	<u>872,762</u>	<u>1,005,011</u>