

Company Registration No. 2280184 (England and Wales)

OPTOMEN TELEVISION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006



OPTOMEN TELEVISION LIMITED

COMPANY INFORMATION

Directors	P Llewellyn M A Bibby B Adler N Moody 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

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 17

OPTOMEN TELEVISION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and financial statements for the year ended 31 March 2006.

Principal activities and review of the business

The principal activity of the company continues to be that of a producer and distributor of intellectual property primarily in the area of broadcast and cable television.

The results for the company show a pre-tax profit of £527, 508 (2005: £297,801) for the year and sales of £9,572,241 (2005: £5,064,316).

The company has net assets of £401,920 (2005: £732,167) and a cash balance of £2,233,955 (2005: £2,299,885).

Research and development

We continue to invest in the development of new programme ideas for a range of terrestrial and non-terrestrial broadcasters primarily in the UK and USA. The directors regard this investment in research and development as integral to the continuing success of the business.

Future outlook

The commercial environment is expected to remain competitive in 2007 as new technologies and competing platforms impact on our customers' revenue streams. However, we remain confident that we will maintain our current level of performance in the future.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company relate to the competitive environment, the limited number of key customers, talent relationships and employee retention.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The results for the year are set out on page 5.

An interim ordinary dividend was paid amounting to £706,670. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 April 2005:

P Llewellyn

M A Bibby

B Adler

N Moody

B Hoppe

(Appointed 14 September 2005)

(Appointed 3 October 2005)

OPTOMEN TELEVISION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2006	1 April 2005
P Llewellyn	-	807
M A Bibby	-	-
B Adler	-	-
N Moody	-	-
B Hoppe	-	-

P Llewellyn is also a director of Tidy Television Limited, the ultimate holding company and her interest in the shares of that company is disclosed in the financial statements of that company.

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.

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 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.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



P Llewellyn

Director

10 November 2006

OPTOMEN TELEVISION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OPTOMEN TELEVISION LIMITED

We have audited the financial statements of Optomen Television Limited for the year ended 31 March 2006 set out on pages 5 to 17. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 auditors' 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 or 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

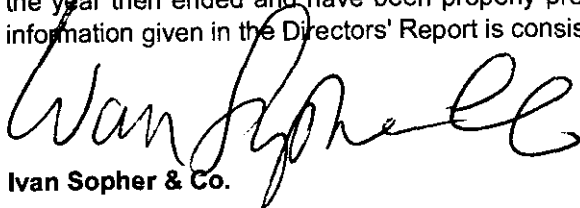
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPTOMEN TELEVISION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF OPTOMEN TELEVISION LIMITED

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the information given in the Directors' Report is consistent with the financial statements.



Ivan Sopher & Co.

10 November 2006

Chartered Accountants
Registered Auditor

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

OPTOMEN TELEVISION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
Turnover	2	9,572,241	5,064,316
Cost of sales		(6,685,919)	(3,347,293)
Gross profit		2,886,322	1,717,023
Administrative expenses		(2,371,833)	(1,424,180)
Operating profit	3	514,489	292,843
Other interest receivable and similar income	4	13,019	4,958
Profit on ordinary activities before taxation		527,508	297,801
Tax on profit on ordinary activities	5	(151,085)	(79,033)
Profit on ordinary activities after taxation		376,423	218,768
Dividends	6	(706,670)	(107,200)
Retained (loss)/profit for the year	16	(330,247)	111,568

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

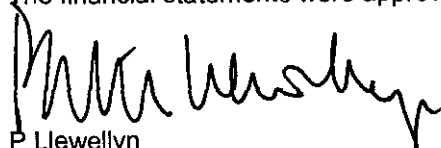
There are no recognised gains and losses other than those passing through the profit and loss account.

OPTOMEN TELEVISION LIMITED

BALANCE SHEET AS AT 31 MARCH 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	7		83,765		34,535
Investments	8		63		63
			<u>83,828</u>		<u>34,598</u>
Current assets					
Stocks	9	136		381	
Debtors	10	1,724,313		808,036	
Cash at bank and in hand		2,233,955		2,299,885	
		<u>3,958,404</u>		<u>3,108,302</u>	
Creditors: amounts falling due within one year	12	(2,888,499)		(1,622,705)	
Net current assets			<u>1,069,905</u>		<u>1,485,597</u>
Total assets less current liabilities			<u>1,153,733</u>		<u>1,520,195</u>
Creditors: amounts falling due after more than one year	13		(751,813)		(788,028)
			<u>401,920</u>		<u>732,167</u>
Capital and reserves					
Called up share capital	15		1,614		1,614
Profit and loss account	16		400,306		730,553
Shareholders' funds - equity interests	17		<u>401,920</u>		<u>732,167</u>

The financial statements were approved by the Board on 10 November 2006



P Llewellyn
Director

OPTOMEN TELEVISION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	£	2006 £	£	2005 £
Net cash inflow from operating activities		813,634		1,454,509
Returns on investments and servicing of finance				
Interest received	13,019		4,958	
Net cash inflow for returns on investments and servicing of finance		13,019		4,958
Taxation		(76,046)		(49,339)
Capital expenditure				
Payments to acquire tangible assets	(79,104)		(16,122)	
Receipts from sales of tangible assets	737		-	
Net cash outflow for capital expenditure		(78,367)		(16,122)
Equity dividends paid		(706,670)		(107,200)
Net cash (outflow)/inflow before management of liquid resources and financing		(34,430)		1,286,806
Financing				
Capital element of finance lease contracts	(31,500)		(26,756)	
Net cash outflow from financing		(31,500)		(26,756)
(Decrease)/increase in cash in the year		(65,930)		1,260,050

OPTOMEN TELEVISION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

1	Reconciliation of operating profit to net cash inflow from operating activities	2006	2005
		£	£
	Operating profit	514,489	292,843
	Depreciation of tangible assets	29,489	27,876
	Profit on disposal of tangible assets	(351)	-
	Decrease in stocks	245	24,695
	(Increase)/decrease in debtors	(921,498)	439,346
	Increase in creditors within one year	1,191,260	669,749
	Net cash inflow from operating activities	813,634	1,454,509

2	Analysis of net funds	1 April 2005	Cash flow	Other non-cash changes	31 March 2006
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,299,885	(65,930)	-	2,233,955
	Bank deposits	-	-	-	-
	Debt:				
	Finance leases	(819,527)	31,499	-	(788,028)
	Net funds	1,480,358	(34,431)	-	1,445,927

3	Reconciliation of net cash flow to movement in net funds	2006	2005
		£	£
	(Decrease)/increase in cash in the year	(65,930)	1,260,050
	Cash outflow from decrease in debt and lease financing	31,499	26,756
	Movement in net funds in the year	(34,431)	1,286,806
	Opening net funds	1,480,358	193,552
	Closing net funds	1,445,927	1,480,358

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

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, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents income receivable in respect of television productions, distribution income and royalties excluding Value Added Tax.

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

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.

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies

(continued)

1.10 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 annually over the 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	
	2006	2005
	£	£
United Kingdom	8,858,691	4,201,934
Rest of the World	713,550	862,382
	<u>9,572,241</u>	<u>5,064,316</u>

3 Operating profit

	2006	2005
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	29,489	27,876
Operating lease rentals	211,550	211,557
Auditors' remuneration	12,502	11,976
Remuneration of auditors for non-audit work	3,605	2,000
and after crediting:		
Profit on disposal of tangible assets	(351)	-
	<u>(351)</u>	<u>-</u>

4 Investment income

	2006	2005
	£	£
Bank interest	12,941	4,935
Other interest	78	23
	<u>13,019</u>	<u>4,958</u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

5	Taxation	2006	2005
		£	£
	Domestic current year tax		
	U.K. corporation tax	145,882	79,437
	Adjustment for prior years	(18)	(4)
	Overseas taxation paid	19,948	23,321
	Less: relief for overseas taxation	(19,948)	(23,321)
		<u>145,864</u>	<u>79,433</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	5,221	(400)
		<u>151,085</u>	<u>79,033</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>527,508</u>	<u>297,801</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	<u>158,252</u>	<u>89,340</u>
	Effects of:		
	Non deductible expenses	3,779	1,847
	Depreciation	8,742	8,362
	Capital allowances	(14,199)	(7,890)
	Marginal rate adjustments	(6,644)	(12,222)
	Adjustments to previous periods	(18)	(4)
	Other tax adjustments	(4,048)	-
		<u>(12,388)</u>	<u>(9,907)</u>
	Current tax charge	<u>145,864</u>	<u>79,433</u>
6	Dividends	2006	2005
		£	£
	Ordinary interim paid	<u>706,670</u>	<u>107,200</u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

7 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2005	186,515	41,543	228,058
Additions	39,141	39,963	79,104
Disposals	(18,499)	-	(18,499)
	<hr/>	<hr/>	<hr/>
At 31 March 2006	207,157	81,506	288,663
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2005	158,251	35,272	193,523
On disposals	(18,113)	-	(18,113)
Charge for the year	25,635	3,853	29,488
	<hr/>	<hr/>	<hr/>
At 31 March 2006	165,773	39,125	204,898
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2006	41,384	42,381	83,765
	<hr/>	<hr/>	<hr/>
At 31 March 2005	28,264	6,271	34,535
	<hr/>	<hr/>	<hr/>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2005 & at 31 March 2006	63
Net book value	
At 31 March 2006	63
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	85.00

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 2006 £	Profit for the year 2006 £
	Principal activity		
Optomen Productions Inc.	Television production	(131,892)	42,222

The remaining 15% interest in Optomen Productions Inc is held by B Hoppe, a director of the company. Under the terms of the stockholders' agreement a further 5% of the shares of the company have vested in B Hoppe since the balance sheet date and a further 5% will vest in 2007.

9 Work in progress	2006 £	2005 £
Work in progress	136	381

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

10 Debtors	2006 £	2005 £
Trade debtors	643,533	226,461
Amounts owed by subsidiary undertaking	245,619	202,967
Other debtors	524,604	309,821
Prepayments and accrued income	307,377	60,386
Deferred tax asset	3,180	8,401
	<u>1,724,313</u>	<u>808,036</u>

11 Cash at bank and in hand

Included within the balance sheet figure of £2,233,955 (2005 - £2,299,885) are sums amounting to £1,603,048 (2005 - £543,141) 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 £788,028 (2005 - £819,526) 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.

12 Creditors: amounts falling due within one year	2006 £	2005 £
Net obligations under finance leases	36,215	31,499
Trade creditors	510,722	259,289
Amounts owed to group undertakings and undertakings in which the company has a participating interest	310,640	-
Corporation tax	125,934	56,116
Other taxation and social security	398,307	193,727
Other creditors	60,369	69,133
Production advances	836,704	885,935
Accruals and deferred income	609,333	126,868
	<u>2,888,499</u>	<u>1,622,705</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 2006

13 Creditors: amounts falling due after more than one year	2006 £	2005 £
Net obligations under finance leases	751,813	788,028
Net obligations under finance leases		
Repayable after five years	1,052,018	1,122,542
	1,052,018	1,122,542
Finance charges and interest allocated to future accounting periods	(263,990)	(303,015)
	788,028	819,527
Included in liabilities falling due within one year	(36,215)	(31,499)
	751,813	788,028

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

14 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 10) is made up as follows:

	2006 £	2005 £
Balance at 1 April 2005	(8,401)	
Profit and loss account	5,221	
Balance at 31 March 2006	(3,180)	
	2006 £	2005 £
Decelerated capital allowances	(3,180)	(8,401)
15 Share capital	2006 £	2005 £
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 2006

16 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 April 2005	730,553
Retained loss for the year	(330,247)
Balance at 31 March 2006	<u>400,306</u>

17 Reconciliation of movements in shareholders' funds

2006
£

2005
£

Profit for the financial year	376,423	218,768
Dividends	(706,670)	(107,200)
Net (depletion in)/addition to shareholders' funds	<u>(330,247)</u>	<u>111,568</u>
Opening shareholders' funds	732,167	620,599
Closing shareholders' funds	<u>401,920</u>	<u>732,167</u>

18 Financial commitments

At 31 March 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2007:

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Operating leases which expire:				
Between two and five years	<u>192,326</u>	<u>192,326</u>	<u>9,032</u>	<u>1,996</u>

19 Directors' emoluments

2006
£

2005
£

Emoluments for qualifying services	<u>541,729</u>	<u>149,949</u>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	<u>218,986</u>	<u>73,949</u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

20 Employees

Number of employees

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

	2006 Number	2005 Number
Directors	4	3
Administration	16	14
Development	2	4
Sales	2	2
	<u>24</u>	<u>23</u>

Employment costs

	2006 £	2005 £
Wages and salaries	1,519,520	863,678
Social security costs	168,319	97,293
	<u>1,687,839</u>	<u>960,971</u>

21 Control

The directors regard Tidy Television Limited, a company registered in England, as the ultimate parent undertaking.