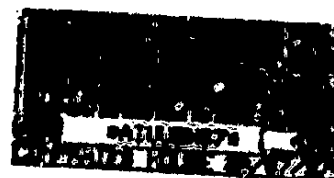


SURE LIMITED
DIRECTOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996



Company No. 200006 (England & Wales)

SUBINT LIMITED

COMPANY INFORMATION

Director	P Hagstedt (Swedish)
Secretary	S G Aweida
Company Number	2505006 (England and Wales)
Registered Office	8-10 Balstrode Street London W1M 6AH
Auditors	Harris & Trotter 8-10 Balstrode Street London W1M 6AH
Business Address	Cambridge House 100 Cambridge Grove London W6 0LE

SUBINT LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 1996

The director ~~proves~~ his report and the financial statements for the year ended 31 December 1996.

Principal Activities and Review of the Business

The Group's principal activity during the year remained that of the manufacture of subtitling equipment and the provision of subtitles for television and video.

The year saw continued growth in turnover and profitability.

Results and Dividends

The results for the year are set out in the accompanying financial statements. The company paid an interim dividend of £18.00 per Ordinary share during the year (1995: £5.50 per share). The director does not recommend payment of a final dividend.

Fixed Assets

Details of movements in fixed assets during the year are set out in notes 7 and 8 to the financial statements.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

		Number of Shares	
	Class of Share	1996	1995
N O Westberg (resigned 1 January 1996)	Ordinary Shares	-	1
P Hagstedt (appointed 1 January 1996)	-	-	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Harris & Trotter be reappointed as auditors of the company will be put to the Annual General Meeting.

SUBINT LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 1996

Director's Responsibilities

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and so enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

This report was approved by the board on 17 April 1997.


S G A. Smith
Secretary)
)

SUNBT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNBT LIMITED

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of director and auditors

As described on page 2 the company's director is 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 director 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 affairs of the company and of the group as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Harris & Trotter

**Chartered Accountants
Registered Auditor**

17 April 1997

**8-10 Belsford Street
London W1M 6AH**

SUBINT LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996		1995	
		£	£	£	£
Turnover	2		4,321,215		3,481,464
Cost of Sales			(2,376,459)		(1,886,965)
Gross Profit			1,944,756		1,594,499
Distribution Costs		(24,459)		(21,946)	
Administrative Expenses		(1,219,261)		(1,029,254)	
			(1,243,720)		(1,051,200)
Operating profit	3		701,036		543,299
Other interest receivable and similar income			9,239		9,053
Profit on ordinary activities before taxation			710,275		552,352
Tax on Profit on Ordinary Activities	5		(250,277)		(197,155)
Profit on ordinary activities after taxation			459,998		355,197
Dividends	6		(180,000)		(55,000)
Retained profit for the Year	13		£279,998		£300,197

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

SUBINT LIMITED**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 1996**

	Notes	1996 £	1995 £
Fixed Assets			
Investments	8	20,000	20,000
Total Assets Less Current Liabilities		<u>£20,000</u>	<u>£20,000</u>
Capital and Reserves			
Called up share capital	12	<u>20,000</u>	<u>20,000</u>
Shareholders' Funds (Equity interests)	14	<u>£20,000</u>	<u>£20,000</u>

The financial statements were approved by the Board on 17 April 1997.


P Hingstedt
Director

SUBMIT LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 1996

	Notes	£	1996 £	£	1995 £
Fixed Assets					
Tangible assets	7		223,040		241,677
Current Assets					
Stock	9	529,400		486,538	
Debtors	10	801,915		794,778	
Cash at bank and in hand		76,139		29,750	
			1,407,454		1,311,066
Creditors: amounts falling due within one year	11	(519,929)		(722,176)	
Net Current Assets			887,525		588,890
Total Assets less Current Liabilities			£1,110,565		£830,567
Capital and Reserves					
Called up share capital	12		20,000		20,000
Profit and loss account	13		1,090,565		810,567
Shareholders' Funds (Equity interest)	14		£1,110,565		£830,567

The financial statements were approved by the Board on 12 April 1997.



P Hagstedt
Director

SUBENT LIMITED**CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 1996**

	1996		1995	
	£	£	£	£
Net cash inflow from operating activities (Note 1)		576,960		190,993
Returns on investments and servicing of finance				
Interest received and similar income	9,239		9,053	
Dividends paid	(180,000)		(55,000)	
Net cash outflow from returns on investments and servicing of finance		(170,761)		(45,947)
Corporation Tax paid (including advance corporation tax)		(243,453)		(172,058)
Investing activities				
Payments to acquire tangible assets	(96,555)		(147,749)	
Receipts from sales of tangible assets	-		2,000	
Net cash outflow from investing activities		(96,555)		(145,749)
Net cash inflow/outflow before financing		66,191		(172,761)
Financing				
Redemption of share capital		-		(90,000)
(Increase)/Decrease in cash and cash equivalents (Note 2)		£66,191		£(262,761)

SURENT LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1996

1.	Reconciliation of operating profits to net cash inflow from operating activities	1996	1995
		£	£
	Operating profit	701,036	543,299
	Depreciation of tangible assets	114,729	89,419
	Loss on disposal of tangible assets	463	-
	(Increase) in stock	(42,862)	(301,876)
	(Increase) in debtors	(7,137)	(301,529)
	(Decrease)/Increase in creditors due within one year	(189,269)	241,680
	Net cash inflow from operating activities	£576,960	£190,993
2.	Analysis of changes in cash and cash equivalents during the year	1996	1995
		£	£
	Balance at 1 January 1996	9,948	272,709
	Net cash (inflow)/outflow	66,191	(262,761)
	Balance at 31 December 1996	£76,139	£9,948
3.	Analysis of the balances of cash and cash equivalents as shown in the balance sheet:	1996	1995
		£	£
	Cash at bank and in hand	76,139	29,750
	Bank overdrafts	-	(19,802)
	Total	£76,139	9,948
			Change in Year
			£
			46,389
			19,802
			£66,191

SUBBIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and include the results of the company's operations as indicated in the Director's Report, all of which are continuing.

The consolidated accounts incorporate the accounts of Subbit Limited and all of its subsidiary undertakings made up to 31 December 1996.

1.2 Turnover

Turnover represents amounts receivable for goods supplied and services provided in the UK net of VAT and trade discounts.

1.3 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 or valuation less estimated residual value of each asset over its expected useful life, as follows:

Leasehold properties	Evenly over the term of the lease
Plant and machinery	20% straight line
Furniture, fixtures and equipment	20% straight line

1.4 Leasing

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

1.5 Investments

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

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SEAP 24.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

SUBINT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 1996****1.8 Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2. Turnover	1996	1995
	£	£
Geographical market:		
United Kingdom	2,161,325	1,833,578
Europe	1,161,500	1,302,685
Rest of the World	998,310	345,201
	<u>£4,321,215</u>	<u>£3,481,464</u>
3. Operating profit	1996	1995
	£	£

Operating profit is stated after charging:

Depreciation of tangible assets	114,729	89,419
Loss on disposal of tangible assets	463	-
Operating lease rentals		
- Plant and machinery	4,752	4,752
- Land and buildings	134,600	135,320
Auditors' remuneration	12,250	12,250
Remuneration of auditors for non-audit work	10,190	8,645
Development expenditure	64,231	89,767
After crediting:		
Profit on foreign exchange	<u>7,231</u>	<u>-</u>

SUBENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1996

4. Employee Information	1996	1995
	£	£
4.1 Staff costs		
Wages and salaries	967,953	804,260
Social security costs	95,433	82,113
Pension costs	6,719	8,277
	<u>£1,070,185</u>	<u>£894,650</u>
4.2 The average weekly number of employees during the year was:		
	Number	Number
Production	21	16
Distribution and sales	2	1
Administration	10	11
Development	<u>6</u>	<u>4</u>
	<u>32</u>	<u>32</u>
4.3 The director did not receive any remuneration during the year from the group.		
5. Taxation	1996	1995
	£	£
UK Current year taxation		
UK corporation tax at 33% (1995 - 33%)	250,250	198,426
Prior years UK corporation tax	27	(1,271)
	<u>£250,277</u>	<u>£197,155</u>
6. Dividends	1996	1995
Dividends on equity shares:		
Ordinary interim dividend paid 31 December 1996	<u>£180,000</u>	<u>£55,000</u>

SUBENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1996

7. Tangible Assets Group

	Household Land and buildings (short)	Plant and Machinery	Furniture Fittings and Equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 1996	10,581	390,269	76,431	477,281
Additions	-	72,396	4,159	96,555
Disposals	-	(925)	-	(925)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	10,581	481,740	80,590	572,911
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 January 1996	7,054	196,562	31,903	235,604
Charge for year	3,527	95,627	15,575	114,729
On disposals	-	(462)	-	(462)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	10,581	291,727	47,563	349,871
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
at 31 December 1996	£ -	£190,013	£33,027	£223,040
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
at 31 December 1995	£3,527	£193,707	£44,443	£241,677
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SUBINT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1996

8. Fixed Asset Investments - Company	1996	1995
	£	£
Shares in subsidiary undertakings	20,000	20,000

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%	Nature of Business
Screen Subtitling Systems Limited	England and Wales	Ordinary	100	Subtitling Equipment
Subtitling International UK Limited	England and Wales	Ordinary	100	Provision of subtitles for television and video

9. Stock - Group	1996	1995
	£	£
Components	170,888	204,298
Work-in-progress	152,908	175,039
Finished goods	205,604	107,201
	£529,400	£486,538

SUBINT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1996

10. Debtors - Group

	1996	1995
	£	£
Trade debtors	713,022	616,146
Amounts owed by group undertakings	15,348	39,403
Other debtors	30,299	9,686
Prepayments and accrued income	43,246	129,543
	<u>£801,915</u>	<u>£794,778</u>

11. Creditors: amounts falling due within one year - Group

	1996	1995
	£	£
Bank loans and overdrafts	-	19,802
Trade creditors	139,467	184,483
Amounts owed to group undertakings	33,373	188,069
Corporation tax	205,250	198,426
Other taxes and social security costs	98,292	52,824
Other creditors	2,864	1,096
Accruals and deferred income	40,683	37,476
	<u>£519,929</u>	<u>£722,576</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the group.

SUBENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1996

12. Share Capital

	1996 £	1995 £
Authorised		
50,000 Ordinary Shares of £1 each	50,000	50,000
250,000 Redeemable shares of £1 each	250,000	250,000
	<u>£300,000</u>	<u>£300,000</u>
Called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
10,000 Redeemable shares of £1 each	10,000	10,000
	<u>£20,000</u>	<u>£20,000</u>

13. Profit and Loss Account - Group

	1996 £	1995 £
Retained profits at 1 January 1996	810,567	510,370
Retained profit for the year	279,998	300,197
Retained profits at 31 December 1996	<u>£1,090,565</u>	<u>£810,567</u>

SURENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1996

14. Reconciliation of Movements in Shareholders' Funds

	Company		Group	
	1996	1995	1996	1995
	£	£	£	£
Profit for the financial year	180,000	55,000	459,998	355,197
Dividends	(180,000)	(55,000)	(180,000)	(55,000)
Redemption of share capital	-	(90,000)	-	(90,000)
Net depletion of addition to shareholders' funds	-	(90,000)	279,998	210,197
Opening shareholders' funds	20,000	110,000	830,567	620,370
Closing shareholders' funds	£20,000	£20,000	£1,110,565	£830,567

15. Profit of Parent Company

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the year amounted to £ nil (1995:- nil).

16. Related Party Transactions

- a) Turnover includes £684,372 invoiced to fellow group undertakings. These group undertakings were as follows:

Svensk Text AB (intermediate parent company)
TV3 Broadcasting Group
TV3 +
TV1000

- b) Purchases includes £245,505 of translation costs acquired from fellow group undertakings. These group undertakings were as follows:

Subtitling International Finland
Subtitling International Netherlands
Svensk Text AB (intermediate parent company)

- c) During the year £5,363 was paid to Svensk Text AB for services rendered by P Hagmoet.

SUBENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1996

17. Ultimate Parent Company

The ultimate parent company is Industriförvaltnings AB Kinnarvik, a company incorporated in Sweden.