

Company Registration No. 2505086

SDI Media Group Limited

Annual Report and Financial Statements

31 December 2010

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SDI Media Group Limited

Annual report and financial statements 2010

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SDI Media Group Limited

Report and financial statements 2010

Officers and professional advisers

Directors

L Tomasino
J Deeny

Secretary

A Agnew

Registered Office

Cambridge House
100 Cambridge Grove
London
W6 0LE

Principal Bankers

Barclays Bank PLC
27 Soho Square
London
W1D 3QR

Auditors

Deloitte LLP
Chartered Accountants and statutory auditors
2 New Street Square
London
EC4A 3BZ

SDI Media Group Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2010

This directors' report has been prepared in accordance with the special provisions relating to small companies under s415(a) of the Companies Act 2006

Principal activities and review of the business

The principal activity of the company is that of a holding company. The directors consider the results for the year to be satisfactory.

Results and dividends

The company's profit for the year was £1,252,383 (2009: nil). A dividend of £1,252,383 was paid during the year ended 31 December 2010 (2009: nil).

Directors

The directors who served the company during the year and up to the date of signing of the financial statements, unless otherwise stated, were as follows:

L. Tomasino
J. Deeny

Business environment

The localisation industry is a fragmented worldwide industry, with many companies performing either one aspect of this business (e.g. dubbing, subtitling etc.) or trading solely in one country or geographical region.

Principal risks and uncertainties

The Company is exposed to a variety of financial risks which are reviewed on a regular basis in order to limit the adverse effects on the financial performance of the company. The key financial risks affecting the company, which are reviewed on an ongoing basis and appropriate processes put in place to effectively manage them, are set out below:

- i Foreign exchange risk. The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises on intercompany transactions, and investments in foreign operations. Management monitors the company's exposure to foreign exchange fluctuations regularly to ensure that any material exposures are managed. Group level foreign exchange risk is mitigated by the multinational nature of the business, and diversification of currencies in which the Group operates.
- ii Liquidity risk. The company actively monitors that it has sufficient funds for its operations and any planned expansions. The Company was not overdrawn at any time during the year. The Company and fellow Group companies ensure through cash management and communication that no European entity is overdrawn. Cash flow forecasts are performed regularly and reviewed by management to support this position.
- iii Credit risk. The company has a degree of credit risk with respect to trade receivables due from intercompany balances. Monthly reconciliation of intercompany balances are performed, and regular credit control reviews are performed to monitor the recoverability of all debts.
- iv Value of underlying investments. Management monitors the current and future anticipated financial performance of investments on an ongoing basis with a view to any potential diminishment in value.

The directors will revisit the appropriateness of these policies should the company's operations change in size or nature.

SDI Media Group Limited

Directors' report

Going concern

The accounts have been prepared on the going concern basis, see note 1

Auditors

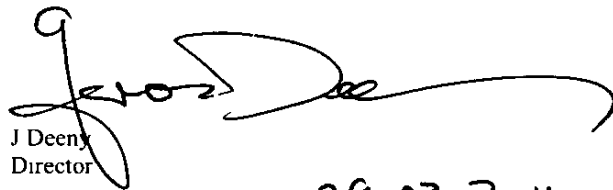
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the board



J Deeny
Director

29 03 2011

SDI Media Group Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Independent auditors' report to the members of SDI Media Group Limited

We have audited the financial statements of SDI Media Group Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 10

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- the financial statements give a true and fair view, of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of SDI Media Group Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made or
- The directors were not entitled to take advantage of the small companies exemption in preparing the directors' report or
- we have not received all the information and explanations we require for our audit



Robert Matthews (Senior Statutory Auditor)
Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

29 March 2011

SDI Media Group Limited

Profit and loss account Year ended 31 December 2010

	Notes	2010 £	2009 £
Operating profit		-	-
Interest receivable	3	1,252,383	-
Profit on ordinary activities before taxation		<u>1,252,383</u>	<u>-</u>
Tax on profit on ordinary activities	4	-	-
Profit for the financial year	7	<u>1,252,383</u>	<u>-</u>

There are no recognised gains or losses other than those stated above, therefore no separate statement of total recognised gains and losses has been presented

There are no differences between the profit on ordinary activities before taxation and the profit for the years stated above and their historic cost equivalents

All amounts relate to continuing activities

SDI Media Group Limited

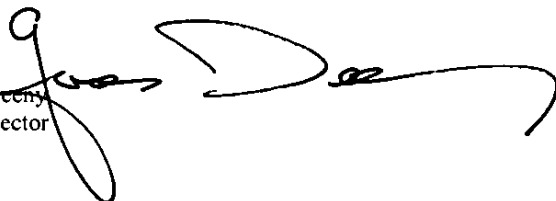
Balance sheet at 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Investments	5	<u>20 000</u>	<u>20,000</u>
Capital and reserves			
Called up share capital	6	<u>20,000</u>	<u>20,000</u>
 Analysed as			
Equity		10,000	10,000
Non-equity		<u>10,000</u>	<u>10,000</u>
		<u>20,000</u>	<u>20,000</u>

The financial statements of SDI Media Group Limited, registered number 2505086 were approved by the Board of Directors on **29 03** 2011

Signed on behalf of the Board of Directors

J Deeny
Director



SDI Media Group Limited

Notes to the financial statements Year ended 31 December 2010

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

Group financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirements to do so by virtue of Section 400 of the Companies Act 2006

Fixed asset investments

Fixed asset investments are stated at cost. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

2. Operating profit

Audit fees in respect of the audit of the company's annual accounts have been borne by another group company in both periods

The company had no employees during the current and preceding year

No emoluments were payable to the directors of the company during the current and preceding financial year

3. Interest receivable

	2010 £	2009 £
Investment income	<u>1,252,383</u>	<u>-</u>

4. Tax on profit on ordinary activities

	2010 £	2009 £
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax credit for the year

The tax credit for the year is lower (2009: lower) than the standard rate of corporation tax in the UK (28%). The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>1,252,383</u>	<u>-</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28% (2009: 28%)	350,667	-
Non-taxable income	<u>(350,667)</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

SDI Media Group Limited

Notes to the financial statements Year ended 31 December 2010

5 Investments

	Subsidiary undertakings £
Cost and net book value	
At 1 January 2010 and 31 December 2010	20,000

The company holds share capital in the following subsidiaries

Name of company	Country of registration or incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Screen Subtitling Systems Limited	England and Wales	Ordinary	100%	Subtitling equipment
SDI Media UK Limited	England and Wales	Ordinary	100%	Provision of subtitles for DVD, television, and video

The aggregate capital and reserves of SDI Media UK Limited at 31 December 2010 was £709,898 (2009 £749,903) and it made a loss after tax in the year then ended of £40,005 (2009 profit £389,439)

The aggregate capital and reserves of Screen Subtitling Systems Limited at 31 December 2010 was £429,989 (2009 £1,908,940) and it made a loss after tax in the year then ended of £ 226,568 (2009 £1,529,601 loss)

6. Share capital

	2010 £	2009 £
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>
Allotted, 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>

The redeemable shares can be redeemed by either the issuer or the holder of the share at any date, provided that at least 14 days written notice is provided by either party

The shares are to be redeemed at their paid up value, together with any arrears of dividend or amount owing in respect of the shares

SDI Media Group Limited

Notes to the financial statements Year ended 31 December 2010

7. Reconciliation of movements in shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2009 and 31 December 2010	20,000	-	20,000
At 1 January 2010	20,000	-	20,000
Profit for the year	-	1,252,383	-
Dividends paid	-	(1,252,383)	-
At 31 December 2010	20,000	-	20,000

8. Related party transactions

There were no related party transactions in 2010 (2009 none)

9. Ultimate controlling party

The immediate parent undertaking is SDI Media Limited. The ultimate controlling party up to 05 December 2010 was Elevation Partners, incorporated in the United States of America which has the address 2800 Sand Hill Road, Suite 160, Menlo Park, CA 94025, USA.

On 06 December 2010, a controlling stake in SDI Media Holding, Inc. was acquired by BNP Paribas, incorporated in France which has the address 16, Boulevard des Italiens - 75009 Paris (France). BNP Paribas became the ultimate controlling party from that date.

The smallest and largest group in which the results of the group are consolidated is that headed by SDI Media Holding, Inc.

10. Contingent liabilities

SDI Media Holding, Inc., of which the company is a member, has a credit agreement with BNP Paribas, dated 06 December 2010 in respect of which SDI Media Limited is a guarantor. This consists of a loan facility of \$76.5m, repayable in 2015.