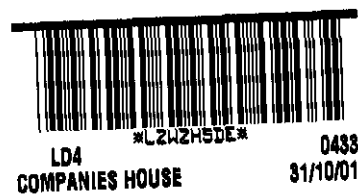


**Magic Effects Limited**

**Directors' report and financial  
statements**

**Registered number 2571806**

**31 December 2000**



## Contents

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report to the members of Magic Effects Limited	4
Balance sheet	5
Notes	6

## **Officers and professional advisers**

### **Directors**

Denise Collins	(resigned 28 April 2000)
David Franks	(resigned 31 October 2000)
Patrick Joseph	
Roger Lofting	(resigned 27 June 2000)
Robin Shenfield	

### **Secretary**

Denise Collins	(resigned 28 April 2000)
Gerard McCormack	(appointed 28 April 2000)

### **Registered office**

40-41 Great Marlborough Street  
London W1V 1DA

### **Bankers**

Bank of Scotland  
Corporate Banking  
38 Threadneedle Street  
London EC2P 2EH

### **Solicitors**

Dickson Minto  
Royal London House  
22/25 Finsbury Square  
London EC2A 1DS

### **Auditors**

KPMG  
PO Box 695  
8 Salisbury Square  
London EC4Y 8BB

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### Principal activities

The principal activity of the company is that of model makers for film and television photography.

### Business review

During the current and prior period the company did not trade and received no income and incurred no expenditure. Consequently, no profit and loss account is presented.

### Directors and directors' interests

The directors who served during the year and to date are shown on page 1.

None of the directors serving at the year end had an interest in the share capital of the company at any time in the year.

*The directors' interests in the shares of MDM Group Limited are disclosed in the directors' report for that company.*

### Post balance sheet event

On 9 February 2001, Mill Digital Media Limited (formerly De Facto 890 Limited), acquired all the shares of MDM Group Limited, previously the company's ultimate parent. As part of a transaction which refinanced the Group and brought about a change in the shareholders of the Group's holding company, Mill Digital Media Limited has now become the company's ultimate parent.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



**Patrick Joseph**  
Director

40-41 Great Marlborough Street  
London  
W1V 1DA

31<sup>st</sup> October 2001

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## **Auditors' report to the members of Magic Effects Limited**

We have audited the financial statements on pages 5 to 7.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

### **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 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 affairs of the company as at 31 December 2000 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**

*Chartered Accountants*

*Registered Auditors*

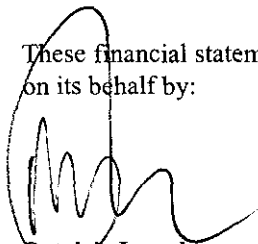
31 October 2001

## Balance sheet

at 31 December 2000

	Note	2000		1999	
		£000	£000	£000	£000
<b>Current assets</b>					
Debtors	4	93		93	
		<hr/>		<hr/>	
		93		93	
<b>Creditors: amounts falling due within one year</b>	5	(84)		(84)	
		<hr/>		<hr/>	
<b>Net current assets</b>			9		9
			<hr/>		<hr/>
<b>Net assets</b>			9		9
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	6		1		1
Profit and loss account			8		8
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>			9		9
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 31<sup>st</sup> October 2001 and were signed on its behalf by:

  
**Patriek Joseph**  
 Director

The notes on pages 6 and 7 form part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of The Magic Holding Company Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of MDM Group Limited, within which this company is included, can be obtained from the address given in note 8.

#### *Profit and loss account*

During the current and prior period the company did not trade and received no income and incurred no expenditure. Consequently, no profit and loss account is presented.

### 2 Profit on ordinary activities before taxation

The auditors' remuneration in the current and previous year was paid by the immediate parent company.

### 3 Information regarding directors and employees

There were no employees (excluding directors) in the year (1999: none). Directors' emoluments for the current year and preceding period were paid by another company within the group.

### 4 Debtors

	2000 £000	1999 £000
Amounts due from group undertakings	93	93



## Notes (continued)

### 5 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Amounts owed to group undertakings	83	83
Corporation tax	1	1
	<hr/> 84 <hr/>	<hr/> 84 <hr/>

### 6 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
950 ordinary shares of £1 each	950	950
	<hr/>	<hr/>

### 7 Related party transactions

The company has taken advantage of the exemptions under Financial Reporting Standard 8 not to disclose transactions with other group companies.

### 8 Ultimate parent company

The company's immediate parent company is The Magic Holding Company Limited, a company incorporated in Great Britain. Copies of the accounts of The Mill (Facility) Limited and MDM Group Limited, the intermediate and ultimate parent companies respectively at 31 December 2000, incorporated in Great Britain, are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

### 9 Post balance sheet event

On 9 February 2001, Mill Digital Media Limited (formerly De Facto 890 Limited), acquired all the shares of MDM Group Limited, previously the company's ultimate parent. As part of a transaction which refinanced the Group and brought about a change in the shareholders of the Group's holding company, Mill Digital Media Limited has now become the company's ultimate parent.