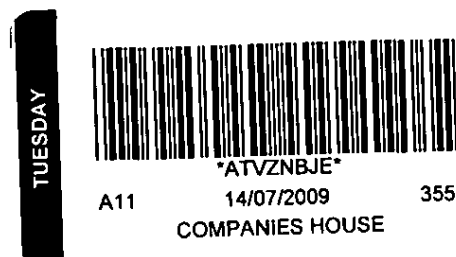


C4i Distribution Limited
(formerly Channel 4 International Limited)

Directors' Report and Financial Statements

For the 11 month period ended
23 November 2007

Company Registration No. 2797368



C4i Distribution Limited (formerly Channel 4 International Limited)

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C4i Distribution Limited (formerly Channel 4 International Limited)

DIRECTORS' REPORT

The directors present their report and the financial statements of C4i Distribution Limited ("the Company") for the 11 month period ended 23 November 2007.

Until 23 November 2007 the Company was a wholly owned subsidiary of 4 Ventures Limited which itself is a wholly owned subsidiary of Channel Four Television Corporation ("the Corporation").

On 23 November 2007 the Company was bought and became a wholly owned subsidiary of Digital Rights Group Limited which itself is a wholly owned subsidiary of Ingenious Media Active Capital Limited, a company registered in Guernsey.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company is a rights exploitation service, managing the distribution and exploitation of television programme rights.

The company was bought by Digital Rights Group Limited on 23 November 2007. Digital Rights Group has become the UK's leading independent distributor for television rights and aims to help TV producers to maximise the international distribution opportunities for their rights and programmes.

During the period to 23 November 2007 the Company achieved turnover of £18.8m. The profit after tax for the period was £1.2m.

An impairment loss of £3.8m was incurred in the period in respect of advances made to programme producers which are not considered recoverable.

The international distribution market continues to provide opportunities for company growth including new opportunities in the mobile, VOD and digital delivery arenas. As the multichannel environment has intensified, the audience share potential for broadcasters has declined, reducing advertising revenue and lowering production budgets, increasing the need for distributors to enter co-production agreements with producers.

The key indicators reviewed by management are revenue, gross margin and operating profit. As a company engaged in the sale of programme rights, we continue to monitor the share of distribution income that is paid out in copyright fees, artist residual costs and amounts payable to independent producers.

The directors continue to monitor performance on an ongoing basis and the company is expected to meet its future financial obligations.

Due to the current economic conditions there are inherent future uncertainties that may impact the business and the company is dependent on continuing finance being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due.

C4i Distribution Limited are no longer managed independently but instead as part of the wider Digital Rights Group. The Company has received assurances from its parent, Digital Rights Group Limited, that it will continue to provide financial support for a minimum of 12 months from the date of approval of these financial statements to enable the Company to meet its liabilities as they fall due.

RISK FACTORS

The Company is responsible for exploiting distribution rights acquired by investing into source rights. It is also responsible for co-production activities.

The main risk associated with this business model is that the Company will not recover investment expenditure. To mitigate this, before an investment is made it is subject to an investment appraisal and formal approval based on forecast sales. These sales forecasts and investment carrying values are then reviewed on a quarterly basis. In the Company's financial statements, rights are stated at the amount advanced less provision for any excess over the value of the rights held in stock and the revenues the programme or film is anticipated to earn. The main assumptions employed to estimate future revenues are sales forecasts by territory.

The costs associated with each title, being principally amounts due to producers, artists and residual shares are contractually defined and so can be accrued title by title based on the latest sales information.

C4i Distribution Limited (formerly Channel 4 International Limited)

DIRECTORS' REPORT

In addition, no funds are advanced against co-productions until binding contracts have been signed and executed, so that the Company has legal recourse in the event of the production failing.

The competitiveness of the business is driven by performance at key international programme markets where success is driven by the strength and reputation of the Company's brand. The remaining value is in the reputation of the Company for delivering titles from its catalogue of programmes that overseas broadcasters want. As such, success is driven by the ability of the Company to acquire the underlying rights, which is subject to the level of investment funding available and the level of competition for those rights.

The Company's activities expose it to a number of financial risks including currency risk, credit risk, cash flow risk and liquidity risk. The Company's overall management programme seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments for speculative purposes.

RESULTS AND DIVIDENDS

The results for the period are presented on page 9.

In the period to 23 November 2007 the Company achieved turnover of £18.8m, primarily from the distribution of television programmes.

The profit for the period is £1.2m.

On 23 November 2007 the directors approved a dividend in specie to the value of £5.7m (2006: £nil).

On 28 January 2009 the Company changed its accounting reference date to 23 November 2007.

DIRECTORS

The directors who held office during the period and to the date of this report were as follows:

R Henwood	Resigned 23 November 2007
M Morris	Resigned 23 November 2007
J Fox	Appointed 23 November 2007
J Jackson	Appointed 23 November 2007

All of the directors who held office during the period were employees of the Corporation.

EMPLOYEES

The Company had no employees during the period. Its activities were carried out by employees of the Corporation who are seconded to the Company.

CHARITABLE DONATIONS

The Company made no charitable donations during the year.

AUDITORS

KPMG LLP accepted appointment as auditors for C4i Distribution Limited during the period. In accordance with section 384 of the Companies Act 1985, a resolution for the appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has

C4i Distribution Limited (formerly Channel 4 International Limited)

DIRECTORS' REPORT

taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board



J Jackson

9 July 2009

Director

21-25 St Anne's Court
London W1F 0BJ

C4i Distribution Limited (formerly Channel 4 International Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of C4i Distribution Limited

We have audited the financial statements of C4i Distribution Limited for the 11 month period ended 23 November 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

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

In addition we report to you if, in our opinion, 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 other transactions 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

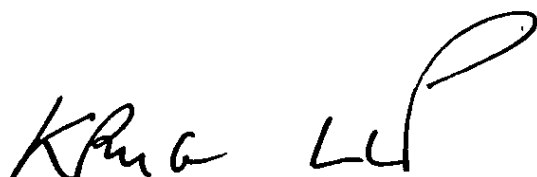
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 23 November 2007 and of its profit for the period then ended;
- the financial statements 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.

A handwritten signature in black ink, appearing to read 'KPMG LLP', with a large, stylized loop at the end of the 'P'.

KPMG LLP
Chartered Accountants
Registered Auditor

10 July 2009

C4i Distribution Limited (formerly Channel 4 International Limited)
PROFIT AND LOSS ACCOUNT
for the 11 month period ended 23 November 2007

		23 November 2007 (11 Months) £m	31 December 2006 (12 Months) £m
	Notes		
TURNOVER	1	18.8	24.2
Cost of sales		(13.8)	(18.4)
GROSS PROFIT		5.0	5.8
Administrative expenses		(3.3)	(1.1)
OPERATING PROFIT		1.7	4.7
Finance income/(costs)	2	0.1	(0.6)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1.8	4.1
Tax on profit on ordinary activities	5	(0.6)	(1.3)
PROFIT FOR THE PERIOD		1.2	2.8

The operating profit for the period includes activities from assets sold during the period and from the Company's continuing operations.

The Company had no recognised gains or losses other than the profit for the period and therefore no statement of total recognised gains or losses is presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above, and their historical cost equivalents.

The notes on pages 11 to 16 are an integral part of these financial statements.

C4i Distribution Limited (formerly Channel 4 International Limited)
BALANCE SHEET
As at 23 November 2007

	Notes	23 November 2007 £m	31 December 2006 £m
CURRENT ASSETS			
Stock	6	1.9	5.2
Debtors	7	1.7	8.2
		<u>3.6</u>	<u>13.4</u>
CREDITORS: Amounts falling due within one year	8	(1.1)	(6.4)
		<u>2.5</u>	<u>7.0</u>
NET CURRENT ASSETS AND NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	2.5	7.0
		<u>2.5</u>	<u>7.0</u>
SHAREHOLDERS' FUNDS			
		<u>2.5</u>	<u>7.0</u>

The financial statements were approved by the board of directors and authorised for issue on 9 July 2009 and are signed on its behalf by:



J Jackson

Director

C4i Distribution Limited (formerly Channel 4 International Limited)
NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)
for the period ended 23 November 2007

STATEMENT OF ACCOUNTING POLICIES

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 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 4 Ventures Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group or investees of the group qualifying as related parties. The consolidated financial statements of the Channel Four Television Corporation, within which this Company is included, can be obtained from the address given in note 12.

Where the Company is party to a joint venture arrangement which is not an entity, its part of the income and expenditure, assets, liabilities and cash flows have been included in these financial statements.

GOING CONCERN

Due to the current economic conditions there are inherent future uncertainties that may impact the business and the company is dependent on continuing finance being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due.

C4i Distribution Limited are no longer managed independently but instead as part of the wider Digital Rights Group. The Company has received assurances from its parent, Digital Rights Group Limited, that it will continue to provide financial support for a minimum of 12 months from the date of approval of these financial statements to enable the Company to meet its liabilities as they fall due.

TURNOVER

The Company generates revenue from the sale of international programme rights acquired through investment and Channel Four catalogue assigned from the Corporation. Income from the sale of international programme rights is recognised on the later of the signature of the contract, the delivery of the programme or the start of the licence period. Where amounts are invoiced in advance of the delivery date, signature of the contract date or the start of the licence period, they are held on the balance sheet as deferred income.

THIRD PARTY COSTS

Copyright, artist residual cost and amounts payable to producers are recognised in proportion to the revenue from the sale of the programme rights.

TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

C4i Distribution Limited (formerly Channel 4 International Limited)
NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)
for the period ended 23 November 2007

STOCKS AND WORK IN PROGRESS

Stocks are valued at the lower of cost or net realisable value.

Broadcast development expenditure, consisting of funds spent on projects prior to a final decision being made on whether a programme will be commissioned, is included in broadcast programme and film rights after making provision for any development expenditure that is not expected to lead to a commissioned programme.

Developed film rights are stated at direct cost incurred up to the balance sheet date. Provision is made for any excess over the value of the film held in stock and the revenues the film is anticipated to earn. The main assumption employed to estimate future revenues are minimum contracted revenues and sales forecasts by territory.

Film rights are amortised in the profit and loss account in the proportion that the revenue bears in the year to the estimated ultimate revenue after provision for any anticipated shortfall.

1. TURNOVER

Turnover, excluding value added tax, principally arises from the sale of the Corporation catalogue and international programme rights acquired through investment. All turnover originates from the United Kingdom.

The geographical analysis by destination of turnover is as follows:

	23 November 2007 (11 months) £m	31 December 2006 (12 months) £m
USA	1.6	5.3
Europe	6.3	6.6
Rest of World	6.3	3.8
UK Sales and other income	4.6	8.5
	<u>18.8</u>	<u>24.2</u>

On 23 November 2007 the trade and assets of the UK rights business was sold to 4 Ventures Limited for consideration of £2.4m. The UK rights business has not been disclosed as a discontinued operation on the grounds that the operations of the Company were managed as one combined business. In the 11 month period ending 23 November 2007 the UK rights business generated revenues of £4.6m (year ending 31 December 2006: £8.5m) and gross profit of £1.6m (year ending 31 December 2007: £2.9m).

2. FINANCE (INCOME)/COSTS

	23 November 2007 (11 months) £'000	31 December 2006 (12 months) £'000
Interest receivable from ultimate parent undertaking	(82)	-
Interest payable to ultimate parent undertaking	-	90
Net exchange (gains)/ losses	(4)	492
	<u>(86)</u>	<u>582</u>

C4i Distribution Limited (formerly Channel 4 International Limited)
NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)
for the period ended 23 November 2007

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	23 November 2007 (11 months) £'000	31 December 2006 (12 months) £'000
Impairment loss	3,753	-
Auditors' remuneration - audit of these financial statements	15	12

An impairment loss of £3,753k was incurred in the period in respect of advances made to programme producers which are considered not recoverable.

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Channel Four Television Corporation.

4. DIRECTORS' REMUNERATION

The directors and staff of the Company are employees of, and remunerated by the Corporation, which recharges their salaries to the Company. Amounts applicable to the directors of the Company for service to the Company, excluding pension contributions, were

	23 November 2007 (11 months) £'000	31 December 2006 (12 months) £'000
Salary	64	151
Benefits	1	1
	<u>65</u>	<u>152</u>

Retirement benefits are accruing to one director (2006 one) under a defined benefit scheme (The Channel Four Television Staff Pension Plan), details of which are described in the Corporation's financial statements.

The aggregate of emoluments of the highest paid director was £34,724 (2006: 151,750). The accrued pension of the highest paid director under the defined benefit scheme at 23 November 2007 was £4,139 (2006: £34,234)

C4i Distribution Limited (formerly Channel 4 International Limited)
NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)
for the period ended 23 November 2007

5. TAXATION

a) Tax charge

The tax charge comprises:

	23 November 2007 (11 months) £m	31 December 2006 (12 months) £m
Current tax		
UK corporation tax on profits of the period	0.6	1.3
Double tax relief	(0.2)	(0.3)
Overseas tax	0.2	0.3
	<u>0.6</u>	<u>1.3</u>
Deferred taxation:		
Origination and reversal of timing differences	-	-
	<u>0.6</u>	<u>1.3</u>
Tax charge on profit on ordinary activities	<u>0.6</u>	<u>1.3</u>

b) Factors affecting tax charge for period:

	23 November 2007 (11 months) £m	31 December 2006 (12 months) £m
The current tax charge for the year is in line with (2006: in line with) the standard rate of corporation tax in the UK (30%) (2006: 30%). The differences are explained below:		
Profit on ordinary activities before tax	1.8	4.1
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2006: 30%)	0.6	1.3
	<u>0.6</u>	<u>1.3</u>
Current tax charge	<u>0.6</u>	<u>1.3</u>

c) Factors that may affect the future tax charge

There are no deferred tax balances outstanding at the 2007 year end (2006 £nil).

C4i Distribution Limited (formerly Channel 4 International Limited)
NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)
for the period ended 23 November 2007

6. STOCK AND WORK IN PROGRESS

	23 November 2007 £m	31 December 2006 £m
Programme rights	<u>1.9</u>	<u>5.2</u>

7. DEBTORS

	23 November 2007 £m	31 December 2006 £m
Trade debtors	-	1.8
Other debtors	-	1.1
Amounts owed by group undertakings	0.4	1.2
Prepayments and accrued income	1.0	4.1
Corporation tax	0.3	-
	<u>1.7</u>	<u>8.2</u>

8. CREDITORS: Amounts falling due within one year

	23 November 2007 £m	31 December 2006 £m
Accruals and deferred income	1.1	5.5
Corporation tax	-	0.9
	<u>1.1</u>	<u>6.4</u>

9. SHARE CAPITAL

	23 November 2007 £	31 December 2006 £
Authorised: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

C4i Distribution Limited (formerly Channel 4 International Limited)
NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)
for the period ended 23 November 2007

**10. RECONCILIATION OF PROFIT AND LOSS ACCOUNT
AND SHAREHOLDERS' FUNDS**

	Profit and loss account £m	Shareholders' funds £m
At 1 January 2007	7.0	7.0
Profit for the financial period	1.2	1.2
Dividend in specie	(5.7)	(5.7)
	<hr/>	<hr/>
At 23 November 2007	2.5	2.5
	<hr/>	<hr/>

On 23 November 2007 the directors agreed to pay a dividend in specie of £5.7m consisting of intra group debts due from Channel Four Television Corporation (£4.2m) and 4 Ventures Limited (£1.5m).

This dividend was paid to the former shareholders immediately prior to the change of ownership referred to in note 12.

11. COMMITMENTS

At 23 November 2007, committed future expenditure for programmes and films due for payment were as follows:

	23 November 2007 £m	31 December 2006 £m
Within one year	0.1	1.8
After one year	-	-
	<hr/>	<hr/>
	0.1	1.8
	<hr/>	<hr/>

12. ULTIMATE CONTROLLING PARTY

Until 23 November 2007, 4 Ventures Limited was the immediate parent undertaking and the ultimate parent undertaking and controlling party was the Corporation. The largest and smallest group in which these financial statements are consolidated is that headed by the Corporation. The consolidated financial statements of the group are available to the public and may be obtained from The Corporation Secretary, Channel Four Television Corporation, 124 Horseferry Road, London SW1P 2TX.

With effect from 23 November 2007, the ultimate parent company is Ingenious Media Active Capital Limited and the immediate holding company is Digital Rights Group Limited. For future accounting periods, the parent undertaking of the smallest group of which the company is a member and for which consolidated financial statements are drawn up will be Digital Rights Group Limited.