

All3Media (Overseas) Limited
(Formerly Chrysalis TV and Film (Overseas) Limited)

Directors' report and financial statements

Registered number 3203247

31 August 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2004.

Principal activity and future developments

The company's principal activity is the distribution and marketing of television and film programmes. The directors do not foresee a change in these activities in the foreseeable future.

On 8 December 2003, the company changed its name from Chrysalis TV and Film (Overseas) Limited to All3Media (Overseas) Limited.

Results and dividends

The profit for the year, after taxation, amounted to £222,936 (2003: £591,908).

The directors do not recommend the payment of a dividend for the year (2003:£nil).

Directors and directors' interests

The directors who held office during the year were as follows:

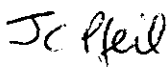
J Burns
S Morrison

Neither of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to either of the directors or their immediate families, or exercised by them, during the financial year.

At 31 August 2004, J Burns and S Morrison were also directors of All3Media Group Limited, the ultimate parent company and their share interests are disclosed in the director's report of that company.

By order of the Board


J C Pfeil
Secretary

87 - 91 Newman Street
London
W1T 3EY

Statement of 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 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.

Independent auditors' report to the members of All3Media (Overseas) Limited (Formerly Chrysalis TV & Film (Overseas) Limited)

We have audited the company's financial statements for the year ended 31 August 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Reconciliation of movements in shareholders' funds, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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, 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 read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

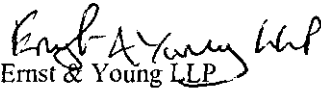
Basis of audit opinion

We conducted our audit in accordance with 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 the state of the company's affairs as at 31 August 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

16 March 2005

Profit and loss account

for the year ended 31 August 2004

	<i>Note</i>	2004 £	2003 £
Turnover	1,2	2,377,449	2,912,451
Cost of sales		(1,696,063)	(1,978,206)
		<hr/>	<hr/>
Gross profit		681,386	934,245
Distribution costs		(68,959)	(116,328)
Administrative expenses		(304,090)	(90,382)
		<hr/>	<hr/>
Operating profit	3	308,337	727,535
Interest receivable and similar income	6	10,142	15,764
		<hr/>	<hr/>
Profit on ordinary activities before taxation		318,479	743,299
Taxation	7	(95,543)	(151,391)
		<hr/>	<hr/>
Profit on ordinary activities for the year		222,936	591,908
Accumulated profit brought forward		1,596,163	1,004,255
		<hr/>	<hr/>
Accumulated profit carried forward		1,819,099	1,596,163
		<hr/>	<hr/>

Amounts relating to turnover and operating profit in the current and previous year derive from continuing activities.

The notes on pages 7 to 11 form part of these financial statements.

Statement of total recognised gains and losses

for the year ended 31 August 2004

There were no recognised gains or losses in the current or previous year other than the profit for those years.

Reconciliation of movements in shareholders' funds

for the year ended 31 August 2004

	2004 £	2003 £
Shareholders' funds brought forward	1,596,165	1,004,257
Profit for the financial year	222,936	591,908
	<hr/>	<hr/>
Shareholders' funds carried forward	1,819,101	1,596,165
	<hr/>	<hr/>

Balance sheet

at 31 August 2004

	Note	2004 £	£	2003 £	£
Fixed Assets					
Fixed Asset Investments	8		1,600,000		1,600,000
Current Assets					
Debtors	9	3,613,720		3,656,461	
Cash at bank and in hand		409,249		86,287	
		<u>4,022,969</u>		<u>3,742,748</u>	
Creditors: amounts falling due within one year	10	<u>(3,803,868)</u>		<u>(3,746,583)</u>	
Net current assets/(liabilities)			<u>219,101</u>		<u>(3,835)</u>
Net assets			<u>1,819,101</u>		<u>1,596,165</u>
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account			1,819,099		1,596,163
Shareholders' funds – equity			<u>1,819,101</u>		<u>1,596,165</u>

These financial statements were approved by the board of directors on 14 March 2005
behalf by:

and were signed on its


J Burns
Director

The notes on pages 7 to 11 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied 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 under the historical cost convention and in accordance with applicable accounting standards as defined in section 256 of Companies Act 1985.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the Group. Group financial statements are prepared and publicly available.

Turnover

Turnover represents sales to customers at invoiced amounts less value added tax.

Royalties

Royalties payable on distribution of programmes are accounted for on a paid basis.

Fixed asset investments

Fixed asset investments are initially 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.

Post-retirement benefits

The company contributes to a defined contribution personal pension scheme. The contributions to this scheme are charged to the profit and loss account in the period in which the contributions are payable.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the pre-tax result.

Notes (continued)

2 Analysis of turnover by geographical market

	2004 £	2003 £
United Kingdom	211,532	127,858
Rest of the world	2,165,917	2,784,593
	<u>2,377,449</u>	<u>2,912,451</u>

3 Operating profit

	2004 £	2003 £
<i>This is stated after charging/(crediting):</i>		
Auditors' remuneration:		
Audit	4,004	4,000
Exchange losses/(gains)	43,008	(15,687)
	<u>47,012</u>	<u>(11,687)</u>

4 Remuneration of directors

The directors received no remuneration from the company for services during the year.

The directors are remunerated by All3Media Limited, and details are available in the financial statements of that company.

5 Staff numbers and costs

The average monthly number of persons employed by the company during the year (including directors) were as follows:

	Number of employees 2004	2003
	1	Nil
	<u>1</u>	<u>Nil</u>
	2004	2003
	£	£
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	128,422	-
Social security costs	7,877	-
Other pension costs	2,637	-
	<u>138,936</u>	<u>-</u>

Notes (continued)

6 Other interest receivable and similar income

	2004 £	2003 £
Bank interest receivable	6,725	77
Interest receivable from parent company	3,417	-
Exchange gain	-	15,687
	<u>10,142</u>	<u>15,764</u>

7 Taxation on profit on ordinary activities

The tax charge is made up as follows:

	2004 £	2003 £
UK corporation tax	13,523	70,154
Foreign tax	82,020	81,237
Tax on profit on ordinary activities	<u>95,543</u>	<u>151,391</u>

Factors affecting the tax charge for the current year

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK at 30% (2003: 30%). The differences are explained below.

	2004 £	2003 £
Profit on ordinary activities before tax	318,479	743,299
Current tax at 30% (2003: 30%)	95,543	222,990
<i>Effects of:</i>		
Other tax adjustments	-	(71,599)
Total current tax charge for the year	<u>95,543</u>	<u>151,391</u>

Notes (continued)

8 Fixed Asset Investments

	2004 £	2003 £
Shares in fellow subsidiary undertaking	1,600,000	1,600,000

Details of the fellow subsidiary undertaking are as follows:

Name of company	Country of incorporation	Equity holding	Nature of business
All3Media International Limited	England & Wales	17.9%	Distribution

9 Debtors: due within one year

	2004 £	2003 £
Trade debtors	1,534,328	1,513,135
Amounts owed by parent company	1,413,199	1,726,310
Other debtors	604,650	303,096
Prepayments and accrued income	-	33,151
VAT recoverable	61,543	80,769
	<u>3,613,720</u>	<u>3,656,461</u>

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan and overdraft	-	268,605
Trade creditors	1,797,601	1,110,279
Amounts owed to fellow subsidiary undertakings	1,244,497	1,730,138
Accruals and deferred income	683,079	543,268
UK Corporation tax	13,540	70,154
Other creditors including taxation and social security	65,151	24,139
	<u>3,803,868</u>	<u>3,746,583</u>

11 Provisions for liabilities and charges

Deferred tax has not been provided for at 31 August 2004 or 31 August 2003 on the basis that there are no timing differences at the end of either year.

Notes (continued)

12 Share capital

<i>Equity</i>	2004 £	2003 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

13 Pension Scheme

On 29th August 2003 the company was acquired by All3Media Group Limited who have implemented a group personal pension scheme.

14 Contingent liabilities

On 29 August 2003, the company was acquired by All3Media Limited, a wholly owned subsidiary of All3Media Group Limited, a company formed for the purpose of effecting the acquisition of the TV division of Chrysalis Group plc. As part of the acquisition arrangements the shares and assets of the company were charged to Royal Bank of Scotland plc who provided bank finance for the acquisition.

As part of the sale and purchase agreement between All3Media Limited and Chrysalis Group plc certain elements of the consideration were deferred. All3Media International Limited is one of the companies that has provided a composite guarantee and debenture in favour of Chrysalis Group plc in respect of the deferred consideration. This ranks second to the security provided to Royal Bank of Scotland plc in respect of the acquisition finance.

15 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

16 Ultimate and immediate parent company

The Company's immediate parent undertaking is All3Media Limited. In the directors opinion, the Company's ultimate parent undertaking is All3Media Group Limited. Copies of its group financial statements, which include the Company, are available from 87-91 Newman Street, London, W1T 3EY.