

## **ALL3MEDIA (Overseas) Limited**

Directors' report and financial statements

Registered number 3203247

31 August 2006

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2006

### Principal activity and review of the business

The principal activity of the company is the distribution of television programmes. The directors do not anticipate any changes in those activities over the coming year.

The profit for the year, after taxation, amounted to £227,613 (2005 £400,635)

The directors recommend the payment of a dividend of £800,000 for the year (2005 £200,000)

### Future outlook

The commercial environment in which the company operates remains competitive, but the directors believe that the company's position as one of the leading distribution of television programmes will enable it to maintain its current position in the future.

### Principal risks and uncertainties

The key business risks and uncertainties affecting the company relate to the general economic environment, competition from other distributors of television programmes and the success of the company's programming available for worldwide distribution. Further discussion of these risks and uncertainties, in the context of the ALL3MEDIA group (the "group") as a whole, is provided on page 3 of the group's annual report which does not form part of this report.

### Key performance indicators ("KPIs")

The directors of ALL3MEDIA Group Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of ALL3MEDIA (Overseas) Limited. The development, performance and position of ALL3MEDIA Group Limited, which includes the company, is discussed on page 3 of the group's annual report which does not form part of this report.

### Disclosure of information to auditors

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) 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 s234ZA of the Companies Act 1985.

### 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 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 year.

At 31 August 2006, 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.

**Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the annual general meeting

By order of the Board

*J C Pfeil.*  
J C Pfeil  
Secretary

87 - 91 Newman Street  
London  
W1T 3EY

Date *1st February 2007*

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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, 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 confirm that they have complied with the above requirements in preparing the financial statements

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 the financial statements comply with the Companies Act 1985. 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 ALL3MEDIA (Overseas) Limited

We have audited the financial statements (the "financial statements") of ALL3MEDIA (Overseas) Limited for the year ended 31 August 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out herein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

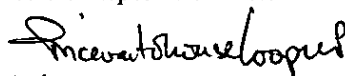
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2006 and of the company's profit for the year 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.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
1 February 2007



## Profit and loss account

*for the year ended 31 August 2006*

|  | <i>Note</i> | 2006<br>£          | 2005<br>£   |
|--|-------------|--------------------|-------------|
| <b>Turnover</b>                                      | <i>1,2</i>  | <b>2,778,496</b>   | 4,105,690   |
| Cost of sales  |             | <b>(1,977,744)</b> | (2,834,323) |
|  |             | <hr/>              | <hr/>       |
| <b>Gross profit</b>                                  |             | <b>800,752</b>     | 1,271,367   |
| Distribution costs                                   |             | <b>(480,649)</b>   | (656,218)   |
| Administrative expenses                              |             | -                  | (66,000)    |
|  |             | <hr/>              | <hr/>       |
| <b>Operating profit</b>                              | <i>3</i>    | <b>320,103</b>     | 549,148     |
| Interest receivable and similar income               | <i>6</i>    | <b>33,298</b>      | 20,422      |
|  |             | <hr/>              | <hr/>       |
| <b>Profit on ordinary activities before taxation</b> |             | <b>353,401</b>     | 569,570     |
| Taxation   | <i>7</i>    | <b>(125,788)</b>   | (168,935)   |
|  |             | <hr/>              | <hr/>       |
| <b>Profit on ordinary activities for the year</b>    |             | <b>227,613</b>     | 400,635     |
| Dividend   |             | <b>(800,000)</b>   | (200,000)   |
|  |             | <hr/>              | <hr/>       |
| Retained (loss)/profit for the year                  |             | <b>(572,387)</b>   | 200,635     |
| Accumulated profit brought forward                   |             | <b>2,019,734</b>   | 1,819,099   |
|  |             | <hr/>              | <hr/>       |
| <b>Accumulated profit carried forward</b>            |             | <b>1,447,347</b>   | 2,019,734   |
|  |             | <hr/> <hr/>        | <hr/> <hr/> |

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

The notes on pages 8 to 13 form part of these financial statements

## **Statement of total recognised gains and losses**

*for the year ended 31 August 2006*

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 2006*

|                                     | 2006<br>£   | 2005<br>£   |
|-------------------------------------|-------------|-------------|
| Profit for the year                 | 227,613     | 400,635     |
| Dividend                            | (800,000)   | (200,000)   |
|                                     | <hr/>       | <hr/>       |
| Net change in shareholders' funds   | (572,387)   | 200,635     |
| Shareholders' funds brought forward | 2,019,736   | 1,819,101   |
|                                     | <hr/>       | <hr/>       |
| Shareholders' funds carried forward | 1,447,349   | 2,019,736   |
|                                     | <hr/> <hr/> | <hr/> <hr/> |



## Balance sheet

at 31 August 2006

|  | Note | 2006<br>£          | £                | 2005<br>£          | £                |
|--|------|--------------------|------------------|--------------------|------------------|
| <b>Fixed Assets</b>                                  |      |                    |                  |                    |                  |
| Fixed Asset Investments                              | 8    |                    | -                |                    | 1,600,000        |
| <b>Current Assets</b>                                |      |                    |                  |                    |                  |
| Debtors  | 9    | 3,270,603          |                  | 5,087,959          |                  |
| Cash at bank and in hand                             |      | 461,999            |                  | 1,213,155          |                  |
|  |      | <u>3,732,602</u>   |                  | <u>6,301,114</u>   |                  |
| <b>Creditors</b> amounts falling due within one year | 10   | <u>(2,285,253)</u> |                  | <u>(5,881,378)</u> |                  |
| <b>Net current assets</b>                            |      |                    | <u>1,447,349</u> |                    | <u>419,736</u>   |
| <b>Net assets</b>                                    |      |                    | <u>1,447,349</u> |                    | <u>2,019,736</u> |
| <b>Capital and reserves</b>                          |      |                    |                  |                    |                  |
| Called up share capital                              | 12   |                    | 2                |                    | 2                |
| Profit and loss account                              |      |                    | <u>1,447,347</u> |                    | <u>2,019,734</u> |
| <b>Shareholders' funds – equity</b>                  |      |                    | <u>1,447,349</u> |                    | <u>2,019,736</u> |

These financial statements were approved by the board of directors on 18 February 2007 and were signed on its behalf by

  
**J Burns**  
Director

The notes on pages 8 to 13 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

The financial statements contain information about ALL3MEDIA (Overseas) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, All3Media Group Limited

#### *Changes in accounting policies*

The company has adopted FRS21 'Events after the balance sheet date', FRS23 'The effects of changes in foreign exchange rates', FRS25 'Financial instruments: Disclosure and presentation (paragraphs 15-50)' and FRS28 'Corresponding amounts' for the first time in these financial statements. The adoption of each of these standards represents a change in accounting policy however none of these pronouncements has resulted in a different accounting treatment compared to previously applicable accounting standards

#### *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 and attributable profits are recognised in accordance with the company's right to receive revenue based on the contracted position. For finished programmes and formats distributed by the company, revenue is recognised once contracted and invoiced provided that the product is available for delivery

#### *Royalties*

Royalties payable to producers or rights holders are recognised as cost of sales on an accruals basis in accordance with the turnover recognised

#### *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

## Notes (continued)

### Accounting policies (continued)

#### 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

#### Translation of foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

## Notes (continued)

### 2 Analysis of turnover by geographical market

|                   | 2006<br>£        | 2005<br>£        |
|-------------------|------------------|------------------|
| United Kingdom    | 285,956          | 101,498          |
| Rest of the world | 2,492,540        | 4,004,192        |
|                   | <u>2,778,496</u> | <u>4,105,690</u> |

### 3 Operating profit

|   | 2006<br>£     | 2005<br>£       |
|---|---------------|-----------------|
| <i>This is stated after charging/(crediting).</i> |               |                 |
| Auditors' remuneration                            |               |                 |
| Audit   | 10,000        | 5,000           |
| Exchange losses/(gains)                           | 45,901        | (71,989)        |
|   | <u>45,901</u> | <u>(71,989)</u> |

### 4 Remuneration of directors

Directors' remuneration in 2006 was £nil (2005 £nil)

The directors are remunerated by ALL3MEDIA Limited, and details of their emoluments and pension payments 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 was as follows

|   | Number of employees<br>2006 | 2005           |
|---|-----------------------------|----------------|
|   | <u>1</u>                    | <u>1</u>       |
|   |                             |                |
|   | 2006<br>£                   | 2005<br>£      |
| The aggregate payroll costs of this person was as follows |                             |                |
| Wages and salaries  | 146,199                     | 127,800        |
| Social security costs                                     | 17,046                      | 15,618         |
| Other pension costs                                       | 2,261                       | 5,321          |
|   | <u>165,506</u>              | <u>148,739</u> |

**Notes (continued)**

**6 Other interest receivable and similar income**

|   | <b>2006</b>   | <b>2005</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Bank interest receivable                | 1,666         | 3,972         |
| Interest receivable from parent company | 31,632        | 16,450        |
|   | <u>33,298</u> | <u>20,422</u> |

**7 Taxation**

**(i) Tax on profit on ordinary activities**

The tax charge is made up as follows

|   | <b>2006</b>    | <b>2005</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| UK corporation tax                          | 16,359         | 112,902        |
| Foreign tax                                 | 109,429        | 56,033         |
| <b>Tax on profit on ordinary activities</b> | <u>125,788</u> | <u>168,935</u> |

**(ii) Factors affecting the tax charge for the current year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 30% (2005 30%)  
The differences are explained below

|   | <b>2006</b>    | <b>2005</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| <b>Profit on ordinary activities before tax</b> | 353,401        | 569,570        |
| <b>Current tax at 30% (2005 30%)</b>            | <u>106,020</u> | <u>170,871</u> |
| <i>Effects of</i>                               |                |                |
| Adjustment in respect of prior years            | 19,768         | 32             |
| Other tax adjustments                           | -              | (1,968)        |
| <b>Total current tax charge for the year</b>    | <u>125,788</u> | <u>168,935</u> |

## Notes (continued)

### 8 Fixed Asset Investments

|  | 2006<br>£   | 2005<br>£        |
|--|-------------|------------------|
| <b>Shares in fellow subsidiary undertaking</b> |             |                  |
| <i>Cost and net book value</i>                 |             |                  |
| At beginning of year                           | 1,600,000   | 1,600,000        |
| Disposals                                      | (1,600,000) | -                |
| At end of year                                 | <u>-</u>    | <u>1,600,000</u> |

During the year the company's investment was transferred to a fellow subsidiary undertaking. The transfer was made at cost.

### 9 Debtors

|                                | 2006<br>£        | 2005<br>£        |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 1,246,473        | 3,562,654        |
| Amounts owed by parent company | 1,412,604        | 1,410,087        |
| Other debtors                  | 596,422          | 79,749           |
| Prepayments and accrued income | 15,104           | 35,469           |
|                                | <u>3,270,603</u> | <u>5,087,959</u> |

Amounts falling due after more than one year included in the above are

|               |               |                |
|---------------|---------------|----------------|
| Trade Debtors | <u>43,660</u> | <u>250,613</u> |
|---------------|---------------|----------------|

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

|  | 2006<br>£        | 2005<br>£        |
|--|------------------|------------------|
| Bank loan and overdraft                                | -                | 45,255           |
| Trade creditors  | 780,824          | 683,214          |
| Amounts owed to fellow subsidiary undertakings         | 690,670          | 3,563,817        |
| Accruals and deferred income                           | 799,594          | 1,475,026        |
| UK Corporation tax                                     | 9,381            | 78,816           |
| Other creditors including taxation and social security | 4,784            | 35,250           |
|  | <u>2,285,253</u> | <u>5,881,378</u> |

### 11 Provisions for liabilities and charges

Deferred tax has not been provided for at 31 August 2006 or 31 August 2005 on the basis that there are no timing differences at the end of either year.

## Notes (continued)

### 12 Share capital

| <i>Equity</i>                             | <b>2006</b>  | <b>2005</b> |
|---|--------------|-------------|
|   | <b>£</b>     | <b>£</b>    |
| <i>Authorised</i>                         |              |             |
| 1,000 ordinary shares of £1 each          | <b>1,000</b> | 1,000       |
|   | <hr/>        | <hr/>       |
| <i>Allotted, called up and fully paid</i> |              |             |
| 2 ordinary shares of £1 each              | <b>2</b>     | 2           |
|   | <hr/>        | <hr/>       |

### 13 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

### 14 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.

The ultimate controlling party at the balance sheet date was Bridgepoint Capital Limited on behalf of funds under its management. At the date of the approval of the financial statements the ultimate controlling party was Permira Partners LLP on behalf of funds under its management.