

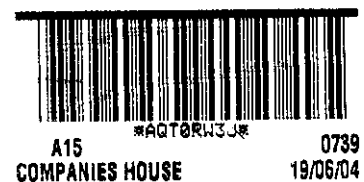
All3Media (Overseas) Limited

(Formerly Chrysalis TV and Film (Overseas) Limited)

Directors' report and financial statements

Registered number 3203247

31 August 2003



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2003.

Principal activity and future developments

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

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

Results and dividends

The profit for the year and transfer to reserves (2002: loss for the year and transfer from reserves) are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend for the year (2002:£nil).

Directors and directors' interest

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

NRA Butterfield (Resigned 22nd August 2003)

P Lenton (Resigned 22nd August 2003)

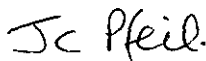
J Burns (Appointed 22nd August 2003)

S Morrison (Appointed 22nd August 2003)

None 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 any of the directors or their immediate families, or exercised by them, during the financial year.

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 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. 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 2003 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

14 June 2004

Profit and loss account

for the year ended 31 August 2003

	<i>Note</i>	2003 £	2002 £
Turnover	<i>1,2</i>	2,912,451	2,747,991
Cost of sales		(1,978,206)	(2,265,589)
		<hr/>	<hr/>
Gross profit		934,245	482,402
Distribution costs		(116,328)	(113,459)
Administrative expenses		(90,382)	(443,055)
		<hr/>	<hr/>
Operating profit/(loss)	<i>3</i>	727,535	(74,112)
Interest receivable and similar income	<i>4</i>	15,764	327
Interest payable and similar charges	<i>5</i>	-	(5,204)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	<i>3</i>	743,299	(78,989)
Taxation	<i>8</i>	(151,391)	(48,632)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities for the year		591,908	(127,621)
Accumulated profit brought forward		1,004,255	1,131,876
		<hr/>	<hr/>
Accumulated profit carried forward		1,596,163	1,004,255
		<hr/>	<hr/>

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

The notes on pages 8 to 14 form part of these financial statements.

Statement of total recognised gains and losses

for the year ended 31 August 2003

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

Reconciliation of movements in shareholders' funds

for the year ended 31 August 2003


	2003	2002
	£	£
Shareholders' funds brought forward	1,004,257	1,131,878
Profit/(loss) for the financial year	591,908	(127,621)
	<hr/>	<hr/>
Shareholders' funds carried forward	1,596,165	1,004,257
	<hr/> <hr/>	<hr/> <hr/>

Balance sheet

at 31 August 2003

	Note	2003 £	2002 £
Fixed Assets			
Fixed Asset Investments – shares in fellow subsidiary	9	1,600,000	-
Current assets			
Debtors	10	3,656,461	3,308,696
Cash at bank and in hand		86,287	2,758
		<u>3,742,748</u>	<u>3,311,454</u>
Creditors: amounts falling due within one year	11	(3,746,583)	(2,307,197)
		<u></u>	<u></u>
Net current (liabilities)/assets		(3,835)	1,004,257
		<u></u>	<u></u>
Net assets		1,596,165	1,004,257
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		1,596,163	1,004,255
		<u></u>	<u></u>
Shareholders' funds – equity		1,596,165	1,004,257
		<u></u>	<u></u>

These financial statements were approved by the board of directors on 9th June 2004 and were signed on its behalf by:


J Burns
 Director

The notes on pages 8 to 14 form part of these financial statements.

Cash flow statement
for the year ended 31 August 2003

	<i>Note</i>	2003 £	2002 £
Net cash inflow from operating activities	<i>14</i>	1,710,712	114,129
Returns on investments and servicing of finance	<i>16</i>	15,764	(4,877)
Capital expenditure and financial investment	<i>16</i>	(1,600,000)	-
Taxation Paid	<i>16</i>	(96,325)	(56,314)
		<hr/>	<hr/>
Increase in cash in the year	<i>15</i>	30,151	52,938
		<hr/>	<hr/>

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 under the historical cost convention and in accordance with applicable accounting standards. The following policies have been consistently applied:

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.

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:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- 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.

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.

Notes *(continued)*

2 Analysis of turnover by market

	2003 £	2002 £
United Kingdom	127,858	136,790
Rest of the world	2,784,593	2,611,201
	<u>2,912,451</u>	<u>2,747,991</u>

3 Operating profit/(loss)

	2003 £	2002 £
<i>This is stated after charging/(crediting):</i>		
Auditors' remuneration: Audit	4,000	3,300
Exchange (gains)/losses	(15,687)	5,204
	<u>(15,687)</u>	<u>5,204</u>

4 Other interest receivable and similar income

	2003 £	2002 £
Bank interest receivable	77	327
Exchange gain	15,687	
	<u>15,764</u>	<u>327</u>

5 Interest payable and similar charges

	2003 £	2002 £
Exchange loss	-	5,204
	<u>-</u>	<u>5,204</u>

6 Remuneration of directors

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

Notes (continued)

7 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	
2003	2002
Nil	Nil

No staff costs were incurred during the year.

8 Taxation

Analysis of charge in the year

	2003		2002
	£	£	£
<i>UK corporation tax</i>			
Current tax on income for the year	70,154		15,088
		70,154	15,088
<i>Foreign tax:</i>			
Current tax on income for the year		81,237	33,544
Tax on profit on ordinary activities		151,391	48,632

Factors affecting the tax charge for the current year

The tax charge for the year differs from the standard rate of corporation tax in the UK at 30% (2002: 30%). The differences are explained below.

	2003	2002
	£	£
Profit/ (loss) on ordinary activities before tax	743,299	(78,989)
Current tax at 30% (2002:30%)	222,990	(23,697)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	72,329
Other tax adjustments	(71,599)	-
Current tax charge for the year	151,391	48,632

Notes (continued)

9 Fixed Asset Investments

	2003 £	2002 £
Shares in fellow subsidiary	1,600,000	-

During the year the company acquired shares in All3Media International Limited, a fellow subsidiary of the All3Media Group Limited.

10 Debtors: due within one year

	2003 £	2002 £
Trade debtors	1,513,135	1,883,742
Amounts owed by fellow subsidiary undertakings	1,726,310	1,016,600
Other debtors	2,256	12,054
Prepayments and accrued income	33,151	34,611
Advances unrecouped	300,840	238,104
VAT recoverable	80,769	123,585
	<u>3,656,461</u>	<u>3,308,696</u>

11 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loan and overdraft	268,605	215,227
Trade creditors	1,110,279	1,176,361
Amounts owed to fellow subsidiary undertakings	1,730,138	65,162
Accruals and deferred income	543,268	826,354
UK Corporation tax	70,154	15,088
Other creditors including taxation and social security	24,139	9,005
	<u>3,746,583</u>	<u>2,307,197</u>

12 Provisions for liabilities and charges

Deferred tax has not been provided for at 31 August 2003 or 31 August 2002 on the basis that there are no timing differences at the end of either year.

Notes (continued)

13 Share capital

	2003 £	2002 £
<i>Equity</i>		
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

14 Reconciliation of operating profit/(loss) to net cash flow from operating activities

	2003 £	2002 £
Reconciliation of operating profit/(loss) to net cash flow from operating activities		
Operating profit/(loss)	727,535	(74,112)
Increase in debtors	(347,765)	(105,934)
Decrease in creditors	(269,058)	294,175
Other non-cash item	1,600,000	-
	<u> </u>	<u> </u>
Net cash inflow from operating activities	1,710,712	114,129
	<u> </u>	<u> </u>

15 Reconciliation of net cash flow to movement in net debt

	2003 £	2002 £
Increase in cash in the year	30,151	52,938
Net debt at the start of the year	(212,469)	(265,407)
	<u> </u>	<u> </u>
Net debt at the end of the year	(182,318)	(212,469)
	<u> </u>	<u> </u>

Analysis of net debt

	At beginning of year £	Cash flow £	At end of Year £
Cash in hand, at bank	2,758	83,529	86,287
Bank loans and overdraft	(215,227)	(53,378)	(268,605)
	<u> </u>	<u> </u>	<u> </u>
	(212,469)	30,151	(182,318)
	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

16 Analysis of cash flows

	2003	2002
	£	£
Returns on investment and servicing of finance		
Interest received	77	327
Exchange gain/(loss)	15,687	(5,204)
	<u>15,764</u>	<u>(4,877)</u>
Capital expenditure and financial investment		
Purchase of investments	(1,600,000)	-
	<u></u>	<u></u>
Taxation Paid	<u>(96,325)</u>	<u>(56,314)</u>

17 Related party transactions

During the year, the company purchased goods in the normal course of business from fellow subsidiaries of All3Media Group Limited, for £1,317,772 (2002: £1,220,723). The price charged was the normal market price in the case of each individual purchase.

In addition, the company was provided services by All3Media International Limited, a fellow subsidiary, to the value of £310,040 (2002: £168,602).

During the year, the company purchased 1,600,000 shares at £1 each in All3Media International Limited. This represents 17.9% of the total issued share capital of that company.

At the balance sheet date, the amounts due from/(to) fellow subsidiaries were:

	2003	2002
	£	£
All3Media International Limited	(1,699,141)	238,662
Bentley Productions Limited	19,630	(148,854)
Tandem Television Limited	(3,070)	-
North One Television Midlands Limited	(27,927)	(2,257)
Idtv Media BV	1,448	-

At 31 August 2003, the amount due from the holding company, All3Media Limited was £1,705,232.

Notes *(continued)*

18 Ultimate and immediate parent company

The parent company is All3Media Group Limited.

On 29th 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 (Overseas) 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.