

SET ASIA LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2007

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COMPANIES HOUSE

Registered Number 3406346

SET ASIA LIMITED

Directors' report

The directors present their report and the audited accounts of the company for the year ended 31 March 2007

Principal activity

The principal activity of the company is the marketing, distribution and sale of advertising for a Hindi television channel

Review of business and future developments

The directors believe that the company has performed satisfactorily during the year and will continue to do so in the future

Results and dividends

The company's profit before taxation for the financial year amounted to £114,000 (2006 £160,000) The Directors do not recommend payment of a dividend (2006 £nil)

Directors

The names of the directors who served during the year are as follows

A B Robertson
S Shergill
R Maroo
S Iyer
J A Parekh
R Aggarwal
M E Grindon
M K Eberts
A J Kaplan
A G Castle

Directors' interests

The directors held no interests in the share capital or the contracts of the company as at 31 March 2007 and 31 March 2006

SET ASIA LIMITED

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to 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 suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2007 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and which 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.

As far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware. Each director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



A G Castle
Secretary

29 June 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SET ASIA LIMITED

We have audited the financial statements of SET Asia Limited for the year ended 31 March 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.

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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

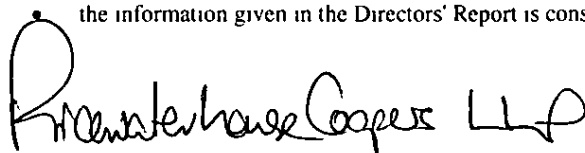
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

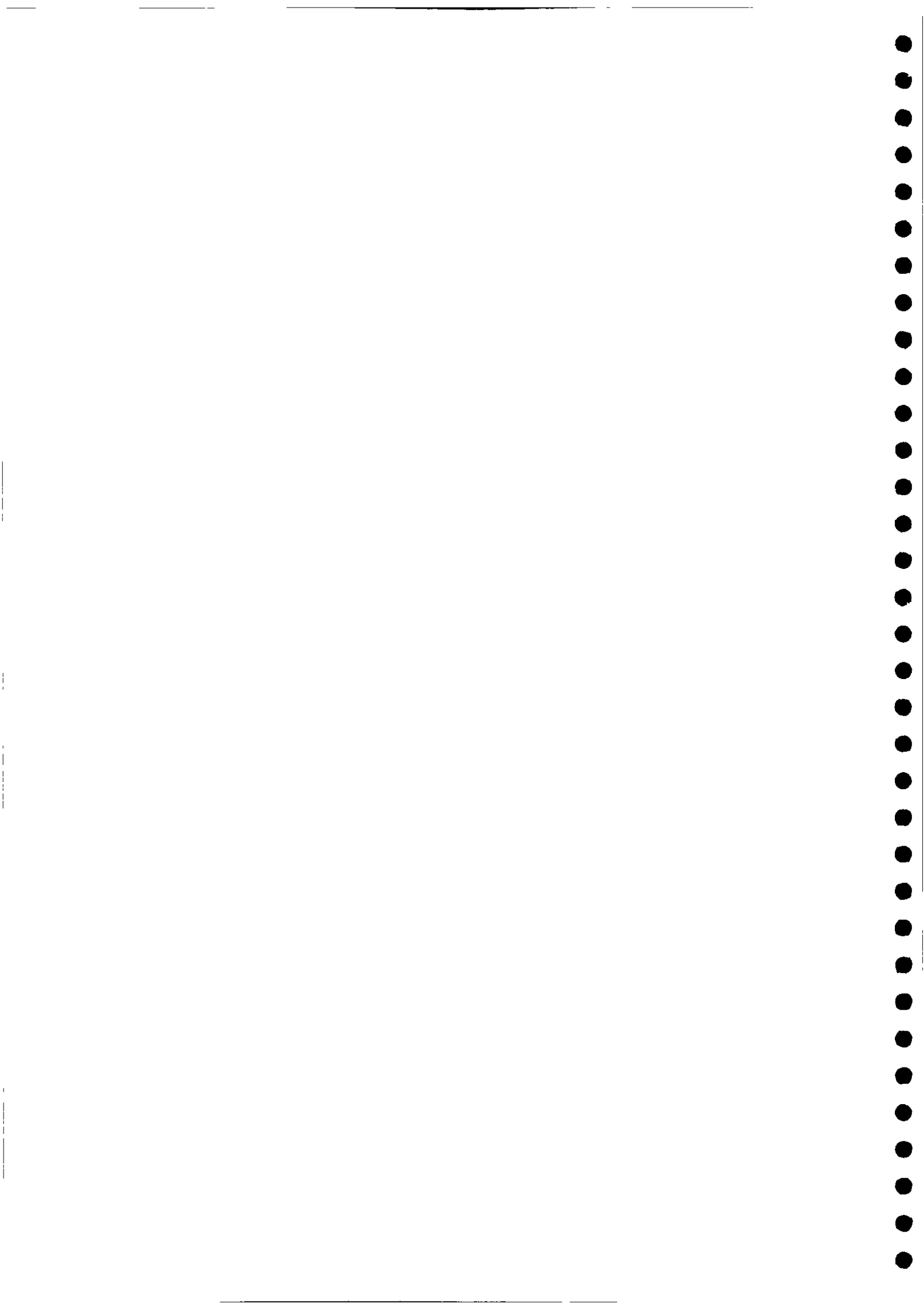
Opinion

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 March 2007 and of its 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
St Albans
29 June 2007



SET ASIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £'000	2006 £'000
Turnover	1	4,332	3,295
Cost of sales		(2,903)	(1,993)
Gross profit		1,429	1,302
Administrative expenses		(1,315)	(1,142)
Profit on ordinary activities before taxation	2	114	160
Tax on profit on ordinary activities	4	(54)	(65)
Profit on ordinary activities after taxation		60	95
Retained profit for the year	10	60	95

The notes on pages 6 to 11 form part of these accounts

All activities of the company are continuing

The company has no recognised gains or losses other than the profit for the year

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

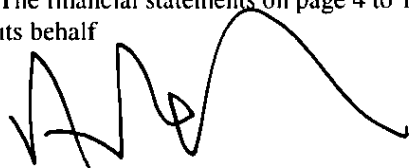
SET ASIA LIMITED

BALANCE SHEET AS AT 31 MARCH 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible fixed assets	5	24	11
Current assets			
Debtors	6	1,448	1,113
Cash at bank and in hand		298	418
		1,746	1,531
Creditors: Amounts falling due within one year	7	(1,207)	(1,039)
Net current assets		539	492
Net Assets		563	503
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	563	503
Total shareholders' funds	10	563	503

The notes on pages 6 to 11 form part of these accounts

The financial statements on page 4 to 11 were approved by the board of directors on 13 June 2007 and were signed on its behalf



A B Robertson
Director

29 June 2007

SET ASIA LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) Basis of accounting

The accounts are prepared under the historical cost convention, in accordance with applicable accounting standards and the Companies Act 1985.

b) Cash flow and related party disclosures

The company has taken advantage of exemptions under Financial Reporting Standard 1 (revised 1996), Cash Flow Statements, and has not produced a cash flow statement as the company is included in the publicly available accounts of Sony Corporation which produces a consolidated cash flow statement.

The company has taken advantage of exemptions under Financial Reporting Standard 8 from disclosing related party transactions with other Sony Corporation group companies.

c) Turnover

Turnover represents the reimbursement from group companies of overhead expenses and the invoiced value of advertising and other services supplied, excluding value added tax. During the year £29,000 (2006: £80,000) of barter transactions have been recognised in turnover with an equivalent amount in cost of sales. These represent advertising on the channel given in exchange for marketing services.

d) Depreciation of tangible fixed assets

Fixed assets are stated at cost less depreciation, which has been calculated to write off the fixed assets on a straight-line basis over their estimated useful lives at the following rates:

Equipment, fixtures and fittings	-	25%
Computers	-	25%

e) Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

f) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In relation to deferred taxation, under FRS 19, full provision is made for timing differences and deferred taxation. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to apply less tax in the future, have occurred at the balance sheet date.

SET ASIA LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

f) Taxation (continued)

When a deferred tax asset is regarded as recoverable, it is recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted

g) Pension costs

The company participates in the Columbia Pictures Corporation Limited Staff Pension and Life Assurance Scheme

The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore in accordance with FRS 17 the company accounts for the scheme as if it is a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the financial year

h) Accounts receivable

Accounts receivable are carried at estimated realisable value after providing against debts where collection is doubtful

i) Foreign currency

Foreign currency transactions are recorded in the local currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates and resulting exchange differences are dealt with through the profit and loss account

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2007 £'000	2006 £'000
Depreciation	2	4
Operating leases	3	3
Auditors' remuneration	9	8

3 Staff costs and directors' emoluments

	2007 £'000	2006 £'000
Wages and salaries	645	691
Social security costs	70	66
Other pension costs	161	59
	876	816

The average number of employees was 11 (2006: 12). The directors received no emoluments in respect of their services to the company.

SET ASIA LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

4 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
UK Corporation tax at 30% (2006 30%)		
- Current year	52	65
	52	65
Deferred tax		
- Current year	2	-
Total	54	65

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	114	160
Profit on ordinary activities multiplied by standard rate in UK (30%)	34	48
Effects of		
Expenses not deductible for tax purposes	20	17
Depreciation in the period in excess of capital allowances	(2)	-
Current tax charge for the period	52	65

The future effective tax rate should be similar to the current effective tax rate due to similar disallowable amounts in future years

A provision has been made for a deferred tax asset relating to timing differences as set out below

	Amount provided		Amount unprovided	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Accelerated capital allowances	-	2	-	-
	-	2	-	-

SET ASIA LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

5 Tangible fixed assets

	Fixtures & fittings £'000	Machinery & equipment £'000	Computers £'000	Total £'000
Cost				
At 1 April 2006	4	6	65	75
Additions	15	-	-	15
At 31 March 2007	19	6	65	90
Depreciation				
At 1 April 2006	3	6	55	64
Charge for the period	-	-	2	2
At 31 March 2007	3	6	57	66
Net book amount at 31 March 2007	16	-	8	24
Net book amount at 31 March 2006	1	-	10	11

6 Debtors

	2007 £'000	2006 £'000
Trade debtors	588	365
Amounts owed by group undertakings	830	661
VAT	-	33
Deferred tax asset	-	2
Other debtors	30	52
	1,448	1,113

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

7 Creditors: Amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	30	145
Deferred revenue	75	13
Amounts owed to group undertakings	815	589
Taxation and social security	28	78
Accruals	186	214
VAT	73	-
	1,207	1,039

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

SET ASIA LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

8 Share capital

	2007 £	2006 £
Authorised, allotted, called up and fully paid 2 ordinary shares of £1 each	2	2

9 Profit and loss account

	2007 £'000	2006 £'000
Opening balance	503	408
Profit for the year	60	95
Closing balance	563	503

10 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Profit for the year	60	95
Opening shareholders' funds	503	408
Closing shareholders' funds	563	503

11 Operating leases

As at 31 March 2007, the company had annual commitments under non-cancellable operating leases as follows

	2007 £'000	2006 £'000
Between one and five years	3	3
	3	3

SET ASIA LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

12 Pension contributions

Employees have the opportunity to become members of the Columbia Pictures Corporation Limited Staff Pension and Life Assurance Scheme, a defined benefit scheme

On a triennial basis, a formal valuation of the Scheme is undertaken by an independent actuary. Contributions in the year by SET Asia Limited amounted to £161,000 (2006 £59,000). The contribution assumptions of Columbia Pictures Corporation Limited as a whole are determined in accordance with the advice of the independent actuary and agreed with the Fund Trustees.

In relation to FRS 17, certain disclosures are currently required to be made in the financial statements. The valuation of the Scheme which is disclosed is a deficit as at 31 March 2007 and full details are given in the accounts of Columbia Pictures Corporation Limited. As it is not possible to separately identify the company's share of the scheme's overall underlying assets and liabilities, contributions to the scheme are accounted for as if they were contributions to a defined contribution scheme.

13 Ultimate holding company

The ultimate parent company is Sony Corporation, a company incorporated in Japan and is the parent undertaking of the largest group into which SET Asia Limited is consolidated. Copies of the Sony Corporation group accounts can be obtained from Sony Entertainment Holdings Europe Limited, 100 New Bridge Street, London EC4V 6JA.

The smallest group for which group accounts have been prepared is SET Satellite (Singapore) Pte Limited. Copies of these group accounts can be obtained from No 5 Tampines Central 6, No 05-12 Telepark Building, Singapore 529482.