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AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 NOVEMBER 2001



AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GURANTEE
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FOR THE YEAR ENDED 30 NOVEMBER 2001

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COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2001

DIRECTORS:

M Al Suwaidan
M J Al Ali
H A Jafar
M A Sahlawi
K A Al Mannae

SECRETARY:

M A Shah

REGISTERED OFFICE:

4 Churchill Court
58 Station Road
North Harrow
HA2 7ST

REGISTERED NUMBER:

03466258 (England and Wales)

AUDITORS:

ADAMS MOORHOUSE, Chartered Accountants
Registered Auditors
4 Churchill Court
58 Station Road
Harrow
HA2 7ST

BANKERS:

Qatar National Bank
One Mount Street
London
W1Y 8HQ

AL JAZEERA SATELLITE CHANNEL
LIMITED
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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2001

The directors present their report with the financial statements of the company for the year ended 30 November 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Satellite TV programme producers and provision of production facilities.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

The company, by virtue of being a company limited by guarantee, is unable to pay any dividends.

RESEARCH AND DEVELOPMENT

Research and development costs are written off to profit and loss account in the period in which the expenditure is incurred.

FUTURE DEVELOPMENTS

No major developments are planned for the ensuing year.

DIRECTORS

The directors during the year under review were:

M Al Suwaidan
M J Al Ali
H A Jafar
M A Sahlawi
K A Al Mannae

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;
- 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 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.

AUDITORS

The auditors, ADAMS MOORHOUSE, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



M Al Suwaidan - DIRECTOR

Dated: 12.2.03

AL JAZEERA SATELLITE CHANNEL
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AL JAZEERA SATELLITE CHANNEL
LIMITED

We have audited the financial statements of Al Jazeera Satellite Channel Limited for the year ended 30 November 2001 on pages four to eleven. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 Report of the Directors 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 Report of the Directors 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 United Kingdom 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 30 November 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ADAMS MOORHOUSE, Chartered Accountants
Registered Auditors
4 Churchill Court
58 Station Road
Harrow
HA2 7ST



Dated: 12/2/03

**AL JAZEERA SATELLITE CHANNEL
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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2001

	Notes	2001		2000	
		£	£	£	£
TURNOVER			2,062,957		2,146,446
Cost of sales			1,133,250		1,204,415
GROSS PROFIT			929,707		942,031
Distribution costs		24,788		36,011	
Administrative expenses		843,095		848,310	
			867,883		884,321
OPERATING PROFIT	3		61,824		57,710
Interest receivable and similar income			3,072		2,152
			64,896		59,862
Interest payable and similar charges	4		11,528		5,797
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			53,368		54,065
Tax on profit on ordinary activities	5		-		-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			53,368		54,065
Deficit brought forward			(17,111)		(71,176)
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD			£36,257		£(17,111)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

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BALANCE SHEET
30 NOVEMBER 2001

		2001		2000	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		39,503		36,214
CURRENT ASSETS:					
Debtors	7	365,141		151,943	
Cash at bank and in hand		7,519		123,522	
		372,660		275,465	
CREDITORS: Amounts falling due within one year	8	375,906		328,790	
NET CURRENT LIABILITIES:			(3,246)		(53,325)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£36,257		£(17,111)
RESERVES:					
Profit and loss account			36,257		(17,111)
	12		£36,257		£(17,111)

ON BEHALF OF THE BOARD:



M Al Suwaidan - DIRECTOR

Approved by the Board on 12/2/03

The notes form part of these financial statements

AL JAZEERA SATELLITE CHANNEL
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2001

		2001	2000
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(241,696)	65,342
Returns on investments and servicing of finance	2	(8,456)	(3,645)
Capital expenditure	2	(12,233)	(2,687)
		<u>(262,385)</u>	<u>59,010</u>
Financing	2	(14,680)	(7,807)
(Decrease)/Increase in cash in the period		<u>£(277,065)</u>	<u>£51,203</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		<u>(277,065)</u>	<u>51,203</u>
Change in net funds resulting from cash flows		<u>(277,065)</u>	<u>51,203</u>
Movement in net funds in the period		<u>(277,065)</u>	<u>51,203</u>
Net funds at 1 December		<u>78,579</u>	<u>27,376</u>
Net (debt)/funds at 30 November		<u>£(198,486)</u>	<u>£78,579</u>

The notes form part of these financial statements

AL JAZEERA SATELLITE CHANNEL
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NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2001

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2001 £	2000 £
Operating profit	61,824	57,710
Depreciation charges	6,972	6,390
Loss on sale of fixed assets	1,972	-
Increase in debtors	(213,198)	(18,596)
(Decrease)/Increase in creditors	(99,266)	19,838
Net cash (outflow)/inflow from operating activities	(241,696)	65,342

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	3,072	2,152
Interest paid	(11,528)	(5,797)
Net cash outflow for returns on investments and servicing of finance	(8,456)	(3,645)
Capital expenditure		
Purchase of tangible fixed assets	(12,233)	(2,687)
Net cash outflow for capital expenditure	(12,233)	(2,687)
Financing		
Amount withdrawn by directors	(14,680)	(7,807)
Net cash outflow from financing	(14,680)	(7,807)

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NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2001

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.12.00 £	Cash flow £	At 30.11.01 £
Net cash:			
Cash at bank and in hand	123,522	(116,003)	7,519
Bank overdraft	(44,943)	(161,062)	(206,005)
	<u>78,579</u>	<u>(277,065)</u>	<u>(198,486)</u>
 Total	 <u>78,579</u>	 <u>(277,065)</u>	 <u>(198,486)</u>
 Analysed in Balance Sheet			
 Cash at bank and in hand	 123,522		 7,519
Bank overdraft	(44,943)		(206,005)
	<u>78,579</u>		<u>(198,486)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2001

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. **STAFF COSTS**

	2001 £	2000 £
Wages and salaries	423,786	431,895
Social security costs	43,346	43,445
	<u>467,132</u>	<u>475,340</u>

The average monthly number of employees during the year was as follows:

	2001	2000
Office and administration	4	4
Production	10	8
	<u>14</u>	<u>12</u>

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	2001 £	2000 £
Hire of plant and machinery	3,133	2,424
Depreciation - owned assets	6,972	6,390
Loss on disposal of fixed assets	1,972	-
Auditors' remuneration	4,500	4,000
	<u>16,577</u>	<u>12,814</u>
Directors' emoluments	50,052	44,389

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2001

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	2001	2000
	£	£
Bank interest	11,528	5,797

5. **TAXATION**

The company is exempt from Corporation Tax by virtue of the provisions of the International Organisations Act 1968.

6. **TANGIBLE FIXED ASSETS**

	Plant and machinery	Fixtures and fittings	Totals
	£	£	£
COST:			
At 1 December 2000	46,670	3,604	50,274
Additions	10,734	1,499	12,233
Disposals	(3,035)	-	(3,035)
At 30 November 2001	54,369	5,103	59,472
DEPRECIATION:			
At 1 December 2000	13,234	826	14,060
Charge for year	6,330	642	6,972
Eliminated on disposals	(1,063)	-	(1,063)
At 30 November 2001	18,501	1,468	19,969
NET BOOK VALUE:			
At 30 November 2001	35,868	3,635	39,503
At 30 November 2000	33,436	2,778	36,214

7. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2001	2000
	£	£
V.A.T.	47,703	50,444
Trade debtors	-	7,640
Other debtors	305,438	93,859
Prepayments & accrued income	12,000	-
	365,141	151,943

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2001

**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2001 £	2000 £
Bank loans and overdrafts (see note 9)	206,005	44,943
Trade creditors	69,150	180,381
Directors current accounts	76,013	90,693
Employee salaries	1,465	-
Accrued expenses	23,273	12,773
	<u>375,906</u>	<u>328,790</u>

9. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2001 £	2000 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>206,005</u>	<u>44,943</u>

10. CONTINGENT LIABILITIES

As far as the Board is aware, there were no contingent liabilities at the balance sheet date.

11. RELATED PARTY DISCLOSURES

The entire turnover of the company is derived from provision of services to Al Jazeera in the Emirate of Qatar. Other debtors shown in the financial statements relate to amounts owed by Al Jazeera, Qatar and Al Jazeera Satellite Services Limited, UK. The directors of the company are also the directors of Al Jazeera, Qatar. The directors (who are also the members) have undertaken to contribute £1 each, towards the assets of the company in the event that a contribution is required upon the winding up of the company.

12. RECONCILIATION OF MOVEMENTS IN RESERVES

	2001 £	2000 £
Profit for the financial year	53,368	54,065
Net addition to reserves	<u>53,368</u>	<u>54,065</u>
Opening reserves	(17,111)	(71,176)
Closing reserves	<u>36,257</u>	<u>(17,111)</u>