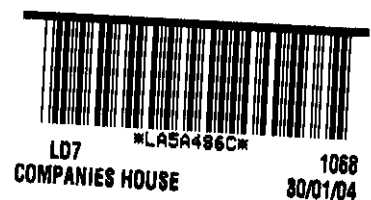


3847253

HOME ENTERTAINMENT LIMITED
REPORT AND FINANCIAL STATEMENTS

For the period ended

22 March 2003



HOME ENTERTAINMENT LIMITED

Report and financial statements for the period ended 22 March 2003

Contents

Page:

2	Report of the directors
4	Report of the auditors
5	Profit and loss account
6	Balance sheet
7-14	Notes forming part of the financial statements

Directors

E Edwards

Secretary and registered office

E Edwards, 33 Charlotte Street, London, W1T 1RR.

Company number

3847253

Auditors

Nexia Audit Limited, No. 1 Riding House Street, London W1A 3AS

HOME ENTERTAINMENT LIMITED

Report of the directors for the period ended 22 March 2003

The directors present their report together with the audited financial statements for the year ended 22 March 2003.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the period.

The Directors were disappointed at the loss incurred in the period and hope that they can bring the business back to profit after the reorganisation.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company throughout the period was in the supply of VHS and DVD video products and related merchandise to the public via mail order. On 1 July 2001 the business was sold to Metro Direct Limited, also a subsidiary of Metrodome Group plc, as part of a group reorganisation.

Directors

The directors of the company during the period together with their beneficial interests in the shares of the company were:

	Ordinary shares of £1	
	22 March 2003	22 March 2002
A H Martin (resigned 17 April 2003)	-	-
E Edwards (New)	-	-

The current directors are directors of the parent company, Metrodome Group plc. Their interest in the share capital of Metrodome Group plc are shown in the accounts of that company. They have no interest in the share capital of Home Entertainment Limited.

HOME ENTERTAINMENT LIMITED

Report of the directors for the period ended 22 March 2003 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

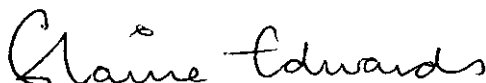
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Nexia Audit Limited will be proposed at the next Annual General Meeting.

On behalf of the Board

E Edwards



Secretary

Nexia Audit

— · Limited · —

Independent auditors' report to the shareholders of Home Entertainment Limited

We have audited the accounts of Home Entertainment Limited for the period ended 22 March 2003 on pages 5 to 14. These accounts have been prepared under the historical cost convention and 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 accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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 the 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.

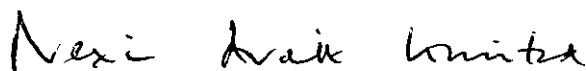
Basis of audit opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 22 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Nexia Audit Limited
Chartered Accountants
Registered Auditors
30 January 2004

No 1 Riding House Street
London
W1A 3AS

HOME ENTERTAINMENT LIMITED**Profit and loss account for the period ended 22 March 2003**

	Note	Year Ended 22 March 2003 £	Year ended 22 March 2002 £
Turnover	2	(50)	2,714,140
Cost of sales		50,573	(2,454,311)
Gross profit		50,523	259,829
Administrative expenses - exceptional profit		(39,984) 1,444,196	(1,054,629)
Operating profit/(loss)	3	1,454,735	(794,800)
Taxation	7	-	-
Profit/(loss) on ordinary activities before and after taxation	13	1,454,735	(794,800)

All amounts relate to activities that were discontinued in the period.
All recognised gains and losses are included in the profit and loss account.

HOME ENTERTAINMENT LIMITED

Balance sheet at 22 March 2003

	Note	22 March 2003		22 March 2002	
		£	£	£	£
Tangible assets					
Tangible fixed assets	8	119		33,391	
			119		33,391
Current assets					
Debtors	10	5,000		24,051	
Cash at bank		-		531,788	
			5,000		555,839
Creditors: amounts falling due within one year	11		(2,490)		(2,041,436)
Net current liabilities			2,410		(1,485,597)
Net liabilities			2,529		(1,452,206)
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		2,429		(1,452,306)
Equity shareholders' funds	14		2,529		(1,452,206)

The financial statements were approved by the Board on 30 January 2004

E Edwards
Director

Graeme Edwards

HOME ENTERTAINMENT LIMITED

Notes forming part of the financial statements for the period ended 22 March 2003

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents the amount receivable for goods and services supplied during the period (excluding value added tax) and is derived from ordinary activities.

Depreciation

Depreciation is provided on a straight line basis at the following annual rate in order to write-off the cost of each asset to its estimated residual value over its estimated useful life as follows:

Long leasehold	-	over period of the lease
Fixtures and fittings	-	12.5% straight line per annum.
Computer Equipment	-	33.3% straight line per annum
Motor Vehicles	-	25.0% straight line per annum

Foreign currencies

Assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. All exchange differences are charged to the profit and loss account.

Royalties and advance costs

Royalty advances are written off over the period in which they would otherwise fall due for payment.

Provision is made for royalties payable on all sales during the year, adjusted for royalties on anticipated returns. Credit is taken for royalties received at the date of receipt.

HOME ENTERTAINMENT LIMITED

Notes forming part of the financial statements for the period ended 22 March 2003 (*Continued*)

1 Accounting policies (continued)

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Deferred taxation

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. Deferred tax assets are recognised to the extent that they are recoverable, that is, on the basis of all available evidence, 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 calculated on a non-discounted 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.

2 Turnover

The turnover and loss before tax are attributable to the principal activity of the company. All turnover is derived from the UK and to UK destinations.

3 Operating profit/ (loss)

	2003	2002
--	------	------

	£	£
--	---	---

The operating loss is stated after charging:

Depreciation	33,272	36,761
Amortisation	-	157,069
Auditors remuneration	-	-

	£	£
--	---	---

Exceptional items at 31 March 2003 represent:

Closure of merchandise, internet and warehouse operations	-	651,966
Write back of intercompany creditors	1,444,196	-

HOME ENTERTAINMENT LIMITED

Notes forming part of the financial statements for the period ended 22 March 2003 (*Continued*)

4	Interest receivable	2003	2002
		£	£
	On bank balances	-	-
5	Employees	£	£
	Staff costs (including directors) were as follows:		
	Wages and salaries	-	105,505
	Social security costs	2,780	9,622
		2,780	115,127
		Number	Number
	The average number of employees (including directors) during the period was as follows:		
	Sales & Distribution	-	10
	Administration	-	2
		-	12

HOME ENTERTAINMENT LIMITED

Notes forming part of the financial statements for the period ended 22 March 2003 (*Continued*)

	2003 £	2002 £
6 Directors' emoluments		
The emoluments of the directors (excluding pensions) were as follows:		
Emoluments receivable	-	15,000
	<hr/>	<hr/>
7 Tax on loss on ordinary activities	£	£
<i>Current tax</i>		
UK corporation tax at 30%	-	-
	<hr/>	<hr/>

A deferred tax asset of approximately £313,614 exists at 31 March 2003 (2002:£ 131,157) but this has not been recognised in the accounts. This principally relates to trading losses that may be recovered against future profits of the same trade.

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	£	£
Profit / (Loss) on ordinary activities before tax	1,454,735	(794,800)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by corporation tax in the UK of 30% (2002: 30%)	436,421	(238,440)
Effects of:		
Expenses not deductible for tax purposes	(433,259)	-
Depreciation in excess of capital allowances	8,872	-
Unrelieved tax losses carried forward	-	238,440
Tax losses utilised in year	(12,034)	-
	<hr/>	<hr/>
Total actual amount of current tax	-	-
	<hr/>	<hr/>

HOME ENTERTAINMENT LIMITED

Notes forming part of the financial statements for the period ended 22 March 2003(*Continued*)

8	Tangible fixed assets	Long Leasehold £	Motor Vehicles £	Fixtures and Fittings £	Total £
	<i>Cost</i>				
	As at 23 March 2002	1,496	10,836	165,362	177,694
	Additions in the period				
	At 22 March 2003	1,496	10,836	165,362	177,694
	<i>Depreciation</i>				
	As at 23 March 2002	1,495	8,953	133,855	144,303
	Charge for the period	-	1,879	31,393	33,272
	At 22 March 2003	1,495	10,832	165,248	177,575
	<i>Net book value</i>				
	At 22 March 2003	1	4	114	119
	At 22 March 2002	1	1,883	31,507	33,391

HOME ENTERTAINMENT LIMITED**Notes forming part of the financial statements for the period ended 22 March 2003(Continued)**

9	Stock	2003	2002
		£	£
	Finished goods	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
10	Debtors	£	£
	Trade debtors	-	13,187
	Other debtors	5,000	10,864
		<hr/>	<hr/>
		5,000	24,051
		<hr/>	<hr/>
11	Creditors: amounts falling due within one year	£	£
	Bank overdraft	-	1,124,875
	Amounts owed to parent company	-	594,587
	Amounts owed to fellow subsidiary undertakings	-	321,974
	Taxation and social security costs	2,490	-
	Accruals and deferred income	100	-
		<hr/>	<hr/>
		2,590	2,041,436
		<hr/>	<hr/>

The bank overdraft is secured by a debenture over the company's assets and a guarantee from the parent company.

HOME ENTERTAINMENT LIMITED

Notes forming part of the financial statements for the period ended 22 March 2003(Continued)

12	Share capital	2003 £	2002 £
	<i>Authorised</i>		
	Ordinary £1 shares	100	100
		<hr/>	<hr/>
	<i>Allotted, issued</i>		
	Ordinary £1 shares	100	100
		<hr/>	<hr/>

100 £1 Ordinary Shares were issued at par on the incorporation of the company. The entire shares issued remain unpaid at the year-end.

13	Reserves	Profit and loss Account £
	Reserves as at 23 March 2002	(1,452,306)
	Profit for the financial period	1,454,735
		<hr/>
	At 22 March 2003	2,429
		<hr/>

14	Reconciliation of movements in shareholders' funds	2003 £	2002 £
	Profit/(loss) for the year	1,454,735	(794,800)
	Brought Forward Shareholders deficit	(1,452,206)	(657,406)
		<hr/>	<hr/>
	Closing shareholders' funds	2,529	(1,452,206)
		<hr/>	<hr/>

15 Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard 1 not to produce a cash flow statement. A consolidated cash flow statement is included in the financial statements of its parent company.

16 Related party transactions

The company has taken advantage of the exemption allowed under Financial Reporting Standard 8 not to disclose any transactions with group entities as its parent company prepares group financial statements.

HOME ENTERTAINMENT LIMITED

Notes forming part of the financial statements for the period ended 22 March 2003(*Continued*)

17 Contingent liabilities

The company has provided cross guarantees with certain other group companies in respect of bank loan and overdraft arrangements which at 31 March 2003 amounted to £545,958 (2002: £1,332,099).

18 Ultimate parent company

At 31 March 2003, the ultimate parent company was TV-Loonland AG, a company incorporated in Germany. TV-Loonland AG is the parent of the largest group for which group accounts are drawn up and of which Metrodome Film Finance Limited is a member. Copies of the accounts can be obtained from TV-Loonland AG, Munchner Strasse 16 D-85774, Munchen-Unterföhring, Germany.

The parent of the smallest group for which group accounts are drawn up is Metrodome Group plc.

Copies of the consolidated financial statements of Metrodome Group plc are available from:

The Secretary
Metrodome Group plc
33 Charlotte Street,
London W1T 1RR