

REGISTERED NUMBER: 4112266 (England and Wales)

OPUS ARTE UK LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
Chilworth,
Guildford
Surrey
GU4 8RT



OPUS ARTE UK LIMITED

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for the year ended 31 December 2004

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OPUS ARTE UK LIMITED

COMPANY INFORMATION
for the year ended 31 December 2004

DIRECTORS: J J R Petri
Mrs P J Petri-Clark

SECRETARY: R Kaye

REGISTERED OFFICE: Silveroaks Farm
Waldron
Heathfield
East Sussex
TN21 0RS

REGISTERED NUMBER: 4112266 (England and Wales)

AUDITORS: Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
Chilworth,
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OPUS ARTE UK LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 December 2004**

The directors present their report with the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of multimedia production.

REVIEW OF BUSINESS

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

During 2004 Opus Arte has strengthened the label's position in the market by adding 24 new DVD titles to its classical music and arts catalogue and increasing marketing and promotion efforts in all territories. Unit sales showed an increase of 66% over 2003, representing an increase in DVD revenue of 49%.

The continued emphasis on quality has resulted in Awards on a number of new titles with the most successful DVD title Jacqueline du Pré in Portrait winning the prestigious MIDEM Classical Award plus a prestigious Grammy Award nomination for the DVD of Bernstein's Trouble in Tahiti.

Substantial reductions in costs have been achieved through negotiated lower pricing levels with suppliers and licensors. In 2005 we have succeeded in reducing these pricing levels still further, which will result in increased opportunities for profit.

With an expansion in distribution through new and additional export territories and more than 30 new titles due for release in 2005, a positive growth in DVD sales is expected throughout 2005. The first quarter of 2005 already shows an increase in unit sales compared with the same period last year of 75%.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2004.

DIRECTORS

JJR Petri Esq and Mrs PJ Petri-Clark held office as directors during the financial year.

They did not hold any beneficial interest in the issued share capital of the company at 1 January 2004 or 31 December 2004.

Opus Arte UK Limited is a wholly owned subsidiary of Opus Arte BV, a company registered in The Netherlands. The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the parent company were as follows:

Ordinary voting €45.38 shares

	31.12.04	1.1.04
JJR Petri	126	126
Mrs PJ Petri-Clark	0	0

The total number of shares issued in Opus Arte BV as at 31 December 2004 was 793 shares (2003: 911 shares).

OPUS ARTE UK LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 December 2004

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, Bessler Hendrie, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
R Kaye - Secretary

Date: 28/6/05.....

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF OPUS ARTE UK LIMITED

We have audited the financial statements of Opus Arte UK Limited for the year ended 31 December 2004 on pages six to eighteen. These financial statements 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 on page three 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
OPUS ARTE UK LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
Chilworth,
Guildford
Surrey
GU4 8RT

Date: 4 July 2005

OPUS ARTE UK LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2004

	Notes	2004 £	2003 £
TURNOVER		2,398,061	1,734,946
Cost of sales		<u>(1,626,931)</u>	<u>(992,427)</u>
GROSS PROFIT		771,130	742,519
Administrative expenses		<u>(649,553)</u>	<u>(662,552)</u>
OPERATING PROFIT	3	121,577	79,967
Interest receivable and similar income		<u>232</u>	<u>79</u>
		121,809	80,046
Interest payable and similar charges	4	<u>(72,766)</u>	<u>(55,977)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		49,043	24,069
Tax on profit on ordinary activities	5	<u>(10,673)</u>	<u>(615)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>38,370</u>	<u>23,454</u>
RETAINED PROFIT FOR THE YEAR		<u>38,370</u>	<u>23,454</u>

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.

OPUS ARTE UK LIMITED

BALANCE SHEET

31 December 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	6	11,705	36,889
Investments	7	<u>2,150,372</u>	<u>2,326,299</u>
		<u>2,162,077</u>	<u>2,363,188</u>
CURRENT ASSETS			
Stock and work in progress	8	714,987	427,317
Debtors	9	977,318	1,068,023
Cash at bank and in hand		<u>933</u>	<u>1,323</u>
		1,693,238	1,496,663
CREDITORS			
Amounts falling due within one year	10	<u>(1,891,079)</u>	<u>(2,451,133)</u>
NET CURRENT LIABILITIES		<u>(197,841)</u>	<u>(954,470)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,964,236	1,408,718
CREDITORS			
Amounts falling due after more than one year	11	(1,313,918)	(795,963)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>-</u>	<u>(807)</u>
		<u>650,318</u>	<u>611,948</u>

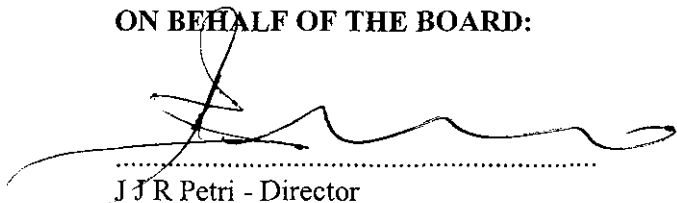
The notes form part of these financial statements

OPUS ARTE UK LIMITED

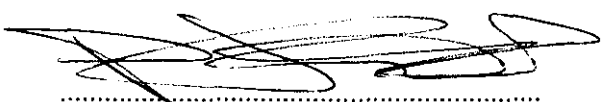
BALANCE SHEET - continued
31 December 2004

	Notes	2004 £	2003 £
CAPITAL AND RESERVES			
Called up share capital	16	500,000	500,000
Profit and loss account	17	<u>150,318</u>	<u>111,948</u>
SHAREHOLDERS' FUNDS	20	<u><u>650,318</u></u>	<u><u>611,948</u></u>

ON BEHALF OF THE BOARD:



.....
J J R Petri - Director



.....
Mrs P J Petri-Clark - Director

Approved by the Board on 29/6/05

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

1. ACCOUNTING POLICIES

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

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

The turnover and profit before tax is attributable to the principal activity of the company and arose in the United Kingdom.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease over the lease term, whichever is the shorter.

Fixtures & fittings	- 15% to 33% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Stocks

Stock and work in progress and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Investment in programming

Investment in programming is capitalised and amortised over the expected useful life, principally restricted to 10 years. These assets are reviewed for impairment in all periods where events or changes in circumstances indicate that the carrying value may not be recoverable. Any anticipated losses on individual projects are recognised in the accounts immediately.

2. STAFF COSTS

	2004	2003
	£	£
Wages and salaries	315,919	318,600
Social security costs	37,027	34,673
Other pension costs	<u>7,262</u>	<u>4,635</u>
	<u>360,208</u>	<u>357,908</u>

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

	2004	2003
Directors	2	2
Finance & administration	3	3
Production & sales	<u>5</u>	<u>5</u>
	<u>10</u>	<u>10</u>

OPUS ARTE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
for the year ended 31 December 2004**3. OPERATING PROFIT**

The operating profit is stated after charging:

	2004	2003
	£	£
Depreciation - owned assets	9,879	18,910
Depreciation - assets on hire purchase contracts	13,559	15,155
Loss on disposal of fixed assets	1,369	-
Auditors remuneration	3,500	3,500
Amortisation of investment in programming	416,875	517,573
Operating lease rentals - hire of plant and machinery	116	-
Operating lease rentals - other operating leases	<u>25,013</u>	<u>23,187</u>
Directors' emoluments	119,100	109,449
Directors' pension contributions to money purchase schemes	<u>3,573</u>	<u>2,633</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank interest	69,560	43,909
Loan interest paid	1,130	9,763
Hire purchase	<u>2,076</u>	<u>2,305</u>
	<u>72,766</u>	<u>55,977</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2004	2003
	£	£
Current tax:		
UK corporation tax	14,000	4,500
Over provision in prior years	<u>(1,332)</u>	<u>-</u>
Total current tax	12,668	4,500
Deferred tax	<u>(1,995)</u>	<u>(3,885)</u>
Tax on profit on ordinary activities	<u>10,673</u>	<u>615</u>

UK corporation tax has been charged at 19% (2003 - 19%).

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2004	2003
	£	£
Profit on ordinary activities before tax	<u>49,043</u>	<u>24,069</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2003 - 19%)	9,318	4,573
Effects of:		
Disallowed expenses	2,272	1,247
Use of trading losses brought forward	-	(5,036)
Depreciation in excess of capital allowances	1,995	3,650
Over provision in prior years	<u>(1,332)</u>	<u>-</u>
Rounding	<u>415</u>	<u>66</u>
Current tax charge	<u>12,668</u>	<u>4,500</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2004	42,234	17,544	52,442	112,220
Additions	729	500	7,894	9,123
Disposals	-	(18,044)	-	(18,044)
At 31 December 2004	<u>42,963</u>	<u>-</u>	<u>60,336</u>	<u>103,299</u>
DEPRECIATION				
At 1 January 2004	25,995	4,386	44,951	75,332
Charge for year	12,308	2,790	8,340	23,438
Eliminated on disposal	-	(7,176)	-	(7,176)
At 31 December 2004	<u>38,303</u>	<u>-</u>	<u>53,291</u>	<u>91,594</u>
NET BOOK VALUE				
At 31 December 2004	<u>4,660</u>	<u>-</u>	<u>7,045</u>	<u>11,705</u>
At 31 December 2003	<u>16,239</u>	<u>13,158</u>	<u>7,491</u>	<u>36,888</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2004	26,772	17,544	5,535	49,851
Disposals	-	(17,544)	-	(17,544)
At 31 December 2004	<u>26,772</u>	<u>-</u>	<u>5,535</u>	<u>32,307</u>
DEPRECIATION				
At 1 January 2004	17,527	4,386	3,690	25,603
Charge for year	8,924	2,790	1,845	13,559
Eliminated on disposal	-	(7,176)	-	(7,176)
At 31 December 2004	<u>26,451</u>	<u>-</u>	<u>5,535</u>	<u>31,986</u>
NET BOOK VALUE				
At 31 December 2004	<u>321</u>	<u>-</u>	<u>-</u>	<u>321</u>
At 31 December 2003	<u>9,245</u>	<u>13,158</u>	<u>1,845</u>	<u>24,248</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

7. INVESTMENT IN PROGRAMMING

	Unlisted investments £
COST	
At 1 January 2004	3,265,103
Additions	<u>240,948</u>
At 31 December 2004	<u>3,506,051</u>
PROVISIONS	
At 1 January 2004	938,804
Provision for year	<u>416,875</u>
At 31 December 2004	<u>1,355,679</u>
NET BOOK VALUE	
At 31 December 2004	<u>2,150,372</u>
At 31 December 2003	<u>2,326,299</u>

8. STOCK AND WORK IN PROGRESS

	2004 £	2003 £
Stocks	254,957	149,655
Work-in-progress	<u>460,030</u>	<u>277,662</u>
	<u>714,987</u>	<u>427,317</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade debtors	456,400	568,174
Other debtors	4,395	14,091
Deferred tax asset		
Temporary timing differences	1,188	-
Prepayments and accrued income	<u>515,335</u>	<u>485,758</u>
	<u>977,318</u>	<u>1,068,023</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Bank loans and overdrafts (see note 12)	757,310	855,003
Other loans (see note 12)	-	73,962
Hire purchase contracts (see note 13)	4,391	17,139
Trade creditors	573,867	965,228
Tax	14,000	4,500
Social security and other taxes	26,921	43,783
Other creditors	249,848	339,572
Directors' current accounts	-	30,533
Accruals and deferred income	264,742	121,413
	<u>1,891,079</u>	<u>2,451,133</u>

The bank loans and overdrafts are secured by a fixed and floating charge on the assets of the company.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Other loans (see note 12)	-	37,013
Hire purchase contracts (see note 13)	-	13,020
Amounts due to group undertaking	1,313,918	745,930
	<u>1,313,918</u>	<u>795,963</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2004	2003
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	757,310	855,003
Loans from associate companies	-	73,962
	<u>757,310</u>	<u>928,965</u>
Amounts falling due between one and two years:		
Loans from associate companies	-	37,013

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2004	2003
	£	£
Gross obligations repayable:		
Within one year	5,102	18,965
Between one and five years	<u>-</u>	<u>14,390</u>
	<u>5,102</u>	<u>33,355</u>
Finance charges repayable:		
Within one year	711	1,826
Between one and five years	<u>-</u>	<u>1,370</u>
	<u>711</u>	<u>3,196</u>
Net obligations repayable:		
Within one year	4,391	17,139
Between one and five years	<u>-</u>	<u>13,020</u>
	<u>4,391</u>	<u>30,159</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2004	2003	2004	2003
	£	£	£	£
Expiring:				
Within one year	25,416	23,070	-	-
Between one and five years	<u>-</u>	<u>-</u>	<u>462</u>	<u>-</u>
	<u>25,416</u>	<u>23,070</u>	<u>462</u>	<u>-</u>

OPUS ARTE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

14. SECURED DEBTS

The following secured debts are included within creditors:

	2004	2003
	£	£
Bank overdrafts	757,310	855,003
Hire purchase contracts	<u>4,391</u>	<u>30,159</u>
	<u>761,701</u>	<u>885,162</u>

The bank overdrafts are secured by the assignment of keyman insurance on the life of Mr JJR Petri in the sum of £1,000,000 and a letter of Cross Guarantee from the parent company, Opus Arte BV.

15. PROVISION FOR LIABILITIES AND CHARGES

	2003
	£
Deferred tax	
Temporary timing differences	<u>807</u>

	Deferred tax £
Balance at 1 January 2004	807
Decelerated capital allowances	<u>(1,995)</u>
Balance at 31 December 2004	<u>(1,188)</u>

16. CALLED UP SHARE CAPITAL

Authorised:			2004	2003
Number:	Class:	Nominal value:	£	£
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, issued and fully paid:			2004	2003
Number:	Class:	Nominal value:	£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

OPUS ARTE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2004

17. RESERVES

	Profit and loss account £
At 1 January 2004	111,948
Retained profit for the year	<u>38,370</u>
At 31 December 2004	<u><u>150,318</u></u>

18. ULTIMATE PARENT COMPANY

The directors regard Opus Arte BV, a company incorporated in The Netherlands, as the ultimate parent company and ultimate controlling party.

19. RELATED PARTY DISCLOSURES

The company is a 100% subsidiary of Opus Arte BV.

During the year various transactions including the proceeds of a further issue of shares occurred with Opus Arte BV and at the year end Opus Arte UK Limited owed Opus Arte BV £1,313,918 (2003: £743,226). This loan is interest free and repayable after five years.

Included in loans from associated companies due in more than one year as at 31 December 2004 is a balance of £Nil (2003: £37,013) due to DJB Holdings BV. Mrs Bijker is a 25.73% shareholder in Opus Arte BV.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	<u>38,370</u>	<u>23,454</u>
Net addition to shareholders' funds	38,370	23,454
Opening shareholders' funds	<u>611,948</u>	<u>588,494</u>
Closing shareholders' funds	<u><u>650,318</u></u>	<u><u>611,948</u></u>
Equity interests	<u>650,318</u>	<u>611,948</u>