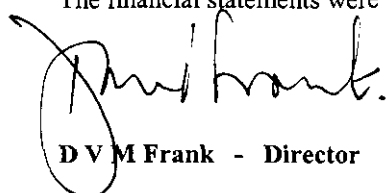


RDF MEDIA (HOLDINGS) LIMITED**COMPANY BALANCE SHEET AT 31 JANUARY 2005**

	Note	2005 £	2004 £
Fixed assets			
Investments	8	<u>962</u>	<u>962</u>
Current assets			
Debtors	10	<u>1,922,695</u>	<u>1,922,695</u>
Net current assets		<u>1,922,695</u>	<u>1,922,695</u>
Total assets less current liabilities		<u>1,923,657</u>	<u>1,923,657</u>
		<u>1,923,657</u>	<u>1,923,657</u>
Capital and reserves			
Called up share capital	17	313	313
Share premium account	18	<u>1,923,344</u>	<u>1,923,344</u>
Equity shareholders' funds		<u>1,923,657</u>	<u>1,923,657</u>

The financial statements were approved by the Board of Directors on 25 April 2005.



D V M Frank - Director



J L Price - Director



The accompanying accounting policies and notes form an integral part of these financial statements.

RDF MEDIA (HOLDINGS) LIMITED**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 JANUARY 2005

	Note	2005 £	2004 £
Net cash inflow from operating activities	20	5,731,513	1,240,178
Returns on investments and servicing of finance			
Interest received		23,264	12,304
Interest paid		(11,967)	(111,101)
Finance lease interest paid		(14,848)	(26,568)
Net cash outflow from returns on investments and servicing of finance		(3,551)	(125,365)
Taxation			
Corporation tax paid		(799,184)	(489,627)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(890,440)	(952,112)
Sale of tangible fixed assets		-	6,433
Net cash outflow from capital expenditure and financial investment		(890,440)	(945,679)
Cash inflow/(outflow) before financing		4,038,338	(320,493)
Financing			
Repayment of borrowings		(150,000)	(112,500)
Receipts from borrowing		383,343	450,000
Capital element of finance lease rentals		(133,909)	(172,631)
Net cash inflow from financing		99,434	164,869
Increase/(decrease) in cash in the year	21/22	4,137,772	(155,624)

The accompanying accounting policies and notes form an integral part of these financial statements.

RDF MEDIA (HOLDINGS) LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 JANUARY 2005

	Note	2005 £	2004 £
Profit for the financial year		2,899,840	1,196,861
Currency translation differences on foreign currency net investments	18	<u>(9,544)</u>	<u>(484,899)</u>
Total recognised gains and losses for the year		<u>2,890,296</u>	<u>711,962</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

RDF MEDIA (HOLDINGS) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**Class of business segments**

Turnover, profit before taxation and net assets are attributable to the following classes of continuing business:

	2005 £	2004 £
Turnover		
Production	36,902,593	34,032,131
Exploitation of programme rights	10,894,611	9,765,563
Other	416,420	1,606,417
	<u>48,213,624</u>	<u>45,404,111</u>
Profit before taxation		
Production	5,253,327	4,465,794
Exploitation of programme rights	4,902,066	2,831,493
Other	114,413	(244,371)
	<u>10,269,806</u>	<u>7,052,916</u>
Common costs	(6,177,084)	(5,171,202)
Operating profit	4,092,722	1,881,714
Share of operating profits of associates	76,713	14,906
Net interest	(3,551)	(125,366)
Group profit before taxation	<u>4,165,884</u>	<u>1,771,254</u>
Net assets		
Production	1,147,808	1,225,175
Exploitation of programme rights	1,898,019	736,496
Share of net liabilities of associates	(18,011)	(70,258)
Unallocated assets	2,496,835	2,243,028
	<u>5,524,651</u>	<u>4,134,441</u>

The analysis of turnover, profit before taxation and net assets by geographical segment have not been disclosed as the directors consider this disclosure would be seriously prejudicial to the interests of the business.

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2005 £	2004 £
Auditors' remuneration:		
▪ Statutory audit services	33,894	20,281
▪ Tax compliance and advisory services	33,398	20,894
Depreciation:		
▪ Tangible fixed assets, owned	675,218	1,702,843
▪ Tangible fixed assets, held under finance leases	106,003	82,275
Other operating lease rentals	555,841	506,581
Exchange differences	106,553	41,768
Profit on disposal of fixed assets	<u>-</u>	<u>(1,080)</u>

RDF MEDIA (HOLDINGS) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

2 NET INTEREST

	2005 £	2004 £
On bank loans, overdrafts and other loans repayable within five years	11,967	111,102
Interest on finance leases	14,848	26,568
Interest receivable	(23,264)	(12,304)
	<u>3,551</u>	<u>125,366</u>

3 DIRECTORS AND EMPLOYEES

Staff costs, including directors, during the year were as follows:

	2005 £	2004 £
Wages and salaries	8,594,614	7,236,244
Social security costs	954,407	772,314
	<u>9,549,021</u>	<u>8,008,558</u>

The average number of employees of the Group during the year was:

	2005 Number	2004 Number
Production	140	191
Administration	92	72
	<u>232</u>	<u>263</u>

Remuneration in respect of directors was as follows:

	2005 £	2004 £
Emoluments	<u>2,673,471</u>	<u>2,128,596</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2005 £	2004 £
Emoluments	<u>377,917</u>	<u>248,333</u>

RDF MEDIA (HOLDINGS) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge represents:

	2005 £	2004 £
Corporation tax at 30% (2004: 30%)	1,291,448	624,886
Adjustments in respect of prior years	(24,362)	-
Overseas taxation	381,136	161,404
Double taxation relief	(360,085)	(161,404)
	<u>1,288,137</u>	<u>624,886</u>
Share of deferred tax credit of associates	(2,307)	(2,654)
Deferred tax movement	(19,786)	(47,839)
	<u>1,266,044</u>	<u>574,393</u>

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

Profit on ordinary activities before tax	<u>4,165,884</u>	<u>1,771,254</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	1,249,765	531,376
Expenses not deductible for tax purposes	25,098	70,011
Depreciation in excess of capital allowances	39,599	57,140
Other timing differences	-	(28,432)
Higher rate of tax on overseas profits	21,051	-
Adjustments in respect of prior years	(24,362)	-
Other	(23,014)	(5,209)
	<u>1,288,137</u>	<u>624,886</u>

5 DIVIDEND

	2005 £	2004 £
Equity dividends:		
Ordinary shares – proposed final dividend of 48p per share (2004: Nil)	<u>1,500,086</u>	<u>-</u>

6 PROFIT FOR THE FINANCIAL YEAR

The parent Company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The Group profit for the year includes a profit of £nil (2004: £nil) in relation to the Company.

RDF MEDIA (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 JANUARY 2005

7 TANGIBLE FIXED ASSETS

Group

	Productions £	Leasehold premises £	Film library £	Office equipment £	Motor vehicles £	Total £
Cost						
At 1 February 2004	1,882,323	1,018	224,227	3,153,877	2,800	5,264,245
Additions	613,722	-	-	279,783	-	893,505
Disposals	-	-	-	-	-	-
Foreign exchange adjustment	-	-	-	(14,107)	-	(14,107)
At 31 January 2005	<u>2,496,045</u>	<u>1,018</u>	<u>224,227</u>	<u>3,419,553</u>	<u>2,800</u>	<u>6,143,643</u>
Depreciation						
At 1 February 2004	1,709,422	1,018	224,227	2,028,929	2,800	3,966,396
Provided in the year	287,504	-	-	493,717	-	781,221
Eliminated on disposals	-	-	-	-	-	-
Foreign exchange adjustment	-	-	-	(2,272)	-	(2,272)
At 31 January 2005	<u>1,996,926</u>	<u>1,018</u>	<u>224,227</u>	<u>2,520,374</u>	<u>2,800</u>	<u>4,745,345</u>
Net book amount at 31 January 2005	<u>499,119</u>	<u>-</u>	<u>-</u>	<u>899,179</u>	<u>-</u>	<u>1,398,298</u>
Net book amount at 31 January 2004	<u>172,901</u>	<u>-</u>	<u>-</u>	<u>1,124,948</u>	<u>-</u>	<u>1,297,849</u>

Included in office equipment are assets held under finance lease agreements with a net book value £212,523 (2004: £318,526). The depreciation charge on these assets for the year was £106,003 (2004: £82,275).

Company

The Company has no separate tangible fixed assets.

8 FIXED ASSET INVESTMENTS

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Interests in subsidiary undertakings (a)	-	-	262	262
Interests in associated undertakings (b)	-	-	700	700
	<u>-</u>	<u>-</u>	<u>962</u>	<u>962</u>

RDF MEDIA (HOLDINGS) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

FIXED ASSET INVESTMENTS (CONTINUED)**(a) Interests in subsidiary undertakings**

At 31 January 2005 the Group and the company held 50% or more of the equity of the following companies:

Name of Company	Country of incorporation	Class of shares held	Proportion held		Principal activity
			By parent Company	By Group	
RDF Media Limited	England and Wales	Ordinary	100%	100%	Production and distribution of films for the television industry
RDF Media Inc	United States of America	Ordinary	100%	100%	Production and distribution of films for the television industry
Argyle Productions Inc	United States of America	Ordinary	100%	100%	Dormant

All of the subsidiary undertakings have been consolidated in the Group financial statements.

All of the above companies are subsidiary undertakings by virtue of the Group's exercise of dominant influence over all companies and due to the shareholding structure and management involvement in all companies.

(b) Interests in associated undertakings

(i) At 31 January 2005 the Group had interests in the following associated undertakings:

Name of Company	Country of incorporation	Class of shares held	Proportion held		Principal activity
			By parent Company	By Group	
Touchpaper Television Limited	England and Wales	'B' ordinary	35%	35%	Production of programmes and films for the television industry
Radar Productions Limited	England and Wales	'B' ordinary	35%	35%	Production of programmes and films for the television industry

(ii) Group share of net liabilities of associated undertakings:

	Total £
Share of net liabilities	
At 1 February 2004	(70,258)
Additions	52,247
At 31 January 2005	<u>(18,011)</u>

RDF MEDIA (HOLDINGS) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

9 STOCKS AND WORK IN PROGRESS

	2005	2004
	£	£
Work in progress	<u>5,063,176</u>	<u>5,908,862</u>

10 DEBTORS

	Group 2005	Group 2004	Company 2005	Company 2004
	£	£	£	£
Trade debtors	11,873,254	6,518,067	-	-
Amounts owed by Group undertakings	-	-	1,922,695	1,922,695
Amounts owed by associated undertakings	142,264	680,125	-	-
Other debtors	858,467	217,261	-	-
Prepayments and accrued income	347,775	355,576	-	-
Deferred tax asset (note 11)	109,150	89,406	-	-
	<u>13,330,910</u>	<u>7,860,435</u>	<u>1,922,695</u>	<u>1,922,695</u>

Other debtors include £608,410 of properties held for resale.

11 DEFERRED TAXATION

	Group 2005	Group 2004
	£	£
Timing difference in respect of capital allowances and depreciation:		
At 1 February 2004	89,406	41,567
Amount recognised during period	<u>19,786</u>	<u>47,839</u>
At 31 January 2005	<u>109,192</u>	<u>89,406</u>

The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from the reversal of deferred tax liabilities.

12 CASH AT BANK AND IN HAND

	Group 2005	Group 2004
	£	£
Production trust bank accounts	1,241,258	137,969
Other cash at bank and in hand	<u>4,168,303</u>	<u>1,172,223</u>
	<u>5,409,561</u>	<u>1,310,192</u>

The amounts in production trust accounts are held in order to fund specific production and development projects.

RDF MEDIA (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 JANUARY 2005

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2005 £	Group 2004 £
Bank loan and overdraft	533,343	178,859
Trade creditors	706,541	699,407
Corporation tax	643,307	309,061
Social security and other taxes	1,016,705	644,346
Proposed dividends	1,500,086	-
Other creditors	428,592	496,738
Accruals and deferred income	14,622,425	9,352,035
Amounts due under finance leases	133,112	86,580
10% Unsecured loan stock	13,000	-
	<u>19,597,111</u>	<u>11,767,026</u>

The bank loans and overdraft are secured by a fixed and floating charge over the Group's assets.

A bank loan amounting to £187,000 (2004: £339,000) is repayable in 36 equal monthly instalments of £12,500 (including interest) over a period from May 2003 to April 2006. An additional loan of £383,000 was received to finance specific programme production costs and will be repaid on delivery of the programmes and reimbursement from the broadcasters.

Amounts due under finance leases are secured by a fixed and floating charge on the assets to which they relate.

The unsecured loan stock is repayable on demand. In the opinion of the directors, the remaining loan stock is expected to be repaid in full within one year.

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2005 £	Group 2004 £
Bank loan and overdraft	37,500	187,500
Amounts due under finance leases	24,672	205,113
10% Unsecured loan stock	-	13,000
	<u>62,172</u>	<u>405,613</u>

15 FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash, borrowings and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters into derivatives transactions, principally forward foreign currency contracts to manage the currency risks arising from the Group's operations. All transactions in forward foreign currency contracts are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken. It is, and has been throughout the years under review, the Group's policy that no trading in financial instruments shall be undertaken.

RDF MEDIA (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 JANUARY 2005

FINANCIAL INSTRUMENTS (CONTINUED)

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. Generic bank borrowings and cash deposit accounts are held at variable interest rates based on Coutts base rate. Specific borrowings to finance production costs are held at either variable interest rates based on LIBOR calculated on each drawing by reference to the drawdown period (usually weekly), or as a fixed fee as part of a co-producer agreement. Interest income and costs are therefore dependent upon the funding requirements of the Group and the prevailing market interest rates. The Group accepts the risk attached to interest rate fluctuations as interest comprises a very low proportion of operating profits.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group manages liquidity risk by a combination of controls:

- regular reviews at board level of cash flow projections and headroom position in respect of banking facilities
- maintaining reasonable gearing levels across the Group
- ensuring overdraft and short-term borrowing facilities are readily accessible for short-term flexibility

Borrowing facilities

As at 31 January 2005, in addition to bank balances of £5,409,000 (2004: £1,282,000), the Group had an undrawn bank overdraft facility available, which expires within one year, amounting to £1,500,000 (2004: £1,222,000).

Maturity of financial liabilities

The Group financial liabilities analysis at 31 January 2005 was as follows:

	Group 2005 £	Group 2004 £
In less than one year or on demand:		
Bank and other borrowings	533,343	178,859
Finance leases	133,112	86,580
Unsecured loan stock	13,000	13,000
Between one and two years:		
Bank and other borrowings	37,500	187,500
Finance leases	24,672	194,113
Between two and five years:		
Finance leases	-	11,000
	741,627	671,052

Currency risk

The Group is exposed to translation and transaction foreign exchange risk.

RDF MEDIA (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 JANUARY 2005

FINANCIAL INSTRUMENTS (CONTINUED)

The Group policy is to hedge the exposures to currency risk as far as practicable, mainly using the forward hedge market, with the objective of minimising fluctuations in exchange rates on future transactions and cash flows.

The Group has an overseas branch operating in USA whose revenues and expenses are denominated in US dollars. Where the Group is anticipating receipts in US dollars in excess of expenses, forward contracts are put in place.

In addition, about 62% of the Group's sales from exploitation of programme rights are to customers in continental Europe and other foreign markets. These sales are priced and invoiced in the currencies of the customers involved or in US dollars. Where the Group has debtors denominated in US Dollars from the exploitation of programme rights, forward contracts are set up as far as it is practicable to do so in respect of the expected timing of receipts.

The tables below show the extent to which the Group has monetary assets and liabilities in currencies other than pounds sterling, which is regarded as the functional currency of the Group. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the Group.

	Net foreign currency monetary assets	
	Group 2005 £	Group 2004 £
US Dollar	7,265,170	3,884,366
Euro	932,512	388,024
Other currencies	1,412,631	601,027
	<u>9,610,313</u>	<u>4,873,417</u>

The amounts shown in the table above take into account the effect of any forward contracts entered into to manage these currency exposures.

Fair values

The fair value of the Group's financial instruments is considered to be approximate to their carrying value.

16 PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Provision for deficit of associated undertakings (note 8(b)) £
At 1 February 2004	(70,258)
Written back during the year	<u>52,247</u>
At 31 January 2005	<u>(18,011)</u>

RDF MEDIA (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 JANUARY 2005

17 SHARE CAPITAL

Group and Company

	2005 £	2004 £
Authorised:		
9,502,000 ordinary shares of 0.01p each	950	950
498,000 preferred ordinary shares of 0.01p each	50	50
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
2,627,180 ordinary shares of 0.01p each	263	263
498,000 preferred ordinary shares of 0.01p each	50	50
	<u>313</u>	<u>313</u>

The ordinary shares and preferred ordinary shares rank pari passu in all respects except that the preferred ordinary shares take first position in a winding up or on a distribution.

Share options

The following share options, including details of directors' share options, have been granted by the Company and were outstanding at 31 January 2005 and 2004.

	Date of grant	Earliest date of exercise	Latest date of exercise	As at 31 January 2005 Number	As at 31 January 2004 Number
0.01p shares at exercise price of 8.39 pence					
Stephen Lambert	13 May 1999	28 Sep 2002	12 May 2009	<u>262,200</u>	<u>262,200</u>
0.01p shares at exercise price of 63.98 pence					
Joely Fether	19 Dec 2001	29 Sep 2003	18 Dec 2011	78,700	78,700
Matthew Frank	19 Dec 2001	19 Dec 2001	18 Dec 2011	52,400	52,400
Janice Price	21 Dec 2001	1 Nov 2002	18 Dec 2011	52,400	52,400
Cathy Rogers	12 Dec 2001	1 Nov 2002	18 Dec 2011	78,700	78,700
Other employees	21 Dec 2001	1 Nov 2002	18 Dec 2011	78,700	78,700
				<u>340,900</u>	<u>340,900</u>
0.01p shares at exercise price of 100 pence					
Joely Fether	19 Dec 2001	Sale/listing	18 Dec 2011	30,000	30,000
	30 Sep 2003	Sale/listing	30 Sep 2013	25,000	25,000
Stephen Lambert	17 Dec 2001	Sale/listing	16 Dec 2011	50,000	50,000
Janice Price	21 Dec 2001	Sale/listing	20 Dec 2011	10,000	10,000
	30 Sep 2003	Sale/listing	30 Sep 2013	17,000	17,000
Cathy Rogers	12 Dec 2001	Sale/listing	11 Dec 2011	25,000	25,000
	30 Sep 2003	Sale/listing	30 Sep 2013	20,000	20,000
Grant Mansfield	30 Sep 2003	Sale/listing	30 Sep 2013	65,076	65,076
Other employees	Various	Sale/listing	Various	73,500	65,500
				<u>315,576</u>	<u>307,576</u>
0.01p shares at exercise price of 400 pence					
Richard Eyre	19 Feb 2001	Sale/listing	18 Feb 2009	105,800	105,800
				<u>1,024,476</u>	<u>1,016,476</u>

RDF MEDIA (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 JANUARY 2005

Post balance sheet events

Subsequent to 31 January 2005, share options were granted to the following directors:

	Date of grant	Earliest date of exercise	Latest date of exercise	Number
0.01p shares at exercise price of 100 pence				
Joely Fether	15 Mar 2005	15 Mar 2007	14 Mar 2015	30,000
Janice Price	15 Mar 2005	15 Mar 2007	14 Mar 2015	29,500
Cathy Rogers	15 Mar 2005	15 Mar 2007	14 Mar 2015	10,000
Grant Mansfield	15 Mar 2005	15 Mar 2007	14 Mar 2015	43,000

In addition, on 15 March 2005, share options, which are exercisable between 15 March 2007 and 14 March 2015, were granted to other employees as follows:

- options over 121,416 ordinary 0.01p shares were granted to other employees and are exercisable at a price of 245 pence
- options over 24,884 ordinary 0.01p shares were granted to other employees and are exercisable at a price of 800 pence

On 15 March 2005, Stephen Lambert, a director of the Company, exercised an option over 262,200 ordinary 0.01p shares at a price of 8.39 pence per share.

On 15 March 2005, Richard Eyre, a director of the Company, had an option to subscribe for 105,800 ordinary 0.01p shares in RDF Media (Holdings) Limited at a price of 400p per share. These share options were cancelled on this date and reissued as follows:

	Date of grant	Earliest date of exercise	Latest date of exercise	Number
0.01p shares at exercise price of 400 pence				
Richard Eyre	15 Mar 2005	15 Mar 2005	14 Mar 2015	74,060
Richard Eyre	15 Mar 2005	Sale/listing	14 Mar 2015	31,740

18 SHARE PREMIUM ACCOUNT AND RESERVES

Group

	Merger reserve £	Share premium account £	Profit and loss account £
At 1 February 2004	25,994	1,923,344	2,184,790
Profit for the year	-	-	1,399,754
Exchange differences	-	-	(9,544)
At 31 January 2005	<u>25,994</u>	<u>1,923,344</u>	<u>3,575,000</u>

The merger reserve reflects the difference between the nominal value of the shares issued to acquire RDF Media Limited and the cumulative value of that company's share capital and share premium account at the date of acquisition.

RDF MEDIA (HOLDINGS) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

SHARE PREMIUM ACCOUNT AND RESERVES (CONTINUED)**Company****Share
premium
account
£**

At 1 February 2004 and at 31 January 2005

1,923,344**19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Group 2005 £	Group 2004 £
Profit for the financial year	2,899,840	1,196,861
Dividend	(1,500,086)	-
	<u>1,399,754</u>	<u>1,196,861</u>
Exchange differences	(9,544)	(484,899)
Net increase in shareholders' funds	1,390,210	711,962
Shareholders' funds at 1 February 2004	4,134,441	3,422,479
Shareholders' funds at 31 January 2005	<u>5,524,651</u>	<u>4,134,441</u>

20 NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 2005 £	Group 2004 £
Operating profit	4,092,722	1,881,714
Profit on disposal of fixed assets	-	(1,080)
Depreciation	781,221	1,785,118
Decrease in stocks and work in progress	845,686	2,135,127
Increase in debtors	(5,470,475)	(2,164,885)
Increase/(decrease) in creditors	<u>5,482,359</u>	<u>(2,395,816)</u>
Net cash inflow from operating activities	<u>5,731,513</u>	<u>1,240,178</u>

RDF MEDIA (HOLDINGS) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Group 2005 £	Group 2004 £
Increase/(decrease) in cash in the year	4,137,772	(155,624)
Cash inflow from financing	(233,343)	(337,500)
Cash outflow from finance leases	133,909	172,631
Change in net funds resulting from cash flows	4,038,338	(320,493)
Inception of finance lease contracts	-	(451,715)
Effect of foreign exchange changes	(9,544)	(58,159)
Movement in net funds in the year	4,028,794	(830,367)
Net funds at 1 February 2004	639,140	1,469,507
Net funds at 31 January 2005	4,667,934	639,140

22 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 February 2004 £	Other non- cash changes £	Cashflow £	At 31 January 2005 £
Cash in bank and in hand	1,310,192	(9,544)	4,108,913	5,409,561
Overdrafts	(28,859)	-	28,859	-
	1,281,333	(9,544)	4,137,772	5,409,561
Debt	(350,500)	-	(233,343)	(583,843)
Finance leases	(291,693)	-	133,909	(157,784)
	639,140	(9,544)	4,038,338	4,667,934

Other non-cash changes relate to foreign exchange differences and inception of finance leases.

23 CAPITAL COMMITMENTS

The Group and Company had no capital commitments as at 31 January 2005 or 31 January 2004.

24 OTHER COMMITMENTS

The Group has two forward contracts in place at 31 January 2005 to settle production commitments at a later date amounting to £535,000 on the basis of their forward exchange rates. Both contracts expire on 26 April 2005. There were no outstanding forward contracts in place at 31 January 2004.

25 CONTINGENT LIABILITIES

The Group and Company had no contingent liabilities as at 31 January 2005 or 31 January 2004, except those in respect of the sale and leaseback transactions (see note 26).

RDF MEDIA (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 JANUARY 2005

26 SIGNIFICANT TRANSACTIONS

Prior to 31 January 2005 the Group entered into certain sale and leaseback transactions of television programme rights. Funds received from these transactions are held in deposit accounts and comprise monies to provide for the full discharge of future leasing liabilities. The banks with which these sums are deposited have given guarantees to the lessors in respect of the lease liabilities. The contingent liability should only crystallise upon the failure of the bank holding the deposit.

The amounts involved are as follows:

	2005 £	2004 £
Amounts held on deposit	5,550,819	5,754,367
Less: capital element of leasing liabilities outstanding	(5,550,819)	(5,754,367)
	-	-

The maturity of the above amounts is as follows:

In one year or less	240,787	203,548
Between one and five years	1,402,681	1,219,111
In five years or more	3,907,351	4,331,708
	5,550,819	5,754,367

27 LEASING COMMITMENTS

Operating lease payments amounting to £982,457 (2004: £820,164) are due within one year. The leases to which these amounts relate expire as follows:

	2005 Land and buildings £	2004 Land and buildings £
In one year or less	141,660	-
Between one and five years	220,797	251,831
In five years or more	620,000	568,333
	982,457	820,164

RDF MEDIA (HOLDINGS) LIMITED**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT**

For the year ended 31 JANUARY 2005

	2005 £	2004 £
Turnover	48,213,624	45,404,111
Cost of sales	(33,903,558)	(34,560,908)
Gross profit	14,310,066	10,843,203
Administrative costs		
Salaries and national insurance	6,178,024	4,806,528
Research materials	54,845	62,888
Edit suite	65,262	21,556
Recruitment	53,005	79,904
Couriers	36,559	33,838
Rent and rates	1,161,669	1,565,109
Office repairs and maintenance	112,504	75,050
Removal costs	3,449	72,436
Telephone and fax	223,665	260,973
Stationery and computer costs	221,936	186,184
Postage	66,607	59,929
Cleaning	51,565	52,609
Utilities	52,747	73,622
Depreciation	502,503	687,859
Marketing	258,788	255,142
Entertaining	173,694	140,775
Vehicle leasing	0	2,419
Insurance/road tax	165	2,327
Travelling expenses	207,621	133,629
Parking fines	365	1,014
Management charges	15,000	15,000
Insurance	114,449	101,043
Audit	33,894	20,281
Legal and professional	466,602	157,999
Subscriptions and donations	29,897	22,993
Bank charges	25,976	29,694
Exchange loss	106,553	41,768
Profit on disposal of fixed assets	0	(1,080)
	<u>(10,217,344)</u>	<u>(8,961,489)</u>
Operating profit	4,092,722	1,881,714