

**STATEMENT OF THE INDEPENDENT AUDITORS TO RDF MEDIA  
(HOLDINGS) LIMITED FOR THE PURPOSE OF SECTION 43(3)(b)  
OF THE COMPANIES ACT 1985**

We have examined the balance sheet of RDF Media (Holdings) Limited as at 31 January 2005 which formed part of the financial statements for the year then ended audited by us.

This report is made solely to the company, in accordance with section 43(3)(c) of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in this 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, for our audit work, for this report, or for the opinions we have formed.

**BASIS OF OPINION**

The scope of our work for the purpose of this statement was limited to an examination of the relationship between the company's net assets and its called-up share capital and undistributable reserves as stated in the audited balance sheet in connection with the company's proposed re-registration as a public company.

**OPINION**

In our opinion the balance sheet at 31 January 2005 shows that the amount of the company's net assets was not less than the aggregate of its called-up share capital and undistributable reserves.



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

**London**  
**25 April 2005**



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

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

**RDF MEDIA (HOLDINGS)  
LIMITED**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED**

**31 JANUARY 2005**

**RDF MEDIA (HOLDINGS) LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

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Company registration number: 04126826

Registered office: The Gloucester Building  
Kensington Village  
Avonmore Road  
London  
W14 8RF

Directors: D V M Frank  
N P Record  
S Lambert  
M J Frank  
R A Eyre  
M K P Grassby  
J Fether  
J L Price  
C J Rogers  
G Mansfield

Secretary: M Rogers

Bankers: Coutts & Co  
440 Strand  
London  
WC2R 0QS

Auditors: Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

**RDF MEDIA (HOLDINGS) LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 JANUARY 2005

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# **RDF MEDIA (HOLDINGS) LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors present their report together with the audited financial statements of the Group for the year ended 31 January 2005.

### **Principal activity**

The principal activity of the Group is the production and distribution of programmes and films for the television industry.

### **Business review**

There was a profit for the year after taxation amounting to £2,899,840 (2004: £1,196,861). The directors recommend the payment of a dividend of £1,500,086 (2004: Nil).

### **Post balance sheet events**

On 14 January 2005, RDF Media Inc was incorporated in California as a wholly owned subsidiary undertaking of RDF Media (Holdings) Limited. On 1 February 2005 the business operations in California were transferred into RDF Media Inc.

On 15 March 2005 the Group issued further share options, details of which are in note 17.

### **Directors**

The directors who held office during the year are shown below. The interests of the directors in the shares of the company as at 31 January 2005 (or date of appointment where later) were as follows:

|               | <b>Number of shares</b>    |  |
|---------------|----------------------------|--|
|               | <b>31 January<br/>2005</b> | <b>31 January<br/>2005</b>               |
|               | <b>Ordinary<br/>shares</b> | <b>Preferred<br/>ordinary<br/>shares</b> |
| D V M Frank   | 998,300                    | -  |
| N P Record    | 447,900                    | -  |
| S Lambert     | 262,200                    | -  |
| M J Frank     | 212,100                    | -  |
| R A Eyre      | 4,980                      | -  |
| M K P Grassby | -                          | -  |
| J Fether      | -                          | -  |
| J L Price     | -                          | -  |
| C J Rogers    | -                          | -  |
| G Mansfield   | -                          | -  |

No director had any right to subscribe for shares in the Company.

M K P Grassby is interested by way of partnership interests in 383,500 ordinary 1p shares and 498,000 preferred ordinary 1p shares over RDF Media (Holdings) Limited held by Sagitta European Private Equity Partners II, L.P.

# **RDF MEDIA (HOLDINGS) LIMITED**

## **REPORT OF THE DIRECTORS**

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### **Directors (continued)**

J Fether has an option, originally over RDF Media Limited shares but reissued under a re-organisation by RDF Media (Holdings) Ltd, to subscribe for 78,700 ordinary 0.01p shares at a price of 63.98 pence per share from and including 29 September 2003. In addition, J Fether has an option to subscribe over 55,000 ordinary 0.01p shares at a price of £1 per share exercisable on the sale or a listing of RDF.

M J Frank has an option, originally over RDF Media Limited shares but reissued under a re-organisation by RDF Media (Holdings) Ltd, to subscribe for 52,400 ordinary 0.01p shares at a price of 63.98 pence per share from and including 19 December 2001 provided he is still an employee and director on exercise of the option or earlier in the event of the sale or listing of RDF.

S Lambert held 262,200 ordinary shares at 31 January 2005. On 15 March 2005, S Lambert exercised an option, originally over RDF Media Limited shares but reissued under a re-organisation by RDF Media (Holdings) Ltd, over 262,200 ordinary 0.01p shares at a price of 8.39 pence per share. A further option to subscribe was granted in December 2001 over 50,000 ordinary 0.01p shares at a price of £1 per share exercisable on the sale or listing of RDF.

J L Price has an option, originally over RDF Media Limited shares but reissued under a re-organisation by RDF Media (Holdings) Ltd, to subscribe for 52,400 ordinary 0.01p shares at a price of 63.98 pence per share from and including 1 November 2002. A further option to subscribe was granted in December 2001 over 10,000 ordinary 0.01p shares at a price of £1 per share exercisable on the sale or listing of RDF. In addition, an option to subscribe was granted in September 2003 over 17,000 ordinary 0.01p shares at a price of £1 per share exercisable on the sale or listing of RDF.

C J Rogers has an option, originally over RDF Media Limited shares but reissued under a re-organisation by RDF Media (Holdings) Ltd, to subscribe for 78,700 ordinary 0.01p shares at a price of 63.98 pence per share from and including 1 November 2002. In addition, C J Rogers has an option to subscribe over 45,000 ordinary 0.01p shares at a price of £1 per share exercisable on the sale or listing of RDF.

G Mansfield has an option over RDF Media (Holdings) Ltd shares, to subscribe for 65,076 ordinary 0.01p shares at a price of £1 per share exercisable on the sale or listing of RDF.

R A Eyre has an option to subscribe for 105,800 ordinary 0.01p shares in RDF Media (Holdings) Limited at a price of 400 pence per share up to and including 18 February 2009 provided he is still a non-executive director, or earlier in the event of a sale or listing of RDF.

### **Directors' responsibilities for the financial statements**

Company law in the United Kingdom 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 the Group and of the profit or loss of the Group 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

# **RDF MEDIA (HOLDINGS) LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



**D V M Frank**  
Director

25 April 2005