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ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
DIRECTORS' REPORT and FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

COMPANY NO. 04126826

**ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
FINANCIAL STATEMENTS**

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

Company registration number 04126826

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

Directors D V M Frank
J M Slow
J Fether
L Boissel
J Freeston

Secretary J Freeston

Bankers NatWest
City of London Office
1 Princes Street
London
EC2R 8BP

Auditor Ernst & Young LLP
1 More London Place
London
SE1 2AF

**ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
FINANCIAL STATEMENTS**

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

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**ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
DIRECTORS' REPORT**

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

The directors present their report together with the audited financial statements for the 11 months ended 31 December 2010. The Company has changed its year end from 31 January to 31 December.

Principal activity

The principal activity is to act as a holding company for companies involved in the production and distribution of television programmes.

Business review

There was a profit for the period after taxation amounting to £13,355,074 (Year to 31 January 2010: £300,740). The directors do not recommend the payment of a dividend (Year to 31 January 2010: £nil per share).

Post balance sheet event

On 1 January 2011 the company purchased 100% of the issued share capital of Television Productions Limited for £1.1m, 70% of the issued share capital of Dangerous Films Limited for £2.52m and 50% of the issued share capital of Mast Media Limited for £1. All these transactions were part of a UK legal restructure programme.

Subsequent to year end, Zodiac Media UK Ltd has entered into an agreement to dispose of its £320,000 investment in Blast Films Ltd. A loss on disposal of these shares amounting to £20,000 will be incurred. £300,000 cash will be paid to Zodiac Media UK Ltd by Blast Films Ltd to repurchase these shares.

Directors

The directors of the Company who served during the year were:

D V M Frank

J Fether

J M Slow

L Boissel (appointed 1 October 2010)

J Freeston (appointed 1 October 2010)

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the next 12 months. The financial statements have been prepared on the going concern basis as the company's immediate parent undertaking at the date of approval of the financial statements, Zodiac Media Ltd, has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the company. The directors, having made sufficient enquiries, are satisfied that Zodiac Media Ltd is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The Zodiac group manages business and financial risks and uncertainties at group level, rather than on an individual company basis and for this reason the directors believe that the company has reduced exposure to business and financial risks.

Commercial risk

The principal commercial risks inherent in the activities of the company relate to the ability of the company's subsidiaries to develop, produce and represent television programmes which generate an audience for the company's broadcaster clients. The company aims to manage this risk by maintaining a diversified catalogue of television programmes.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
DIRECTORS' REPORT**


FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

Auditors

Grant Thornton UK LLP resigned as auditors on 12 October 2010 and Ernst & Young LLP was appointed in their place. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board and signed

BY ORDER OF THE BOARD



J Freeston - Secretary

20 December 2011

ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
REPORT OF THE INDEPENDENT AUDITOR

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

We have audited the financial statements of Zodiac Media UK Limited (formerly RDF Media Group Limited) for the 11 month period ended 31 December 2010 which comprise the profit and loss account, the balance sheet and notes to the accounts 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the 11 month period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date *20 November 2011*

ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
PROFIT AND LOSS ACCOUNT

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

		11 months ended 31 December 2010 £	12 months ended 31 January 2010 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		109,511	96,814
Operating profit / (loss)	2	(109,511)	(96,814)
Write down of investments in subsidiary undertakings	6	(13,280,674)	
Net interest received / (paid)	4	35,111	(114,926)
Loss on ordinary activities before taxation		(13,355,074)	(211,740)
Tax on loss on ordinary activities	5	-	(89,000)
Loss for the financial period/year		(13,355,074)	(300,740)

All transactions arise from continuing operations

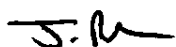
There were no other recognised gains or losses in the period other than those shown in the profit and loss account above

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

ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
BALANCE SHEET AT 31 DECEMBER 2010

	Note	31 December 2010 £	31 January 2010 £
Fixed assets			
Investments	6	<u>23,541,539</u>	<u>36,822,213</u>
		23,541,539	36,822,213
Current assets			
Debtors	7	<u>21,273,689</u>	<u>24,226,329</u>
Cash at bank and in hand		<u>-</u>	<u>-</u>
		21,273,689	24,226,329
Creditors amounts falling due within one year	8	<u>(31,546,758)</u>	<u>(34,424,998)</u>
Net current liabilities		(10,273,069)	(10,198,669)
Total assets less current liabilities		<u>13,268,470</u>	<u>26,623,544</u>
Capital and reserves			
Called up share capital	10	<u>451,377</u>	<u>451,377</u>
Share premium account	11	<u>19,967,802</u>	<u>19,967,802</u>
Profit and loss account	11	<u>(7,150,709)</u>	<u>6,204,365</u>
Shareholders' funds		<u>13,268,470</u>	<u>26,623,544</u>

On behalf of the Board of Directors



J Freeston - Director

20 December 2011

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

1 PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

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

The principal accounting policies of the Company are set out below

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the next 12 months. The financial statements have been prepared on the going concern basis as the company's immediate parent undertaking at the date of approval of the financial statements, Zodiak Media Ltd, has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the company. The directors, having made sufficient enquiries, are satisfied that Zodiak Media Ltd is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Group financial statements

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows as the company is a subsidiary of a group whose accounts are publicly available.

Investments

Investments are accounted for at the lower of cost or net realisable value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that 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 measured on an undiscounted 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.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

2 OPERATING PROFIT

Operating profit is stated after charging £177,511 of foreign exchange translation losses

The audit fee was borne by Zodiac Media (Central) Limited, a fellow subsidiary undertaking, on behalf of the Company

3 STAFF COSTS

Emoluments for the directors of the Company are paid for by a subsidiary and parent undertaking of the Company. The relevant subsidiary and parent undertaking have not recharged any amount to the Company (2010: nil) on the basis that the amount attributable to the Company is negligible.

4 NET INTEREST

	11 months ended 31 December 2010	Restated 12 months ended 31 January 2010
	£	£
On bank loans, overdrafts and other loans repayable within five years	(35,111)	156,969
Interest receivable	-	(42,043)
Net interest (receivable)/payable	<u>(35,111)</u>	<u>114,926</u>

5 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge/(credit) is based on the loss for the period and represents

	11 months ended 31 December 2010	12 months ended 31 January 2010
	£	£
United Kingdom corporation tax at 28% (31 January 2010: 28%)	-	-
Adjustments in respect of prior year	-	89,000
Overseas taxation	-	-
Double taxation relief	-	-
	<u>-</u>	<u>89,000</u>
Tax on profit/(loss) on ordinary activities	<u>-</u>	<u>89,000</u>

The tax assessed for the year is higher than the standard rate of Corporation Tax in the United Kingdom 28% (31 January 2010: 28%). The differences are explained as follows:

Loss on ordinary activities before tax	<u>(13,355,074)</u>	<u>(211,740)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (31 January 2010: 28%)	<u>(3,739,421)</u>	<u>(59,287)</u>
Effect of		
Expenses not deductible for tax purposes	3,749,252	25,140
Group relief	(9,831)	34,147
Adjustments in respect of prior periods	-	89,000
Current tax charge for the period	<u>-</u>	<u>89,000</u>

ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

5 TAX ON LOSS ON ORDINARY ACTIVITIES (Continued)

Factors affecting future tax charges

The following changes were announced in the UK Budget on 23 March 2011

(i) the full rate of corporation tax will reduce to 26% with effect from 1 April 2011, and will decrease by a further 1% each 1 April thereafter until reaching 23% with effect from 1 April 2014,

(ii) the rate of annual writing down allowances on qualifying plant and machinery will reduce by 2%, to 8% for the general capital allowances pool and to 8% for the integral features pool, with effect from 1 April 2012

6 INVESTMENTS

	Subsidiary undertakings	Associate undertakings	Total
	£	£	£
At 1 February 2010	36,502,115	320,098	36,822,213
Impairment	(13,280,674)	-	(13,280,674)
At 31 December 2010	23,221,441	320,098	23,541,539

Company	Shares held	Holding	Principal activity
Subsidiary undertakings			
Touchpaper Television Limited	Ordinary	100%	Television Production
RDF Television (West) Limited (formerly Radar Productions Limited)	Ordinary	100%	Television Production
Zodiak Media (Central) Limited (formerly RDF Media Limited)	Ordinary	100%	Television Production and Distribution
Zodiak Media USA Limited (formerly RDF Media Inc)	Ordinary	100%	Television Production
Zodiak Active Limited (formerly History Rights Limited)	Ordinary	100%	Television Production
IWC Media Limited	Ordinary	100%	Television Production
Presentable Limited	Ordinary	100%	Television Production
The Foundation TV Productions Limited	Ordinary	100%	Television Production
The Foundation TV Productions Scotland Limited	Ordinary	100%	Television Production
The Comedy Unit Limited	Ordinary	100%	Television Production
RDF Television Limited (formerly Television Productions Limited)	Ordinary	100%	Television Production
Associate undertakings			
Blast Films Limited	Ordinary	20%	Television Production

ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

7 DEBTORS

	31 December 2010	31 January 2010
	£	£
Amount owed by parent undertaking	-	23,712,026
Amount owed by subsidiary undertakings	21,271,558	-
Corporation tax	-	507,504
Other debtors	2,131	6,799
	<u>21,273,689</u>	<u>24,226,329</u>

8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2010	31 January 2010
	£	£
Amounts owed to parent undertaking	29,294,297	-
Amounts owed to subsidiary undertakings	2,030,554	33,921,857
Other creditors	800	241,035
Accruals and deferred income	221,107	262,106
	<u>31,546,758</u>	<u>34,424,998</u>

9 DEFERRED TAXATION

The deferred tax asset recognised in the financial statements is set out below

	31 December 2010	31 January 2010
	£	£
Timing difference in respect of capital allowances and depreciation		
At 1 February 2010	-	89,000
Amount recognised during year	-	-
Prior year adjustment	-	(89,000)
At 31 December 2010	<u>-</u>	<u>-</u>

Unrecognised deferred tax asset as at 31 December 2010 was £0 (31 January 2010 £0)

10 SHARE CAPITAL

	31 December 2010	31 January 2010
	£	£
Authorised		
100,000,000 ordinary shares of 1p each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
45,137,648 ordinary shares of 1p each	<u>451,377</u>	<u>451,377</u>

ZODIAK MEDIA UK LIMITED
(FORMERLY RDF MEDIA GROUP LIMITED)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE 11 MONTHS ENDED 31 DECEMBER 2010

11 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share premium</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
At 1 February 2009	19,967,802	6,505,105	26,472,907
Loss for the year	-	(300,740)	(300,740)
At 1 February 2010	19,967,802	6,204,365	26,172,167
Profit for the period	-	(13,355,074)	(13,355,074)
At 31 December 2010	19,967,802	(7,150,709)	12,817,093

12 CAPITAL COMMITMENTS

The Company had no capital commitments at 31 December 2010 or 31 January 2010

13 CONTINGENT LIABILITIES

The Company was party to a cross-company guarantee covering the UK Zodiac Media Group of companies, under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the company has issued an unlimited guarantee to the bank to support these facilities. Details of these facilities are disclosed in the financial statements of Zodiac Media UK Limited which are publicly available. There were no other contingent liabilities at 31 December 2010 or 31 January 2010.

14 RELATED PARTY TRANSACTIONS

Transactions with group companies are exempt from disclosure under the provisions of FRS 8 'Related party transactions' for subsidiaries which are wholly owned.

There were no other related party transactions in the period.

15 ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Zodiac Media Limited.

The ultimate parent undertaking and controlling party and the parent undertaking of the smallest and largest group which includes the company and for which publicly available group financial statements are prepared, is B & D Holding di Marco Drago e C. s. a. p. a., incorporated in Italy. Copies of these financial statements can be obtained from Via G. da Verrazano 15, 28100 Novara, Italy.