Outright Distribution Limited
(Formerly Screentime Partners Limited)

DIRECTORS' REPORT AND ACCOUNTS

Period ended 31 December 2007

Company Registration Number 4840749

Outright Distribution Limited
COMPANY INFORMATION

DIRECTORS

C J Bonney
D J Asher
D J Monaghan
E Gallagher
J M Kemp
T I McClelland
N Southgate
C Street

SECRETARY

D J Asher

COMPANY NUMBER

4840749

REGISTERED OFFICE AND BUSINESS ADDRESS

2 Holford Yard
London, WC1X 9HD

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

BANKERS

Barclays Bank Plc
27 Soho Square
London W1A 4WA

Outright Distribution Limited
DIRECTORS' REPORT
for the 18 months ended 31 December 2007

The directors present their report and the financial statements of Outright Distribution Limited for the 18 months ended 31 December 2007

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the distribution of television programmes

BUSINESS REVIEW

The profit for the 18 months to 31st December 2007, after taxation, amounted to £ 142,175 (12 months to 30th June 2005, loss £ 75,874)

The Directors do not recommend the payment of a dividend

KPIs

The principal performance measures used to monitor the business are

i) Number and quality of programme hours available for distribution This was significantly increased by the addition of programming from other group companies
ii) Sales growth Sales grew 271% on an annualised basis reflecting the increase in programming available and a large growth in sales of finished episodes
iii) Gross Margin The competitive market place and increasing number of finished, as opposed to format, sales resulted in margins reducing to 27 7%
iv) Operating Profit Margin The Company profit increased to £ 142,175

PRINCIPAL RISKS

The principal business risks affecting the company relate to

i) The continuing availability of quality programming The Company has access to strong programming from its relationships with group companies but is also working to reduce the risks in this area by committing increasing resources to selecting and securing quality content from independent producers
ii) Competition from other programme suppliers The Company has expanded its sales force and presence at markets to ensure that its programming is properly represented to programme buyers in a competitive environment
iii) The general economic environment and the financial impact of this on broadcasters The Company's focus on quality of programming helps to ensure its programming will always appeal to broadcasters

FUTURE OUTLOOK

The Company operates in a competitive environment but the directors believe that the company's relationships with group and third party suppliers will allow it to continue to grow its portfolio of quality programme brands available for distribution

CHANGE OF NAME

On 18th January 2007 the company changed its name from Screentime Partners Limited to Outright Distribution Limited

Outright Distribution Limited
DIRECTORS' REPORT
for the 18 months ended 31 December 2007

DIRECTORS

The following directors have held office since 1 July 2006

C Street	(appointed 07/01/08)
N Southgate	(appointed 07/01/08)
E Gallagher	(appointed 28/09/06)
J Kemp	(appointed 28/09/06)
T I McClelland	(appointed 28/09/06)
C J Bonney	
D J Asher	
D J Monaghan	
R B Campbell	(Resigned 28/09/06)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITORS

During the period, the company appointed Baker Tilly as auditors The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5) Baker Tilly UK Audit LLP has indicated its willingness to continue in office

A resolution to reappoint Baker Tilly UK Audit LLP as auditors will be put to the members at the next annual general meeting

On behalf of the Board

Director

22nd JULY 2008

Outright Distribution Limited
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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) The financial statements are required by law to 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

a select suitable accounting policies and then apply them consistently,

b make judgements and estimates that are reasonable and prudent,

c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

d 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 requirements of the Companies Act 1985 They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTRIGHT DISTRIBUTION LIMITED

We have audited the financial statements of Outright Distribution Limited on pages 6 to 13 for the period ended 31 December 2007

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 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 the directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST
22 July 2008

Outright Distribution Limited
PROFIT AND LOSS ACCOUNT
For the 18 months ended 31 December 2007

	Notes	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
TURNOVER	1	5,350,854	1,316,591
Cost of sales		(3,869,802)	(763,820)
GROSS PROFIT		1,481,052	552,771
Distribution costs		(150,902)	(69,284)
Administrative expenses		(1,197,982)	(542,911)
OPERATING PROFIT/(LOSS)	2	132,168	(59,424)
Bank interest receivable		6,849	110
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		139,017	(59,314)
Tax on ordinary activities	5	3,158	(16,560)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/YEAR		142,175	(75,874)

The operating profit for the period arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

Outright Distribution Limited
BALANCE SHEET
As at 31 December 2007

	Note	31 December 2007 £	30 June 2006 £
FIXED ASSETS			
Tangible assets	6	10,927	3,240
		10,927	3,240
CURRENT ASSETS			
Debtors	7	2,521,894	735,546
Cash at bank		278,458	142,167
		2,800,352	877,713
CREDITORS Amounts falling due within one year	8	2,843,795	1,055,644
NET CURRENT LIABILITIES		(43,443)	(177,931)
NET LIABILITIES		(32,516)	(174,691)
CAPITAL AND RESERVES			
Called-up equity share capital	10	300,000	300,000
Profit and loss account	11	(332,516)	(474,691)
SHAREHOLDERS' DEFICIT	12	(32,516)	(174,691)

The accounts on pages 6 to 13 were approved by the Board and authorised for issue on 22nd JULY 2008

Director

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

CASH FLOW STATEMENT
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) not to prepare a cash flow statement as the company is a wholly owned subsidiary of another company whose consolidated financial statements, in which the company is included, are publicly available

TURNOVER
The income recognised in the profit and loss account represents the value of the license fees including withholding tax but excluding Value Added Tax
Income is recognised when
- An agreement is contracted
- The arrangment is fixed and determinable
- And for finished programme sales when the programme is delivered

FIXED ASSETS
All fixed assets are initially recorded at cost

DEPRECIATION
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Office equipment - 3 years straight line

OPERATING LEASE AGREEMENTS
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

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 the transaction Exchange differences are taken into account in arriving at the operating profit

GOING CONCERN
The accounts have been prepared on the going concern basis in view of the continuing support of the parent company

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 between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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

Outright Distribution Limited
NOTES TO THE ACCOUNTS
for the 18 months ended 31 December 2007

1 TURNOVER

Sales were made in the following geographical markets

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
United Kingdom	1,158,000	97,331
USA	578,048	4,069
Rest of the World	3,614,806	1,215,191
	5,350,854	1,316,591

2 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
Amortisation of intangible fixed assets	-	8,962
Depreciation of owned fixed assets	8,528	7,547
Loss on disposal of fixed assets	-	52
Auditor's fees	28,353	6,000
Operating lease rentals		
Land and buildings	60,186	26,360
Net (gain)/loss on foreign currency translation	(8,240)	12,853

3 EMPLOYEES

The average number of employees during the period/year were as follows

	18 months ended 31 December 2007	Year ended 30 June 2006
Management and Administration	3	3
Sales	5	4
	8	7

The aggregate remuneration of all employees, including directors, comprised

	£	£
Wages and Salaries	716,789	311,753
Social Security Costs	83,212	37,857
	800,001	349,610

4 DIRECTORS' EMOLUMENTS

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
Aggregate emoluments	444,284	155,285
Highest Paid Director	193,213	90,000

5 TAXATION

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
(i) Tax on profit on ordinary activities		
Current tax		
UK corporation tax on profits for the period/year	1,336	-
Foreign tax	46,753	16,560
Total current tax	48,089	16,560
Deferred tax		
Origination and reversal of timing differences	(51,247)	-
Tax on profit on ordinary activities	(3,158)	16,560

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
(ii) Factors affecting tax charge for the period/year		
The tax assessed for the period/year is higher than the standard rate of corporation tax in the UK 30% The differences are explained below		
Profit/(loss) on ordinary activities before tax	139,017	(59,314)
Profit/(loss) on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2006 30%)	41,705	(17,794)
Effects of		
Expenses not deductible for tax purposes	1,373	3,314
Capital allowances for period less than/in excess of depreciation	171	1,263
Tax losses (utilised)/not utilised	(41,195)	13,217
Higher tax rates on overseas earnings	46,753	16,560
Small companies' relief	(719)	-
Current tax charge for the period/year	48,088	16,560

5 TAXATION (continued)

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
(iii) Deferred Taxation		
The deferred tax asset is made up as follows		
Accelerated Capital Allowances	1,644	-
Tax losses carried forward	49,603	-
Deferred tax asset	51,247	-

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
Asset at the start of the period/year	-	-
Deferred tax credit in profit and loss account	51,247	-
Asset at end of period/year	51,247	-

In the year ended 2006, the company chose not to recognise a deferred tax asset of £95,981 The amount was based on the origination and reversal of timing differences

6 TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 30 June 2006	22,390
Additions	16,215
At 31 December 2007	38,605
DEPRECIATION	
At 30 June 2006	19,150
Charge for the period	8,528
At 31 December 2007	27,678
NET BOOK VALUE	
At 31 December 2007	10,927
At 30 June 2006	3,240

7 DEBTORS

	31 December 2007 £	30 June 2006 £
Trade debtors	1,114,991	695,563
VAT recoverable	86,388	25,752
Other debtors	586	4,096
Prepayments and accrued income	1,268,682	10,135
Deferred tax	51,247	-
	2,521,894	735,546

8 CREDITORS Amounts falling due within one year

	31 December 2007 £	30 June 2006 £
Trade creditors	253,439	182,640
Amounts owed to group undertakings	1,305,917	357,354
Corporation tax	1,336	-
Other taxation and social security	20,688	13,922
Other creditors	1,262,415	501,728
	2,843,795	1,055,644

9 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings	
	31 December 2007 £	30 June 2006 £
Operating leases which expire		
Within 1 year	-	22,017

10 SHARE CAPITAL

	31 December 2007 £	30 June 2006 £
Authorised		
300,000 ordinary shares of £1 each	300,000	300,000

	31 December 2007 £	30 June 2006 £
Allotted, called up and fully paid		
300,000 (2006 300,000) Ordinary shares of £1	300,000	300,000
Equity shares		
300,000 (2006 300,000) Ordinary shares of £1 each	300,000	300,000

11 PROFIT AND LOSS ACCOUNT

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
Balance brought forward	(474,691)	(398,817)
Profit/(loss) for the financial period/year	142,175	(75,874)
Balance carried forward	(332,516)	(474,691)

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	18 months ended 31 December 2007 £	Year ended 30 June 2006 £
Profit/(loss) for the financial period/year	142,175	(75,874)
Opening shareholders' funds	(174,691)	(98,817)
Closing shareholders' funds	(32,516)	(174,691)

13 ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent company is Shed Media plc, a Company incorporated in England and Wales

Consolidated accounts have been drawn up for Shed Media plc and are available from the following address

2 Holford Yard
London
WC1X 9HD

14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted under FRS 8 that transactions do not need to be disclosed with companies where 90% or more of the voting rights are controlled within the group