

**Company Registration No. 05161289**

**SDI Media Limited**

**Annual Report and Financial Statements**

**31 December 2011**



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# **SDI Media Limited**

## **Annual report and financial statements 2011**

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# **SDI Media Limited**

## **Report and financial statements 2011**

### **Officers and professional advisers**

#### **Directors**

R Peckham  
A Abisso

#### **Secretary**

A Agnew

#### **Registered Office**

Cambridge House  
100 Cambridge Grove  
London  
W6 0LE

#### **Principal Bankers**

Barclays Bank PLC  
27 Soho Square  
London  
W1D 3QR

#### **Auditor**

Deloitte LLP  
Chartered Accountants  
2 New Street Square  
London  
EC4A 3BZ

# SDI Media Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2011

This directors' report has been prepared in accordance with the special provisions relating to small companies under s415(a) of the Companies Act 2006

### Principal activities and review of the business

The principal activity of the Company is that of a holding company. The directors consider the results for the year to be satisfactory.

### Results and dividends

The Company's loss for the year was £572,085 (2010 profit of £1,136,162). No dividend was paid during the year ended 31 December 2011 (2010 nil).

### Directors

The directors who served the company during the year and up to the date of signing of the financial statements, unless otherwise stated, were as follows:

L Tomasino – resigned 24<sup>th</sup> June 2011

J Deeny – resigned 13<sup>th</sup> May 2011

R Peckham – appointed 13<sup>th</sup> May 2011

A Abisso – appointed 29<sup>th</sup> August 2012

### Business environment

The localisation industry is a fragmented worldwide industry, with many companies performing either one aspect of this business e.g. dubbing, subtitling etc. or trading solely in one country or geographical region.

### Principal risks and uncertainties

The Company is exposed to a variety of financial risks which are reviewed on a regular basis in order to limit the adverse effects on the financial performance of the company. The key financial risks affecting the Company, which are reviewed on an ongoing basis and appropriate processes put in place to effectively manage them, are set out below:

- i Foreign exchange risk. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises on intercompany transactions, and investments in foreign operations. Management monitors the Company's exposure to foreign exchange fluctuations regularly to ensure that any material exposures are managed. Group level foreign exchange risk is mitigated by the multinational nature of the business, and diversification of currencies in which the Group operates.
- ii Liquidity risk. The company actively monitors that it has sufficient funds for its operations and any planned expansions. The Company was not overdrawn at any time during the year. The Company and fellow Group companies ensure through cash management and communication that no European entity is overdrawn. Cash flow forecasts are performed regularly and reviewed by management to support this position.
- iii Credit risk. The Company has a degree of credit risk with respect to trade receivables due from intercompany balances. Monthly reconciliation of intercompany balances are performed, and regular credit control reviews are performed to monitor the recoverability of all debts.
- iv Value of underlying investments. Management monitors the current and future anticipated financial performance of investments on an ongoing basis with a view to any potential diminishment in value.

The directors will revisit the appropriateness of these policies should the Company's operations change in size or nature.

## **SDI Media Limited**

### **Directors' report (continued)**

#### **Charitable and political contributions**

There were no charitable or political contributions during the year (2010 nil)

#### **Going concern**

The accounts have been prepared on the going concern basis, see note 1


#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s415(a) of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

  
R Peckham  
Director  
*August 31* 2012

## **SDI Media Limited**

### **Statement of directors' responsibilities**

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 judgments and accounting estimates that are reasonable and prudent, 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 adequate 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of SDI Media Limited**

We have audited the financial statements of SDI Media Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13

The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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 auditor**

As explained more fully in the Statement of Directors' Responsibilities, 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 an 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 Ethical Standards for Auditors.

### **Scope of the audit of 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 annual 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 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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, or
- The directors' were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.



Robert Matthews (Senior Statutory Auditor)

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

31 August 2012

## SDI Media Limited

### Profit and loss account Year ended 31 December 2011

	Notes	2011 £	2010 £
Administrative expenses		-	-
<b>Operating profit</b>	2	-	-
Interest receivable	3	10,213	1 373,563
Interest payable	4	(582,298)	(840,762)
<b>(Loss)/Profit on ordinary activities before taxation</b>		(572,085)	532,801
Tax on (loss)/profit on ordinary activities	5	-	603,361
<b>(Loss)/Profit for the financial year</b>	10	(572,085)	1,136,162

There are no recognised gains or losses other than those stated above, therefore no separate statement of total recognised gains and losses has been presented

There are no differences between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the years stated above and their historic cost equivalents

All amounts relate to continuing activities



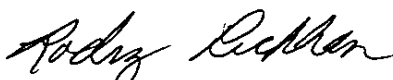
# SDI Media Limited

## Balance sheet at 31 December 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Investments	6	10,237,963	10,237,963
<b>Current assets</b>			
Debtors	7	2,932,725	2,914,733
<b>Creditors amounts falling due within one year</b>	8	(8,220,217)	(7,630,141)
<b>Net current liabilities</b>		<u>(5,287,492)</u>	<u>(4,715,408)</u>
<b>Net assets</b>		<u>4,950,471</u>	<u>5,522,555</u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Capital contribution reserve	10	5,257,233	5,257,233
Profit and loss account	10	(306,862)	265,222
<b>Total shareholders' funds</b>	10	<u>4,950,471</u>	<u>5,522,555</u>

The financial statements of Limited, registered number 05161289 were approved by the Board of Directors on ~~August 31~~ 2012

Signed on behalf of the Board of Directors



R Peckham  
Director

# **SDI Media Limited**

## **Notes to the financial statements Year ended 31 December 2011**

### **1. Accounting policies**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below.

#### **Cash flow statement**

The Company's cash flows are included in the consolidated group cash flow statement of SDI Media Holding, Inc., the Company's ultimate parent undertaking, whose consolidated financial statements are publicly available. Consequently, the Company is exempt under the terms of FRS 1 "Cash Flow Statements" (revised 1996) from publishing a cash flow statement.

#### **Going concern**

The directors have prepared cash flow forecasts which indicate that the company has adequate resources to continue in operational existence for the foreseeable future. In preparing these forecasts, the directors have taken into account the following key factors:

- the possible impact of the continued economic downturn on the company's business,
- key client account renewals,
- the level of commitment and variable costs, and
- current new business targets compared to levels achieved in previous years.

The directors have concluded, based on the cash flow forecasts, that it is appropriate to prepare the accounts on the going concern basis. Also, the parent company, SDI Media Holding, Inc., has agreed to provide financial support, as required, to enable the company to meet its financial obligations as and when they fall due for a period of at least twelve months from the date of approval of these financial statements.

#### **Group financial statements**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirements to do so by virtue of Section 400 of the Companies Act 2006.

#### **Fixed asset investments**

The fixed asset investment is stated at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate value may not be recoverable.

#### **Taxation**

Current Tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# SDI Media Limited

## Notes to the financial statements Year ended 31 December 2011

### 1. Accounting policies (continued)

#### Deferred taxation

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All foreign exchange gains and losses are taken to the profit and loss account in the year in which they arise.

### 2. Operating profit

Audit fees of £6,000 (2010: £6,000) in respect of the audit of the Company's annual accounts have been borne by another group company in both periods.

No amounts were paid to directors in either period in respect to qualifying services. The Company did not have any employees during either period.

### 3. Interest receivable

	2011 £	2010 £
Interest receivable from group undertaking	-	121,180
Investment income	-	1,252,383
Exchange gain on foreign currency loans translation	10,213	-
	<u>10,213</u>	<u>1,373,563</u>

Intercompany interest is charged on amounts outstanding in respect of loan balances and balances arising from the surrender of tax losses within the UK tax group.

### 4. Interest payable

	2011 £	2010 £
Interest payable on loan from group undertaking	582,298	581,745
Exchange loss on foreign currency loans translation	-	259,017
	<u>582,298</u>	<u>840,762</u>

# SDI Media Limited

## Notes to the financial statements Year ended 31 December 2011

### 5 Tax on profit / (loss) on ordinary activities

	2011 £	2010 £
UK Corporation tax on results of the period	-	-
Group relief recoverable	-	(603,361)
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>(603,361)</u>

#### Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are reconciled below

	2011 £	2010 £
<b>Profit/(loss) on ordinary activities before tax</b>	<u>(572,085)</u>	<u>532,801</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	(151,603)	149,184
Effect of		
Expenses not deductible for tax purposes	-	(350,667)
Group relief (surrendered for nil payment)	74,124	-
Group relief paid for in excess of corporation tax rate	-	(434,419)
Transfer pricing adjustment	77,479	32,541
<b>Total current tax</b>	<u>-</u>	<u>(603,361)</u>

### 6 Investments

	2011 £	2010 £
Investments in subsidiary undertakings (cost and net book value)	<u>10,237,963</u>	<u>10,237,963</u>

The Company holds share capital in the following subsidiaries

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
SDI Media Group Limited	Ordinary shares	100%	Holding company
SDI Media UK Limited*	Ordinary shares	100%	Subtitling services
Screen Subtitling Systems Limited*	Ordinary shares	100%	Subtitling equipment
Sysmedia Ltd*	Ordinary shares	100%	Interactive services

\* Denotes an indirect shareholding

## SDI Media Limited

### Notes to the financial statements Year ended 31 December 2011

#### 7. Debtors

	2011 £	2010 £
Amounts owed by group undertakings	<u>2,932,725</u>	<u>2,914,733</u>

Group balances are unsecured and are repayable on demand

#### 8. Creditors: amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	8,206,940	7,616,864
Accruals	<u>13,277</u>	<u>13,277</u>
	<u>8,220,217</u>	<u>7,630,141</u>

The Company has an unsecured US \$9,000,000 loan note due to SDI Media Group Inc, the immediate parent company. Under the terms of the loan note agreement, the loan note is repayable upon demand and has therefore been classified as falling due within one year. The annual interest rate is currently charged on the loan at 10.00% (2010: 10.00%).

All other amounts are unsecured and are repayable on demand.

#### 9. Called up share capital

	2011 £	2010 £
Allotted, called up and fully paid		
100 (2010: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

# SDI Media Limited

## Notes to the financial statements Year ended 31 December 2011

### 10. Reconciliation of movements in shareholders' funds and movement on reserves

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2010	100	5,257,233	(870,940)	4,386,393
Profit for the year	-	-	1,136,162	1,136,162
At 31 December 2010	100	5,257,233	265,222	5,522,555
At 1 January 2011	100	5,257,233	265,222	5,522,555
(Loss) for the year	-	-	(572,085)	(572,085)
At 31 December 2011	100	5,257,233	(306,863)	4,950,470

### 11. Related party transactions

At 31 December 2011, the Company owed SDI Media Group Inc £8,206,940 (2010 £7,616,864)

During the year, the Company paid interest of £582,298 (2010 £581,745) to SDI Media Group Inc

At 31 December 2011, the Company was owed £303,361 by Screen Subtitling Systems Ltd (2010 owed £912,337)

During the year, the Company received interest of £nil(2010 £121,180) from Screen Subtitling Systems Ltd

At 31 December 2011, the Company was owed by SDI Media UK Limited £2,629,364 (2010 owed £2,002,396)

### 12. Ultimate controlling party

The immediate parent undertaking is SDI Media Holding Inc

On 06 December 2010, a controlling stake in SDI Media Holding, Inc was acquired by BNP Paribas, incorporated in France which has the address 16, Boulevard des Italiens - 75009 Paris (France) BNP Paribas became the ultimate controlling party from that date

The ultimate controlling party up to 05 December 2010 was Elevation Partners, incorporated in the United States of America which has the address 2800 Sand Hill Road, Suite 160, Menlo Park, CA 94025, USA

The smallest and largest group in which the results of the group are consolidated is that headed by SDI Media Holding, Inc

### 13. Contingent liabilities

SDI Media Holding, Inc, of which the company is a subsidiary, has a credit agreement with BNP Paribas dated 06 December 2010 in respect of which SDI Media Limited is a guarantor. This consists of a loan facility of \$76.5m, repayable in 2015. The loan facility also provides for borrowings of up to \$10m under a revolving line of credit.