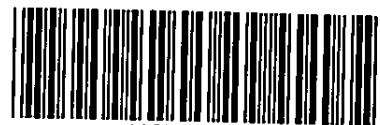


Registered number 5514968

AXN SOUTHERN EUROPE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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COMPANIES HOUSE

AXN SOUTHERN EUROPE LIMITED

COMPANY INFORMATION

DIRECTORS	A G Castle E E Nelson (resigned 24 April 2012) A J Kaplan K E Marsh
COMPANY SECRETARY	A G Castle
COMPANY NUMBER	5514968
REGISTERED OFFICE	Sony Pictures Europe House 25 Golden Square London W1F 9LU
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 10 Bricket Road St Albans AL1 3JX

AXN SOUTHERN EUROPE LIMITED

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AXN SOUTHERN EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the audited financial statement for the year ended 31 March 2013

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide certain consultancy services relating to the operation and management of the AXN channel in Italy

REVIEW OF BUSINESS

The result for the financial year is in line with management expectations

RESULTS AND DIVIDENDS

The loss on ordinary activities before taxation for the financial year amounted to £35,252 (2012 - profit £45,485) No dividends paid during the financial year

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were

A G Castle
E E Nelson (resigned 24 April 2012)
A J Kaplan
K E Marsh

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare audited financial statement for each financial year. Under that law the directors have prepared 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 audited financial statement, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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.

AXN SOUTHERN EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information


INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier

SMALL COMPANY EXEMPTIONS

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 417(1) of the Companies Act 2006

This report was approved by the board and signed on its behalf


.....
A G Castle
Director

Date 6 December 2013

AXN SOUTHERN EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXN SOUTHERN EUROPE LIMITED

We have audited the financial statements of AXN Southern Europe Limited for the year ended 31 March 2013 which comprise the Profit and loss account, the Balance sheet and the related notes. 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).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on pages 1, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 and financial statements 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 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with 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.

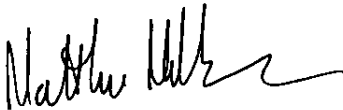
AXN SOUTHERN EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXN SOUTHERN EUROPE LIMITED

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



Matthew Mullins (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

Date 6 December 2013

AXN SOUTHERN EUROPE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £	2012 £
TURNOVER	2	1,472,400	1,562,149
Cost of sales		<u>(1,020,570)</u>	<u>(887,536)</u>
GROSS PROFIT		451,830	674,613
Administrative expenses		<u>(383,766)</u>	<u>(600,225)</u>
Foreign exchange loss		<u>(82,882)</u>	<u>(25,902)</u>
OPERATING (LOSS)/PROFIT		(14,818)	48,486
Interest payable and similar charges		<u>(20,434)</u>	<u>(3,001)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(35,252)	45,485
Tax on (loss)/profit on ordinary activities	5	<u>6,888</u>	<u>(13,493)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	12	<u>(28,364)</u>	<u>31,992</u>

All amounts relate to continuing operations

The Company has no recognised gains and losses for 2013 or 2012 other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical costs equivalents

The notes on pages 7 to 13 form part of these financial statements

AXN SOUTHERN EUROPE LIMITED
REGISTERED NUMBER 5514968

BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	6		51,043		72,845
Investments	7		134,345		134,345
			<u>185,388</u>		<u>207,190</u>
CURRENT ASSETS					
Debtors	8	1,895,281		2,561,249	
Cash at bank and in hand		1,210,028		523,517	
		<u>3,105,309</u>		<u>3,084,766</u>	
CREDITORS amounts falling due within one year	9	(3,063,176)		(3,036,071)	
NET CURRENT ASSETS			<u>42,133</u>		<u>48,695</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>227,521</u></u>		<u><u>255,885</u></u>
CAPITAL AND RESERVES					
Called up share capital	11		1,000		1,000
Profit and loss account	12		226,521		254,885
TOTAL SHAREHOLDERS' FUNDS			<u><u>227,521</u></u>		<u><u>255,885</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



.....
A G Castle
Director

Date 6 December 2013

AXN SOUTHERN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historic cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Cash flow statement

The Company has taken advantage of exemptions under Financial Reporting Standard 1 (revised 1996), Cash Flow Statements, and has not produced a cash flow statement as the company, which is a wholly owned subsidiary of AXN Investment Inc, a company incorporated in the United States of America, and its ultimate parent company, Sony Corporation, a company incorporated in Japan, is included in the publicly available financial statements of Sony Corporation which produces a consolidated cash flow statement.

1.3 Related party transactions

The Company has taken advantage of exemptions under Financial Reporting Standard 8, Related Party Transactions, from disclosing related party transactions with other Sony Corporation group companies.

1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The total turnover has been derived from UK activities.

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

AXN SOUTHERN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 ACCOUNTING POLICIES (continued)

1.7 Taxation

UK Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

In relation to deferred taxation, under FRS 9, full provision is made for timing differences and 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 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.

When a deferred tax asset is regarded as recoverable, it is recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rate that is 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 substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted.

1.8 Pensions costs

The Company participates in the Columbia Pictures Corporation Limited Staff Pension and Life Assurance Scheme.

The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, in accordance with FRS17, the Company accounts for the scheme as if it is a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the financial year.

1.9 Fixed asset investments

Fixed asset investments are carried at cost less any provision for impairment.

AXN SOUTHERN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

2 TURNOVER

All turnover has been derived from UK activities

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/Profit on ordinary activities is stated after charging	2013	2012
	£	£
Depreciation of tangible fixed assets	21,802	21,253
Auditors' remuneration	8,000	11,100
	<hr/>	<hr/>

4. STAFF COSTS AND DIRECTORS' EMOLUMENTS

Staff costs were as follows

	2013	2012
	£	£
Wages and salaries	253,463	257,999
Social security costs	29,163	25,189
Other pension costs	19,931	18,874
	<hr/>	<hr/>
	302,557	302,062
	<hr/>	<hr/>

The average monthly number of employees, including the directors, during the year was as follows

2013	2012
No.	No.
8	6
<hr/>	<hr/>

The directors received no emoluments in respect of their services to the Company (2012 *nil*) The directors were remunerated by other group companies

AXN SOUTHERN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2013 £	2012 £
Analysis of tax (credit)/charge in the year		
Current tax		
UK corporation tax (credit)/charge on (loss)/profit for the year	(12,906)	6,001
Deferred tax		
Origination and reversal of timing differences	4,733	(6,893)
Effect of decreased tax rate on opening balances	1,285	1,996
Adjustment in respect of prior periods	-	12,389
Total deferred tax (see note 10)	<u>6,018</u>	<u>7,492</u>
Tax on (loss)/profit on ordinary activities	<u>(6,888)</u>	<u>13,493</u>

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
(Loss)/profit on ordinary activities before taxation	<u>(35,252)</u>	<u>45,485</u>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	(8,460)	11,826
Effects of.		
Expenses not deductible for tax purposes	-	50
Capital allowances for year (in excess)/not in excess of depreciation	(3,145)	5,526
Adjustments to tax charge in respect of prior periods	-	(13,343)
Short term timing difference	(1,301)	1,942
Total tax (credit)/charge	<u>(12,906)</u>	<u>6,001</u>

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax to 23% from 1 April 2013 was included in the Finance Act 2012 The Finance Act 2012 was substantively enacted at the balance sheet date Legislation to reduce the corporation tax rate further to 21% from 1 April 2014 and 20% from 1 April 2015 is included in the Finance Act 2013 The Finance Act was substantively enacted on 2 July 2013 The rate reductions to 21% and 20% were not substantively enacted at the balance sheet date and, therefore, is not included in these financial statements

AXN SOUTHERN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

6. TANGIBLE ASSETS

	Equipment, fixtures and fittings £
Cost	
At 1 April 2012 and 31 March 2013	362,821
Accumulated depreciation	
At 1 April 2012	289,976
Charge for the year	21,802
At 31 March 2013	311,778
Net book value	
At 31 March 2013	51,043
At 31 March 2012	72,845

7. INVESTMENTS

	2013 £	2012 £
Subsidiary undertakings	134,345	134,345

There is no impairment of fixed asset investments. The directors believe that the book values of the investments are supported by their underlying net assets.

Name	Nature of business	Country of incorporation	Cost of Investment €
AXN Italia SRL	TV Channel on Sky Italia Platform	Italy	198,000

The percentage owed by AXN Southern Europe Limited in AXN Italia S r l is equal to 99%

AXN SOUTHERN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

8 DEBTORS

	2013 £	2012 £
Amounts owed by group undertakings	1,794,451	2,449,124
Other debtors	75,997	81,274
Deferred tax asset (see note 10)	24,833	30,851
	<u>1,895,281</u>	<u>2,561,249</u>

Amounts owed by group undertakings are unsecured interest free and payable on demand

9. CREDITORS

Amounts falling due within one year

	2013 £	2012 £
Trade creditors	29,401	55,644
Amounts owed to group undertakings	2,742,238	2,656,454
Corporation tax - group relief payable	6,438	183,267
Accruals	285,099	140,706
	<u>3,063,176</u>	<u>3,036,071</u>

Amounts owed to group undertakings are unsecured interest free and payable on demand

10 DEFERRED TAX ASSET

A deferred tax asset has been recognised relating to timing differences as set out below

	2013 £	2012 £
At beginning of financial year	30,851	38,343
Deferred tax movement	(6,018)	(7,492)
At end of year	<u>24,833</u>	<u>30,851</u>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements

The proposed reductions of the main rate of corporation tax by 1% per year to 20% by 1 April 2015 are expected to be enacted separately each year

AXN SOUTHERN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

11. CALLED UP SHARE CAPITAL

	2013	2012
	£	£
Authorised, allotted, called up and fully paid		
1,000 (2012 1,000) ordinary shares of £1 each	1,000	1,000

12. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2012	254,885
Profit for the financial year	(28,364)
At 31 March 2013	226,521

13. PENSION CONTRIBUTIONS

Employees have the opportunity to become members of the Columbia Pictures Corporation Limited Staff Pension and Life Assurance Scheme, a defined benefit scheme

On a triennial basis, a formal valuation of the scheme is undertaken by an independent actuary Contributions in the financial year by AXN Southern Europe Limited amounted to £19,931 (2012 £18,874) The contribution assumptions of Columbia Pictures Corporation Limited as a whole are determined in accordance with the advice of the independent actuary and agreed with the fund trustees

In relation to FRS 17 'Retirement benefits' disclosures, the valuation of the Scheme shows a surplus (restricted by the entities ability to recover the asset) as at 31 March 2013 and full details are given in the Financial Statements of Columbia Pictures Corporation Limited As it is not possible to separately identify the company's share of the scheme's overall underlying assets and liabilities, contributions to the scheme are accounted for as if they were contributions to a defined contribution scheme The date of the last triennial valuation of the Scheme was 30 June 2011

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of AXN Investment, Inc, a company incorporated in the United States of America

The ultimate holding company and controlling party is Sony Corporation, a company incorporated in Japan, Sony Corporation is the largest group for which group financial statements are drawn up Copies of the group financial statements can be obtained from Baker & McKenzie, 100 New Bridge Street, London EC4V 6JA