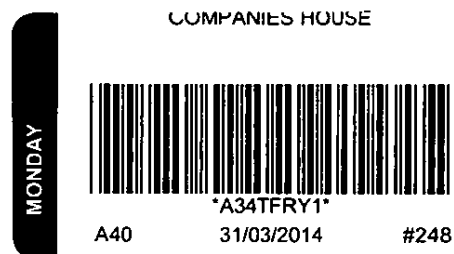


Creative Broadcast Services Holdings Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

30 June 2013



Creative Broadcast Services Holdings Limited

COMPANY INFORMATION

DIRECTORS	Michael Cook Nathan Luckey
COMPANY SECRETARY	James Arnold
COMPANY NUMBER	06033062
REGISTERED OFFICE	c/o Mr James Arnold 7 th Floor Ealing Cross 85 Uxbridge Road London United Kingdom W5 5TH
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Creative Broadcast Services Holdings Limited

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

The Directors of Creative Broadcast Services Holdings Limited (the "Company" or "CBSH"), registered number 6033062, submit the following report in respect of the year ended 30 June 2013

Principal activities

The Company and its subsidiaries (together the "Group") operate in the business to business media industry. The principal activity of the Company is to invest in managed services businesses related to the distribution, enhancement and promotion of video content over any platform.

The Company is owned by Creative Broadcast Services International Limited. Its ultimate parent is Macquarie Advanced Investment Partners, L.P. ("MAIP").

Results and dividends

The results for the Group are set out in the consolidated income statement on page 9. The results show revenue of £146.0m (2012: £144.3m) and an operating profit of £135.6m (2012: £11.8m). The increase in operating profit is due to a large one-off exceptional gain on the write-off of loan notes due to Creative Broadcast Services International Limited.

The Group's net assets are £11.2m which represents an increase of £120.3m from the net liability position of £109.2m as at 30 June 2012. The significant increase is due to a write-off of a loan from Creative Broadcast Services International. The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") remains positive and positive cash flows have been generated from operations.

There were no dividends paid during the year (2012: £nil) and the Directors do not recommend payment of a final dividend (2012: £nil). The profit for the year of £120.0m (2012: loss of £7.8m), which is primarily due to the write-off of loan notes due to Creative Broadcast Services International Limited which resulted in an exceptional gain of £123.3m, was transferred to reserves. For further discussion as to performance in the year, refer to the key performance indicators within this report.

Review of the business

The Group, via its principal trading entity Red Bee Media Limited and its subsidiaries, specialises in creating, managing, enhancing, delivering, promoting and navigating video content, working across all media distribution platforms, from TV to the web to mobile phones, using the unique combination of its media distribution, access, editorial, technical and creative services.

The Group's expertise comes from the long-standing provision of these services to major broadcast and media clients including the BBC, Channel 4, UKTV, BT, ITV, Five, UPC, Disney and Microsoft.

Red Bee Media is unique in the breadth of broadcasting services and depth of audience understanding it offers to clients - including broadcasters and other content owners, advertisers, internet service providers and telecommunications operators globally. Red Bee Media is structured into four principal operating divisions:

Media Distribution Services ("MDS") specialises in media preparation, management and delivery solutions including broadcast playout outsourcing, streaming IP content to online devices and interactive digital services.

Access provides subtitling, signing and audio description as well as language localisation of content. Access operates in the UK, France, Spain, Germany and Australia providing services to customers throughout Europe and Australia.

Creative comprises multi-platform identity, promotions, on-brand TV, TV production, user interface design and brand strategy services to customers worldwide.

Metadata provides metadata, search & navigation solutions including audience navigation of content across multiple platforms, TV scheduling and editorial information for electronic programme guides ("EPG"). Metadata operates in the UK and Sweden but services customers throughout Europe and beyond.

In addition, Red Bee Media provides Piero, the award-winning 3D video analysis technology for televised sporting events.

A corporate function provides management, sales, marketing, finance, legal and other services to the operating divisions.

Creative Broadcast Services Holdings Limited

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Research and development

Research and development during the year ended 30 June 2013 focused on developing solutions for live video streaming to IP connected devices. The research studied new methods by which we can convert traditional television signals into either adaptive bit rate IP streams for distribution to PCs, Macs, tablets, smartphones, smart TVs, games consoles and other 'connected' devices for live viewing, and the automatic creation of single programme files from a continuous television signal for later on-demand viewing.

The research led to the development of two new services (RedPlayer Live and RedPlayer Live-to-VOD) which have subsequently been deployed in production environments for large customers.

Key performance indicators

The key performance indicators on which the business is measured by the Board are revenue and EBITDA.

- Revenue – measures the level of continuing operating activity and growth of the business
- EBITDA – provides an indication measure of the underlying operating performance of the business

Future developments

The immediate subsidiary Creative Broadcast Services Holdings (2) Limited is subject to a share purchase agreement with Telefonaktiebolaget LM Ericsson (publ). This is a positive step for all of our businesses and one which will offer the Group many opportunities in the future. Ericsson is a company with 136 years of history and has a global footprint. Its reputation in managed services and technology innovation in the telecom industries is a fitting complement to our deep rooted skills and experience in broadcast and digital media.

Operating and Financial Performance

	2013 £'000	2012 £'000
Revenue	145,962	144,256
Operating costs	(114,757)	(111,248)
Other income	123,311	-
EBITDA	154,516	33,008
Exceptional items	120,342	(2,064)
EBITDA Less Exceptional Items	34,174	35,072
Depreciation and amortisation	(18,936)	(21,234)
Operating profit	135,580	11,774

The Group delivered revenue of £146.0m (2012: £144.3m) and EBITDA of £154.4m (2012: £33.0m) in the year to 30 June 2013. During the year, EBITDA margin increased to 106% (2012: 23%), this increase was due to exceptional items in the prior year of £2.1m, which consisted of relocation expenses, strategic consultancy and a gain on debt buyback. EBITDA excluding exceptional items was £34.2m (2012: £35.0m), refer note 5 for exceptional items. There was also a large improvement in the underlying EBITDA mainly as a result of the write off of loan notes due to Creative Broadcast Services International Limited which resulted in an exceptional gain of £123.3m.

The Group operated within its banking covenants throughout the year.

The Group remained cash generative, generating cash of £39m (2012: £35.5m) from operations.

Creative Broadcast Services Holdings Limited

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Going concern

The Group is a profitable, cash generative business with growth opportunities leveraging its unique portfolio of digital media, distribution, access, editorial and creative business services. At the same time improvements to efficiency and productivity continue to ensure the business has a robust platform.

The Group continues to operate within its covenants and is forecasting continuing cash and profit generation over the coming years. The Group has external loan facilities which are due for repayment in May 2014 and July 2014, refer note 15 for details.

Creative Broadcast Services Holdings (2) Limited is subject to a share purchase agreement with Telefonaktiebolaget LM Ericsson (publ). The Directors of Creative Broadcast Services Holdings (2) Limited are confident of achieving a successful completion within the timeframe prior to maturity with the loans repaid in full. In this regard the Directors of Creative Broadcast Services Holdings (2) Limited note that the Competition Commission has approved the sale and the Directors are highly confident that all conditions to enable the transaction to close will be satisfied.

See note 1 for more information.

Principal risks and uncertainties

The Group's operations expose it to a variety of risks that include the effects of economic risk, competitive risk, and technology risk.

Economic risk

A significant deterioration in economic conditions may precipitate a decline in the performance of the Group's operations and financial condition. The Group constantly monitors its results and outlook for early warning signs of the potential impact from a decline in market conditions and continues to ensure its cost base is aligned to revenue. In addition, the Group benefits from long term contracts in a number of its business services which limits the potential decline due to changes in the economic conditions.

Competitive risk

The Group operates in a highly competitive environment that is subject to rapid change. The Group invests in technology, solutions and people to ensure it remains competitive. In addition, the Group benefits from long term contracts in a number of its business services which support its competitive position and financial performance.

Technology risk

The Group's business is reliant on technology which is subject to the risk of failure, change and development. The Group employs rigorous operating, maintenance, capital allocation and appraisal techniques to ensure its technology assets support its business operations and business development.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of debt risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk and insurance risk.

Debt risk

The Group has external loan facilities which are party to financial debt covenants and are due for repayment in May 2014 and July 2014. Therefore, debt risk arises in the event that the Group would not be able to repay or refinance the loans when they fall due or a potential breach of covenants.

The Group has operated within its covenant levels to date and is forecasting to continue to do so in the future. The debt risk is mitigated by the terms of the sale to Telefonaktiebolaget LM Ericsson (publ) as referenced in the Directors' Report.

Creative Broadcast Services Holdings Limited

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Financial risk management (continued)

Credit risk

Credit risk arises from credit exposure to customers in the normal course of business as well as from deposits with financial institutions

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. With the exception of the BBC, the Group considers that it is not exposed to a significant amount of customer credit risk from any individual counterparty and the amount of exposure is subject to limits which are closely monitored by management.

The Group minimises its financial institution risk by dealing only with financial institutions with strong credit ratings.

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the Group has sufficient funds for operations and planned investment. For more details regarding the financing of the Group, please refer to Note 15 within the notes to the financial statements.

Interest rate risk

The Group has both interest bearing assets and liabilities. Interest bearing assets include only cash balances, which earn interest at money market rates. The Group has a policy of maintaining external debt at LIBOR plus a fixed margin. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Principal risks and uncertainties (continued)

Foreign exchange risk

The Group earns currency profits, principally United States Dollar (USD), Euro and Australian Dollar (AUD). Overall, the Group considers that it is not exposed to a significant foreign currency risk and will continue to monitor the position to ensure that the policy is appropriate for the Group's operations.

Insurance risk

The Group maintained a Directors' and Officers' liability insurance policy throughout the year. The Group further maintained the usual business insurances to ensure that the activities undertaken by the Group are adequately covered.

For more information of financial risk management, please refer to note 18.

Directors

The following persons held office as Directors of the Company during the year and up to the signing date of this report:

Michael Cook
Nathan Luckey
Marc Perusat (resigned 22 March 2013)

No director had any interest in the share capital of the Company (2012: none).

Michael Cook and Nathan Luckey are employees of a subsidiary of Macquarie Group Limited.

All directors' emoluments were borne by their employers.

Creative Broadcast Services Holdings Limited

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Directors' indemnities and insurance

The Group's Articles of Association provide for the indemnification of its directors and the company Secretary to the extent permitted by the Companies Act 2006 and other applicable legislation, out of the assets of the Group, in the event they incur certain expenses in connection with the execution of their duties. In addition, and in common with many other companies, the Group has Directors' and officers' liability insurance, in respect of certain losses or liabilities to which officers of the Group may be exposed in the discharge of their duties.

Certain Directors benefitted from qualifying pension scheme indemnity provisions during the financial year ending 30 June 2013 and will benefit from these at the date of this report.

Directors' responsibilities statement

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 prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group and the company and of the profit or loss of the group for that year. 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,
- state whether applicable IFRSs as adopted by the European Union 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 and the group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Communication with all employees continues using the intranet, briefing groups and distribution of the financial results to keep them informed of factors and developments with the Group and their individual roles.

Statement of disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor 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 auditors.

Creative Broadcast Services Holdings Limited


DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting

On behalf of the Board


~~Michael Cook~~
Director


27 March 2014
Registered Office
c/o Mr James Arnold
7th Floor
Ealing Cross 85 Uxbridge Road
London
United Kingdom
W5 5TH

Creative Broadcast Services Holdings Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREATIVE BROADCAST SERVICES HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Creative Broadcast Services Holdings Limited for the year ended 30 June 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 group's and parent 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 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 Group's and of the parent company's affairs as at 30 June 2013 and of the Group's profit and Group's and parent company's cash flows for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Creative Broadcast Services Holdings Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREATIVE BROADCAST SERVICES HOLDINGS LIMITED

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's subsidiaries Creative Broadcast Services Holdings (2) Limited ("CBSH (2)") and Red Bee Media Limited have external loan facilities which are due for repayment in May 2014 and July 2014. The loans are secured over the assets of the company and its fellow group companies.

The company has entered into an agreement with Telefonaktiebolaget LM Ericsson (publ) to acquire the entire share capital of the CBSH (2) ("the Agreement") and as a condition of completing the Agreement the loan facilities will be repaid. At the date of signing the financial statements the Agreement has not been completed and the subsequent repayment of the loan facilities has not occurred.

The uncertainty over the successful completion of the Agreement, as explained in note 1 to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
1 Embankment Place, London WC2N 6RH
27 March 2014

Creative Broadcast Services Holdings Limited
CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2013

	Notes	2013 £'000	2012 £'000
REVENUE	2	145,962	144,256
Cost of sales		(108,033)	(102,666)
GROSS PROFIT		37,929	41,590
Administrative expenses		(25,660)	(29,816)
Other income		123,311	-
OPERATING PROFIT	3	135,580	11,774
Analysed as			
Operating profit before exceptional items		15,238	13,838
Exceptional items	5	120,342	(2,064)
OPERATING PROFIT		135,580	11,774
Finance income	4	3,034	3,643
Finance costs	4	(17,093)	(26,800)
PROFIT / (LOSS) BEFORE TAX		121,521	(11,383)
Taxation	7	(1,517)	3,594
PROFIT / (LOSS) FOR THE YEAR		120,004	(7,789)

Creative Broadcast Services Holdings Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2013

	Note	2013 £'000	2012 £'000
PROFIT/ (LOSS) FOR THE YEAR		120,004	(7,789)
OTHER COMPREHENSIVE INCOME/ (EXPENSE)			
Actuarial gain/ (loss) on defined benefit obligations	21	246	(10,643)
Cash flow hedges		-	4,011
Currency translation differences		145	(577)
OTHER COMPREHENSIVE INCOME/ (EXPENSE), GROSS OF TAX		391	(7,209)
Tax on actuarial loss/(gain)		(57)	1,992
Tax on cash flow hedges		-	(1,169)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		120,338	(14,175)

Creative Broadcast Services Holdings Limited (Company

Registration Number 06033062)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2013

	Note	2013 £'000	2012 £'000
NON-CURRENT ASSETS			
Goodwill	9	111,520	111,297
Other Intangible assets	9	29,043	32,182
Property, plant and equipment	10	22,751	17,099
Trade and other receivables	12	886	12,988
Deferred tax asset	20	16,273	18,029
		180,473	191,595
CURRENT ASSETS			
Trade and other receivables	12	32,552	25,271
Cash and cash equivalents	13	23,039	15,229
Inventories	14	104	84
		55,695	40,584
TOTAL ASSETS		236,168	232,179
CURRENT LIABILITIES			
Trade and other payables	16	(32,523)	(33,734)
Provisions	17	(393)	(1,222)
Financial liabilities	18	(156,938)	(5,186)
		(189,854)	(40,142)
NON-CURRENT LIABILITIES			
Interest bearing financial liabilities	15	-	(270,899)
Trade and other payables	16	(25,675)	(17,968)
Deferred tax liabilities	20	(1,438)	(2,034)
Retirement benefit deficit	21	(7,402)	(8,903)
Provisions	17	(649)	(1,406)
		(35,164)	(301,210)
TOTAL LIABILITIES		(225,018)	(341,352)
NET ASSETS/(LIABILITIES)		11,150	(109,173)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Ordinary share capital	19	55,420	55,435
Other reserves		(68,936)	(69,269)
Accumulated profits/(losses)		24,666	(95,339)
TOTAL EQUITY		11,150	(109,173)

The financial statements on pages 10 to 49 were approved by the board of directors and authorised for issue on 27 March 2014 and signed on its behalf by

Michael Gook
Director

Nathan Lindsey

Creative Broadcast Services Holdings Limited (Company)

Registration Number 06033062)

COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	<i>Note</i>	2013 £'000	2012 £'000
NON-CURRENT ASSETS			
Investments	11	55,420	55,420
Trade and other receivables	12	8	8
		<u>55,428</u>	<u>55,428</u>
CURRENT ASSETS			
Trade and other receivables	12	92	51
Cash and cash equivalents		15	15
		<u>107</u>	<u>66</u>
TOTAL ASSETS		<u>55,535</u>	<u>55,494</u>
CURRENT LIABILITIES			
Trade and other payables	16	(50)	(78)
		<u>(50)</u>	<u>(78)</u>
NON-CURRENT LIABILITIES			
Trade and other payables	16	(355)	(323)
		<u>(355)</u>	<u>(323)</u>
TOTAL LIABILITIES		<u>(405)</u>	<u>(401)</u>
NET ASSETS		<u>55,130</u>	<u>55,093</u>
EQUITY ATTRIBUTABLE TO OWNERS			
Ordinary share capital	19	55,420	55,435
Retained earnings		(290)	(342)
TOTAL EQUITY		<u>55,130</u>	<u>55,093</u>

The financial statements on pages 10 to 49 were approved by the board of directors and authorised for issue on 27 March 2014 and signed on its behalf by


Nathan Luckey
Director

Creative Broadcast Services Holdings Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2013

	Note	Ordinary share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 July 2011		55,432	(62,883)	(87,550)	(95,001)
COMPREHENSIVE EXPENSE					
Loss for the year		-	-	(7,789)	(7,789)
OTHER COMPREHENSIVE (EXPENSE)/INCOME					
Exchange differences on translation of foreign subsidiaries		-	(577)	-	(577)
Movement in cash flow hedges		-	4,011	-	4,011
Actuarial loss on defined benefit obligations	21	-	(10,643)	-	(10,643)
Tax impact on actuarial gains	20	-	1,992	-	1,992
Tax on cash flow hedges		-	(1,169)	-	(1,169)
TOTAL COMPREHENSIVE EXPENSE		-	(6,386)	(7,789)	(14,175)
TRANSACTIONS WITH OWNERS					
Issue of share capital		3	-	-	3
30 June 2012		55,435	(69,269)	(95,339)	(109,173)
1 July 2012		55,435	(69,269)	(95,339)	(109,173)
COMPREHENSIVE INCOME					
Profit for the year		-	-	120,004	120,004
OTHER COMPREHENSIVE (EXPENSE)/INCOME					
Exchange differences on translation of foreign subsidiaries		-	145	-	145
Actuarial loss on defined benefit obligations	21	-	246	-	246
Tax impact on actuarial losses	20	-	(57)	-	(57)
TOTAL COMPREHENSIVE EXPENSE		-	334	120,004	120,338
TRANSACTIONS WITH OWNERS					
Buy back of share capital		(15)	-	-	(15)
30 June 2013		55,420	(68,935)	24,665	11,150

Share capital consists of 5,542,000,000 ordinary shares of £0.01 each as shown in note 19 to the financial statements

Other reserves are used to account for actuarial gains and losses on the defined benefit pension scheme (note 21) and to account for foreign exchange translation differences

The retained earnings reserve consists of the brought forward losses with the addition of any loss or profit made in the respective year

Creative Broadcast Services Holdings Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

as at 30 June 2013

	Note	Ordinary share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 July 2011		55,432	-	(223)	55,209
TOTAL COMPREHENSIVE EXPENSE					
Loss for the year		-	-	(119)	(119)
TOTAL COMPREHENSIVE EXPENSE		-	-	(119)	(119)
TRANSACTIONS WITH OWNERS					
Issue of share capital		3	-	-	3
30 June 2012		55,435	-	(342)	55,093
1 July 2012		55,435	-	(342)	55,093
TOTAL COMPREHENSIVE EXPENSE					
Profit for the year		-	-	52	52
TOTAL COMPREHENSIVE EXPENSE		-	-	52	52
TRANSACTIONS WITH OWNERS					
Issue of share capital		(15)	-	-	(15)
30 June 2013		55,420	-	(290)	55,130

Ordinary share capital is shown in note 19 to the financial statements

The retained earnings reserve consists of the brought forward losses with the addition of any loss or profit made in the respective year

Creative Broadcast Services Holdings Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

	Note	2013 £'000	2012 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) for the year before tax		121,522	(11,383)
Adjustments for			
Depreciation and amortisation	9, 10	18,860	19,281
Disposal of non-current assets	9, 10	-	216
Impairment	10	-	1,953
Exceptional forgiveness of loan	5	(123,311)	-
Finance income	4	(3,034)	(3,643)
Finance costs	4	17,093	26,800
Decrease in provisions	17	(3,086)	(3,636)
Operating cash flows before movements in working capital		28,044	29,588
(Increase)/decrease in inventories		(20)	224
Decrease in receivables		4,476	4,166
Increase in payables		6,612	1,565
Cash generated from operations		39,112	35,543
Corporation tax paid		-	(405)
Interest paid	4	(7,490)	(11,714)
NET CASH GENERATED FROM OPERATING ACTIVITIES		31,622	23,424
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(21,542)	(17,548)
Purchase of subsidiaries		-	(2,440)
Interest received	4	86	139
Net liabilities acquired		-	239
NET CASH USED IN INVESTING ACTIVITIES		(21,456)	(19,610)
FINANCING ACTIVITIES			
Decrease in borrowings		(2,296)	(15,596)
NET CASH USED IN FINANCING ACTIVITIES		(2,296)	(15,596)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,870	(11,782)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13	15,229	27,455
EFFECTS OF EXCHANGE RATES		(60)	(444)
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	23,039	15,229

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, including short term deposits as per note 13

Creative Broadcast Services Holdings Limited
COMPANY STATEMENT OF CASH FLOWS
for the year ended 30 June 2013

	<i>Note</i>	2013 £'000	2012 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year before tax		(18)	(119)
Adjustments for			
Decrease in provisions	17	-	(68)
Operating cash flows before movements in working capital		(18)	(187)
Increase in receivables		45	(13)
(Decrease)/increase in payables		(27)	200
Cash generated from operations		-	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		-	-
FINANCING ACTIVITIES			
Outflow from cancellation of share capital		-	-
NET CASH USED IN FINANCING ACTIVITIES		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		15	15
CASH AND CASH EQUIVALENTS AT END OF YEAR		15	15

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in relation to the Group's and the Company's financial statements

Basis of preparation

The company is a Limited Company, which is incorporated and domiciled in the United Kingdom. The address of its registered office is 7th Floor, Ealing Cross, 85 Uxbridge Road, Ealing, London, United Kingdom, W5 5TH. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified for the revaluation of certain financial assets and liabilities to fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Further details regarding areas requiring significant assumptions and estimates are provided in the relevant note to the financial statements.

There is no material difference between the fair value of financial assets and liabilities and their carrying amount. Amounts in the financial reports have been rounded to the nearest thousand pounds, or in certain cases, the nearest pound.

The Company is exempt under section 408 (3) of the Companies Act 2006 from the requirement to present its own income statement. The Company made a profit after tax for the year of £52,000 (2012: profit of £119,000).

A summary of the more important group accounting policies is set out below.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 30 June 2013 and the results of all controlled entities for the year then ended. All entities controlled by the Group are 100% wholly owned subsidiaries. The effects of all transactions between entities in the Group are eliminated in full. Businesses acquired are accounted for as acquisitions with effect from the date control passes to the Group. Goodwill on consolidation is recognised at cost less impairment.

Going concern

The Group prepares its consolidated financial statements on a going concern basis of accounting, based on available loan facilities and future cash flow projections.

The loan facilities fall due for repayment in May 2014 and July 2014, refer note 15 for details. The Company's subsidiary company (Creative Broadcast Services Holdings (2) Limited) is subject to an agreement to be acquired by Telefonaktiebolaget LM Ericsson (publ). The Directors are confident of achieving a successful completion within the timeframe prior to maturity with the loans repaid in full as part of the transaction. In the event that the sale does not complete, the loan facilities may have to be repaid. These factors indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in sterling, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated into sterling using monthly average exchange rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the income statement.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ACCOUNTING POLICIES (continued)

(iii) Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement,
- Income and expense for each income statement are translated at average monthly exchange rates (unless there is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised as a separate component of equity

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

Revenue recognition

The principal activity of the Group during the year was investment in and operation of broadcasting technology businesses, operating mainly within the United Kingdom. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Revenue within MDS and Access is principally comprised of long term agreements. This revenue is recognised on a straight line basis once rates are agreed on an annual basis.

Revenue within Creative is comprised of a mixture of fixed price contracts where the revenue and costs are recognised according to the percentage of the estimated total contract value completed or the achievement of contract milestones where the status can be measured reliably. All other revenue derived from the rendering of services is recognised when the service is provided.

Cost of sales

Costs considered to be directly related to revenue are accounted for as cost of sales. All direct production costs and overheads, including indirect overheads that can reasonably be allocated, have been classified as cost of sales.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Taxation and deferred taxation

The income tax expense or revenue for the year is the tax payable on the current year's taxable income. This is based on the national income tax rate enacted or substantively enacted for each jurisdiction with any adjustment relating to tax payable in previous years and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

A deferred tax asset is regarded as recoverable and therefore 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 against which to recover carried forward tax losses and from which the future reversal of timing differences can be deducted. The carrying amount of deferred tax assets are reviewed at each reporting date.

Operating leases

Operating lease payments for assets leased from third parties are charged to the income statement on a straight line basis over the period of the lease, on an accrued basis.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Investments

Investments in subsidiaries are accounted for at cost in the stand-alone financial statements of the Company, including costs that were incidental to the acquisition. Incidental costs incurred in acquiring investments are recorded as deferred acquisition costs until the date of completion of the acquisition, at which point these costs are reclassified into the investment.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ACCOUNTING POLICIES (continued)

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Cash and cash equivalents

Cash at bank, overnight and longer term deposits (those that meet the definition of cash equivalents in IAS 7) are disclosed within cash and cash equivalents.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 to 90 days of recognition.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade and other receivables may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'cost of sales'. When a trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'cost of sales' in the income statement.

Inventories

Inventories comprise work in progress and are stated at lower of cost and net realisable value.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions recognised represent the best estimate of the expenditures required to settle the present obligation at the current balance sheet date.

Derivatives

The Group has used interest rate swaps to manage its exposures to fluctuations in interest rates and foreign exchange forward contracts to manage its fluctuations in currency rates. Derivatives have been initially, and on an ongoing basis, recognised at fair value, with fair value movements recognised in the income statement within finance income or costs (note 4) for derivatives and other operating charges for operational items.

The Group adopted cash flow hedge accounting for interest rate swaps from 1 March 2009. The effective portion of changes in the fair value of qualifying and designated derivatives is recognised in reserves. Any ineffective amounts are recognised in the income statement.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ACCOUNTING POLICIES (continued)

Property, plant and equipment

Plant and machinery and fixtures and fittings are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Staff costs incurred on specific projects are capitalised as a separately identifiable component of the asset cost, as identified in note 6.

Depreciation on plant and machinery and fixtures and fittings is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

<i>Plant and machinery</i>	<i>3 – 15 years</i>
<i>Furniture and fittings</i>	<i>3 – 10 years</i>

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction represent assets that are not operational. As a result these assets are not depreciated until transferred to appropriate asset class and brought into use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Intangible assets and amortisation

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment testing is carried out by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

(ii) Customer contracts

The business of Red Bee Media is characterised by long term contracts, and these have been classified as an intangible asset. These contracts have a finite useful life and are carried at fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate over their estimated useful lives of 10 years.

(iii) Software

Software is stated at historical cost less accumulated amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow, forward contracts of foreign currency and purchases of plant and equipment.

Internally developed software is capitalised where there exists the intention and ability to complete the development of the software, and it is probable that the software will generate future economic benefits.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Amortisation on software is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives of 3-15 years.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ACCOUNTING POLICIES (continued)

(iii) Software (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement

(iv) Research & Development

Research expenditure is recognised in the income statement in the year in which it is incurred. Development expenditure is recognised in the income statement in the year in which it is incurred unless it is probable that future economic benefits will flow to the Group from the asset being developed, the cost of the asset can be reliably measured and the technical feasibility can be demonstrated. When the recognition criteria are met, development costs are capitalised as an intangible asset and are amortised on a straight line basis over the estimated useful life from the time the asset is available for use

Borrowings

Borrowings are recognised initially at fair value, net of transactions costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method

Interest

Interest income and expense are accounted for on an accruals basis and comprise amounts receivable and payable on bank deposits and bank borrowings respectively

Post retirement benefits

(i) Defined benefit scheme

The defined benefit scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and terms to the scheme liabilities

Any defined benefit asset or liability is presented separately on the face of the balance sheet

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Consolidated Statement of Comprehensive Income in the year

The service costs of the scheme are taken to the income statement and included in staff costs. The returns on the scheme's assets and interest on the scheme's liabilities are taken to the income statement and included in finance income and costs respectively

Curtailments are recognised in the income statement where there is an amendment to the plan's terms such that a significant element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits

(ii) Defined contribution schemes

The defined contribution schemes provide benefits based on the value of contributions made. The amounts charged as expenditure for the defined contribution scheme represents the contributions payable by the Group for the accounting years in respect of the schemes

Cash flow statement

The cash flow statement is prepared using the indirect method

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ACCOUNTING POLICIES (continued)

Accounting standards, interpretations and amendments to published standards

During the year, the Group adopted the following new accounting standards

(i) IAS12 Deferred Tax Recovery of Underlying Assets

Amends IAS 12 Income Taxes to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale

(ii) IAS1 Presentation of Items of Other Comprehensive Income

Amends IAS 1 Presentation of Financial Statements to revise the way other comprehensive income is presented. The amendments require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently. The amendments also require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

IFRS in issue but not applied in the current financial statements

In addition, certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2012 or later periods, but which the Group has not early adopted. The new standards which are relevant to the Group's operations are as follows:

- IFRS 9, 'Financial Instruments', effective 1 January 2015
- IFRS 11, 'Joint Arrangements', effective 1 January 2013
- IFRS 13, 'Fair Value Measurement', effective 1 January 2013
- IAS 28 (2011), 'Investments in Associates and Joint Ventures', effective 1 January 2013
- IAS 19 (revised), 'Employee Benefits', effective 1 January 2013
- IFRS 7 (amendment), 'Disclosures – Offsetting Financial Assets and Financial Liabilities', effective 1 January 2013
- IFRS 1 (amendment), 'Government Loans', effective 1 January 2013
- IAS 12 (amendment), 'Income Taxes on Deferred Tax', effective 1 January 2013
- IFRS 12, 'Disclosures of Interests in Other Entities', effective 1 January 2014
- IFRS 10 (amendment), 'Consolidated Financial Statements', effective 1 January 2014
- IAS 27, 'Separate Financial Statements', for investment entities, effective 1 January 2014
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2014

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ACCOUNTING POLICIES (continued)

Critical accounting assumptions and judgements

The preparation of financial statements under IFRS requires the use of certain critical accounting assumptions, and requires management to exercise its judgement and to make estimates in the process of applying the group's accounting policies. The areas requiring a higher degree of judgement, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed below

(i) Intangible Assets and Goodwill

The Group uses forecast cash flow information and estimates of future growth to both value the intangible assets and goodwill on acquisition and to assess whether goodwill and intangible assets are impaired, and to determine the useful economic lives of its intangible assets. If the results of operations in a future period are adverse to the estimates used for impairment testing, impairment may be triggered at that point, or a reduction in useful economic life may be required.

(ii) Taxation

The Group is primarily subject to corporation tax in the UK and judgement and estimates of future profitability are required to determine the Group's deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the income statement, unless the tax relates to an item charged to equity in which case the changes in tax estimates will also be reflected in equity.

(iii) Pensions

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 21.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

2 REVENUE

<i>Revenue by location</i>	2013 £'000	2012 £'000
UK	130,959	129,743
Australia	10,548	9,579
Spain	1,595	1,766
France	1,608	1,999
Germany	848	887
Sweden	404	282
	145,962	144,256

3 OPERATING PROFIT

	Note	2013 £'000	2012 £'000
Operating profit is stated after (crediting)/ charging			
Exceptional items	5	(120,342)	2,064
Staff costs	6	72,292	68,306
Depreciation	10	11,588	12,502
Amortisation of intangibles	9	7,272	6,779
Impairment of assets	9,10	-	1,953
Loss on disposal of assets	9,10	-	216
Restructuring costs		5,052	1,815
Foreign exchange losses		69	66
Operating leases		6,969	7,161
Fees payable to the Company's auditors			
- For audit of the Company		23	23
- For audit of the Company's subsidiaries		131	141
- For other services		-	52
		3,034	3,643

4 FINANCE INCOME/COSTS

	Note	2013 £'000	2012 £'000
Finance income			
Bank deposit interest		86	139
Expected return on pension scheme assets	21	2,948	3,504
		3,034	3,643
Finance costs			
Interest payable on bank loans		7,491	10,657
Interest cost on pension scheme liabilities	21	3,200	3,193
Amortisation of debt issue costs		-	1,056
Interest payable on loan from parent company	22	6,402	11,894
		17,093	26,800

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

5 EXCEPTIONAL ITEMS

Exceptional items consist of	2013 £'000	2012 £'000
Gain on debt buyback	-	325
Relocation expenses	-	(1,368)
Strategic Consultancy	(2,969)	(1,021)
Write off of loan from Creative Broadcast Services International Limited - Gain	123,311	-
	<u>120,342</u>	<u>(2,064)</u>

For the year ended 30 June 2013, exceptional items were as follows

Strategic Consultancy

Strategic consultancy consisted of consultancy from a number of advisors to look at developing the strategy and options for the Group, resulting in a expense of £2,969,000 (2012 £1,021,000) in the income statement

Write off of loan

During the year Loan and Payment in Kind Notes issued by Creative Broadcast Services Limited to intermediate parent Creative Broadcast Services International Limited were released. This resulted in an exceptional gain of £123,311,000

For the year ended 30 June 2012, exceptional items were as follows

Gain on debt buyback

The Group purchased Senior debt from an external debt provider at a discount and immediately cancelled the Senior debt in Creative Broadcast Services Holdings (2) Limited – the holder of the debt – which resulted in a gain of £0.3m which was recognised in the income statement in the current year

Relocation expenses

Red Bee Media Limited undertook a partial relocation of premises from the White City Broadcast Centre to Ealing. To enable this, a number of one off costs were incurred, mainly comprising termination costs in respect of the lease for the Broadcast Centre

Strategic Consultancy

Strategic consultancy consisted of consultancy from a number of advisors to look at developing the strategy and options for the Group

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

6 STAFF COSTS

	Note	2013 £'000	2012 £'000
Wages and salaries		61,822	58,801
Social security costs		6,012	5,694
Other pension costs and current service cost	21	2,547	2,174
Group costs for pension contribution scheme		1,911	1,637
		<u>72,292</u>	<u>68,306</u>
Own work capitalised		(3,438)	(3,017)
		<u>68,854</u>	<u>65,289</u>

The average number of employees for the Group (at their full time equivalent) during the year were as follows

	2013	2012
Operational staff	1,410	1,598
Management and support	106	104
	<u>1,516</u>	<u>1,693</u>

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

7 TAXATION

The taxation (credit)/charge which arises in the Group is as follows

	2013 £'000	2012 £'000
Current tax		
Adjustments in respect of prior year	350	(145)
Overseas tax	74	84
Total current tax	424	(61)
Deferred tax		
Origination and reversal of temporary differences	334	(2,141)
Adjustments in respect of prior year	759	(1,393)
Total deferred tax (note 20)	1,093	(3,534)
Tax (credit)/charge	1,517	(3,594)

UK corporation tax is calculated at 23.75% (2012: 25.5%) on the assessable profit for the year

The charge for the year can be reconciled to the profit/(loss) before tax as follows

	2013 £'000	2012 £'000
Profit / (loss) before tax	121,521	(11,383)
	2013 £'000	2012 £'000
Tax at the UK corporation tax rate of 23.75% (2012: 25.5%)	28,861	(2,903)
Effects of:		
Expenses that are not deductible for tax purposes	58	285
Losses carried forward	5	135
Impairment of goodwill	-	497
Adjustments in respect of prior year	1,109	(1,536)
Release of Eurobond loan notes	(29,286)	-
Restructuring	730	-
Losses carried forward	-	-
Recognition of deferred tax asset	-	-
Effect of 23% (2011: 24%) deferred tax movement	1	145
Consolidation adjustments with no tax impact	39	(217)
Tax charge	1,517	(3,594)

On the enactment of the Finance Act 2012, the corporation tax rate was reduced from 24% to 23% effective from 1 April 2013. (A further reduction to the main rate will reduce the rate to 21% effective from 1 April 2014.) Accordingly the company's profits for the year are taxed at an effective rate of 23.75%.

The effect of the reduction of the main rate of corporation tax to 21% from 1 April 2014 applied to the unrecognised deferred tax balance at 30 June 2013 would be to decrease the unrecognised deferred tax by £0.3m.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

8 FINANCIAL INSTRUMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

GROUP

FINANCIAL ASSETS

	Note	2013 £'000	2012 £'000
<i>Non-current</i>			
Trade and other receivables	12	161	748
<i>Current</i>			
Trade and other receivables	12	17,867	17,102
Cash and cash equivalents		23,039	15,229
		<u>40,906</u>	<u>32,331</u>
Total		<u>41,067</u>	<u>33,079</u>

OTHER FINANCIAL LIABILITIES

	Note	2013 £'000	2012 £'000
<i>Non-current</i>			
Borrowings	15	-	(270,899)
Trade and other payables	16	(1,871)	(17,968)
		<u>(1,871)</u>	<u>(288,867)</u>
<i>Current</i>			
Borrowings	15	(156,938)	(5,186)
Trade and other payables	16	(17,879)	(2,667)
		<u>(174,817)</u>	<u>(7,853)</u>
Total		<u>(176,688)</u>	<u>(296,720)</u>

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

8 FINANCIAL INSTRUMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION (continued)

COMPANY

FINANCIAL ASSETS

	Note	2013 £'000	2012 £'000
<i>Non-current</i>			
Trade and other receivables	12	8	8
<i>Current</i>			
Trade and other receivables	12	92	51
Cash and cash equivalents		15	15
		<u>107</u>	<u>66</u>
Total		<u>115</u>	<u>74</u>

OTHER FINANCIAL LIABILITIES

	Note	2013 £'000	2012 £'000
<i>Non-current</i>			
Trade and other payables		(340)	(78)
<i>Current</i>			
Trade and other payables	16	(118)	(323)
		<u>(458)</u>	<u>(401)</u>
Total		<u>(458)</u>	<u>(401)</u>

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

9 INTANGIBLE ASSETS

<i>Group</i>	<i>Customer contracts £'000</i>	<i>Software £'000</i>	<i>Total £'000</i>
Year ended 30 June 2012			
Opening net book value	12,356	21,006	33,362
Additions	-	-	-
Disposals	-	(193)	(193)
Brought into service	-	5,909	5,909
Amortisation	(2,962)	(3,817)	(6,779)
Exchange differences	(117)	-	(117)
Closing net book value	9,277	22,905	32,182
At 30 June 2012			
Cost or valuation	30,040	43,125	73,165
Accumulated amortisation	(20,763)	(20,220)	(40,983)
	9,277	22,905	32,182
Year ended 30 June 2013			
Opening net book value	9,277	22,905	32,182
Additions	-	4,133	4,133
Disposals	-	-	-
Brought into service	-	-	-
Amortisation	(3,067)	(4,205)	(7,272)
Exchange differences	-	-	-
Closing net book value	6,210	22,833	29,043
At 30 June 2013			
Cost	30,040	47,258	77,298
Accumulated amortisation	(23,830)	(24,425)	(48,255)
Net book value	6,210	22,833	29,043
GOODWILL			
	2013 £'000	2012 £'000	
At 30 June			
Opening net book value	111,297	110,251	
Acquisitions through business combinations	-	2,939	
Impairment	-	(1,953)	
Exchange differences	223	60	
Closing net book value	111,520	111,297	
At 30 June			
Cost	116,254	116,031	
Accumulated impairment	(4,734)	(4,734)	
	111,520	111,297	

The Company held no intangible assets in either the current, or the prior year

Amortisation has been included in administrative expenses in the consolidated income statement

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

9 INTANGIBLE ASSETS (continued)

Goodwill was recognised on the purchase of the Broadcasting Dataservices Limited, Red Bee Media Australia Pty Limited, Titelbild Subtitling and Translation GmbH, Mundovision MGI 2000, S A and TVGenius Limited

Management review the business performance based on type of business and geography. The UK is the main geography with the various business units specified in the Directors' Report, along with smaller geographies being France, Australia, Germany and Spain. The following is a summary of the goodwill allocation for each operating unit.

2013	Opening	Addition	Disposal	Impairment	Other Adjustments	Closing
MDS	65,827	-	-	-	-	65,827
Access	17,902	-	-	-	-	17,902
Content Discovery	8,049	-	-	-	-	8,049
Creative	17,352	-	-	-	-	17,352
Piero	-	-	-	-	-	-
France	-	-	-	-	-	-
Australia	582	-	-	-	60	642
Germany	1,585	-	-	-	163	1,748
Spain	-	-	-	-	-	-
Total	111,297	-	-	-	223	111,520

2012	Opening	Addition	Disposal	Impairment	Other Adjustments	Closing
MDS	65,827	-	-	-	-	65,827
Access	17,902	-	-	-	-	17,902
Content Discovery	5,110	2,939	-	-	-	8,049
Creative	17,352	-	-	-	-	17,352
Piero	-	-	-	-	-	-
France	-	-	-	-	-	-
Australia	564	-	-	-	18	582
Germany	1,543	-	-	-	42	1,585
Spain	1,953	-	-	(1,953)	-	-
Total	110,251	2,939	-	(1,953)	60	111,297

The Group carried out an impairment review at the end of the year using value in use calculations comparing the directors' valuation with the carrying value of the net assets of the unit. An impairment of £nil (2012 £1.95m) was identified.

Cash flow projections were based upon a 5 year projection with the terminal value calculated thereafter based upon the budget and plan. They reflect management's expectation of revenue growth, operating costs and margin based on past experience. The compounded annual growth rate for revenue for the 5 year projection is 4.5% and for future revenues a standard growth rate of 2% was applied. The discount rate applied to the cash flows was 8.64%.

The projections are most sensitive to EBITDA assumptions. A 1% reduction in the forecast growth rate of EBITDA would reduce headroom by £39,620k (2012 £39,154k). This still would result in no further impairment (2012 £nil).

Valuations were prepared as at 30 June 2013. Since this date, the Group's operations remain sound and management continues to monitor the situation.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

10 PROPERTY, PLANT AND EQUIPMENT

Group

	<i>Plant and machinery £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Assets under construction £'000</i>	<i>Total £'000</i>
Year ended 30 June 2012				
Opening net book value	10,137	3,364	4,559	18,060
Additions at cost	5	378	17,165	17,548
Disposals	(23)	-	-	(23)
Brought into service	7,890	312	(14,076)	(5,874)
Exchange differences	(35)	(66)	(9)	(110)
Depreciation charge	(11,223)	(1,279)	-	(12,502)
Closing net book value	6,751	2,709	7,639	17,099
At 30 June 2012				
Cost	76,533	8,825	7,639	92,997
Accumulated depreciation	(69,782)	(6,116)	-	(75,898)
Net book value	6,751	2,709	7,639	17,099
Year ended 30 June 2013				
Opening net book value	6,751	2,709	7,639	17,099
Additions at cost	6,746	2,488	22,515	31,749
Disposals	-	-	-	-
Brought into service	-	-	(14,340)	(14,340)
Exchange differences	(5)	(53)	(111)	(169)
Depreciation charge	(10,352)	(1,236)	-	(11,588)
Closing net book value	3,140	3,908	15,703	22,751
At 30 June 2013				
Cost	83,274	11,260	15,703	110,237
Accumulated depreciation	(80,134)	(7,352)	-	(87,486)
Net book value	3,140	3,908	15,703	22,751

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

11 INVESTMENTS

Company

	<i>Subsidiary Undertakings 30 June 2013 £'000</i>	<i>Subsidiary Undertakings 30 June 2012 £'000</i>
Balance b/f and c/f	55,420	55,420

The Directors have considered the carrying value of the other investments in subsidiaries and are satisfied their recoverable amounts are in excess of their carrying value

The Group has an investment in the following principal undertakings

	<i>Country of incorporation</i>	<i>Class of holding</i>	<i>Proportion directly held</i>	<i>Nature of business</i>
Subsidiary Undertakings				
Creative Broadcast Holdings (2) Limited*	UK	Ordinary	100%	Holding
Creative Broadcast Services Limited	UK	Ordinary	100%	Holding
Red Bee Media Limited	UK	Ordinary	100%	Broadcast technology
Broadcasting Dataservices Limited	UK	Ordinary	100%	Broadcast information
Red Bee Media USA Inc	USA	Ordinary	100%	Dormant
Red Bee Media Australia Holdings Pty Limited	Australia	Ordinary	100%	Holding
Red Bee Media Australia Pty Limited	Australia	Ordinary	100%	Broadcast Technology
Red Bee Media France SA	France	Ordinary	100%	Broadcast Technology
Red Bee Media Asia Pacific Limited	Hong Kong	Ordinary	100%	Holding
Red Bee Media Singapore Pte Limited	Singapore	Ordinary	100%	Broadcast Technology
Titelbild Subtitling and Translation GmbH	Germany	Ordinary	100%	Broadcast Technology
Mundovision MGI 2000, SA	Spain	Ordinary	100%	Broadcast Technology
Mundovision Maroc	Morocco	Ordinary	100%	Broadcast Technology
Red Bee Media Sweden AB	Sweden	Ordinary	100%	Broadcast Technology
Red Bee Media Finance Limited	UK	Ordinary	100%	Finance
TVGenius Limited	UK	Ordinary	100%	Digital TV Listings

*held directly

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

12 TRADE AND OTHER RECEIVABLES

Group	2013 £'000	2012 £'000
Current		
Trade receivables	17,076	16,454
Other receivables	494	648
Prepayments and accrued income	14,686	7,862
Amounts due from group companies	296	307
	32,552	25,271
Non-current		
Other receivables	161	133
Prepayments and accrued income	724	12,563
Amounts due from group companies	-	292
	886	12,988

The directors consider that the carrying amount of trade and other receivables approximates to their fair values

Trade receivables

An allowance has been made for estimated irrecoverable amounts from trade receivables of £157,146 (2012 £99,579). The Group's policy is to provide for all receivables to the extent that they may not be recoverable and is determined by review on a client by client basis. The review takes into consideration the relationship with the client and whether the client has a history of defaults.

The amount charged to the income statement for impairment losses on receivables is £109,219 (2012 £16,579). Trade receivables are also stated after deducting £157,146 (2012 £99,579) for doubtful debts. Group other receivables consist of capitalised costs which are unwound over the life of the projects to which they relate.

Company	2013 £'000	2012 £'000
Current		
Group relief	80	48
VAT	-	-
Amounts due from subsidiary undertaking	12	3
	92	51
Non-current		
Amounts due from associate undertaking	8	8
	8	8

A detailed review of the credit quality of each client is completed before an engagement commences and the concentration of credit risk is limited as exposure is spread over a large number of clients. The age of and credit risk relating to trade receivables is analysed as follows:

Group	2013 £'000	2012 £'000
180 days or less, fully performing	16,533	16,221
Over 180 days	700	333
Impairment provision	(157)	(100)
	17,076	16,454

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

12 TRADE AND OTHER RECEIVABLES (continued)

The other classes of assets within trade and other receivables do not contain impaired assets

As of 30 June 2013, trade receivables of £717k (2012 £552k) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013 £'000	2012 £'000
3 to 6 months	17	219
Over 6 months	700	333
	<u>717</u>	<u>552</u>

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2013 £'000	2012 £'000
Pound Sterling	13,938	12,283
Euros	1,674	2,564
US dollar	438	447
Other currencies	1,183	1,160
	<u>17,233</u>	<u>16,454</u>

Movements on the group provision for impairment of trade receivables are as follows:

	2013 £'000	2012 £'000
At 1 July	100	83
Provision for receivables impairment	109	17
Unused amounts reversed	(52)	-
At 30 June	<u>157</u>	<u>100</u>

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balances of £7,126k (2012 £9,898k) and short term deposits of £15,913k (2012 £5,331k). All material bank balances are cleared daily and placed on overnight deposit in order to maximise interest.

Company cash and cash equivalents include bank balances of £15,152 (2012 £15,211).

14 INVENTORIES

Group	2013 £'000	2012 £'000
Work in progress	<u>104</u>	<u>84</u>

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

15 INTEREST BEARING FINANCIAL LIABILITIES

	<i>Group</i>	
	2013 £'000	2012 £'000
NON-CURRENT		
Loan notes	-	116,833
Senior debt	-	155,400
Less Senior debt issue costs	-	(1,333)
CURRENT		
Senior debt	156,938	5,186
	156,938	276,066

Current senior debt represents amounts borrowed by the Group under a Facilities Agreement with The Royal Bank of Scotland Plc. Repayment of the A Facility is 31 May 2014 and B Facility 31 July 2014. Repayment of the Revolving facility is 31 May 2014 and of the Acquisition/Capex facility 31 May 2014. The senior debt has certain financial covenants attached and is secured by way of debenture over the Group's assets.

Interest on the Senior debt is charged at various margins over the Libor rate. The margin on the 'A' Facility is 2.50%. The margin on the 'B' Facility is 5.5%. The margin on the Revolving and Acquisition/Capex facilities is 2.25%. Commitment fees on undrawn balances under the 'A' and 'B' facilities are 0.50%. Commitment fees on undrawn balances under the Revolving and Acquisition/Capex facilities are 0.625%.

Interest costs of £6.4m on loan notes were capitalised during the year (2012: £11.9m).

16 TRADE AND OTHER PAYABLES

	<i>Group</i>		<i>Company</i>	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Current				
Trade payables	1,627	1,504	-	-
Amounts owed to group companies	58	260	-	-
Other taxation and social security	5,640	4,390	-	-
Corporation tax	-	-	-	-
Other payables	16,194	11,089	-	68
Accruals and deferred income	9,004	16,491	50	10
	32,523	33,734	50	78
Non-current				
Amounts owed to group companies	-	-	355	323
Other payables	1,871	2,667	-	-
Accruals and deferred income	23,804	15,301	-	-
	25,675	17,968	355	323

The directors consider that the carrying amount of trade and other payables approximates to their fair values.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

17 PROVISIONS

<i>Group</i>	<i>Employee £'000</i>	<i>Restructuring £'000</i>	<i>Other £'000</i>	<i>Total £'000</i>
1 July 2011	993	489	2,294	3,776
Additional provisions	-	313	-	313
Unused amounts reversed	(294)	(489)	(169)	(952)
Exchange differences	-	-	(137)	(137)
Utilised in the year	(116)	-	(256)	(372)
30 June 2012	583	313	1,732	2,628
1 July 2012	583	313	1,732	2,628
Additional provisions	-	371	-	371
Unused amounts reversed	-	(313)	(435)	(748)
Exchange differences	(11)	(8)	-	(19)
Utilised in the year	-	-	(1,190)	(1,190)
30 June 2013	572	363	107	1,042
At 30 June 2012				
Included in current liabilities	11	313	898	1,222
Included in non-current liabilities	572	-	834	1,406
At 30 June 2013				
Included in current liabilities	11	363	19	393
Included in non-current liabilities	561	-	88	649

Employee provisions relate to accrued holiday payment entitlements and long service leave of Group employees. The expected timing of any resulting outflows in respect of long service leave is unknown.

The restructuring provision arises from various reorganisation initiatives. The provision is expected to be fully utilised by 30 June 2014.

The other provisions line includes dilapidation provisions for Broadcast Dataservices Limited and Red Bee Media Australia Pty Limited.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT Group

Financial Instruments by Category

	Note	Loans and receivables £'000	Assets at fair value through income statement £'000	Total £'000
Year ended 30 June 2013				
Assets as per balance sheet				
Trade receivables		17,076	-	17,076
Other receivables		952	-	952
Derivative financial instruments		8	-	8
		<u>18,036</u>	<u>-</u>	<u>18,036</u>

Prepayments and statutory assets are excluded as this analysis is required only for financial instruments

	Note	Derivatives used for hedging £'000	Other financial liabilities at amortised cost £'000	Total £'000
Year ended 30 June 2013				
Liabilities as per balance sheet				
Borrowings		-	156,938	156,938
Trade and other payables		-	52,501	52,501
		<u>-</u>	<u>209,439</u>	<u>209,439</u>

Statutory liabilities are excluded from the trade and other payables balance, as this analysis is required only for financial instruments

	Note	Loans and receivables £'000	Assets at fair value through income statement £'000	Total £'000
Year ended 30 June 2012				
Assets as per balance sheet				
Trade receivables		16,454	-	16,454
Other receivables		1,380	-	1,380
		<u>17,834</u>	<u>-</u>	<u>17,834</u>

Prepayments are excluded as this analysis is required only for financial instruments

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	Note	Derivatives used for hedging £'000	Other financial liabilities at amortised cost £'000	Total £'000
Year ended 30 June 2012				
Liabilities as per balance sheet				
Borrowings		-	276,066	276,066
Derivative financial instruments	20	-	-	20
Trade and other payables		-	14,356	14,356
		<u>20</u>	<u>290,422</u>	<u>290,442</u>

Statutory liabilities are excluded from the trade and other payables balance, as this analysis is required only for financial instruments

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (S&P) (if available) or to historical information about counterparty default rates

	Group 2013 £'000	Group 2012 £'000
Trade receivables		
Counterparties without external credit rating		
Group 1	168	505
Group 2	32	21
Group 3	-	-
	<u>200</u>	<u>526</u>

Group 1 – new customers/related parties (less than 6 months)

Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past

Group 3 – existing customers/related parties (more than 6 months) with some defaults in the past All defaults were fully recovered

	Group 2013 £'000	Group 2012 £'000
Cash at bank and short-term bank deposits		
A1 +	95	51
A1	22,944	15,178
A2	-	-
	<u>23,039</u>	<u>15,229</u>

At 30 June 2013 there were no available-for-sale debt securities (30 June 2012 nil)

At 30 June 2013 there were no derivative financial assets (30 June 2012 nil)

At 30 June 2013 there were no loans to related parties (30 June 2012 nil)

Market Risk – Foreign exchange risk

At 30 June 2013 if Pound Sterling had strengthened by 10% against the Australian dollar, US dollar, Euro, Hong Kong dollar, and Singapore dollar with all other variables held constant, post tax profit for the year would have been £24,261 lower (2012 £227,000 higher), mainly as a result of cash and cash equivalents, trade receivables, trade payables and a Euro denominated loan There would have been no impact on equity

The Company holds foreign currency balances of USD \$223,062 (2012 \$400,208), AUD \$188,937 (2012 \$69,254), EUR €1,025,215 (2012 €512,724) and SEK 3,123,255 kr (2012 1,202,720 kr)

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk – Cash flow interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, which earn interest at money market rates. The Group has a policy of maintaining external debt at LIBOR plus a fixed rate.

At 30 June 2013, if interest rates on Pound Sterling denominated borrowings at that date had been 20% higher with all other variables held constant, the Group's post-tax profit for the year would have been £14,332 lower (2012: £234,000 higher), mainly as a result of higher interest expense on interest bearing loans. This is based on a LIBOR increase and excludes related party loans.

Liquidity Risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the statement of financial position for borrowings and trade and other payables.

Group

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 30 June 2013				
Borrowings	156,938	-	-	-
Trade and other payables	17,822	1,871	-	-
At 30 June 2012				
Borrowings	5,167	154,067	116,833	-
Trade and other payables	16,983	2,667	-	-

Company

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2013				
Borrowings	-	-	-	-
Trade and other payables	118	340	-	-
At 30 June 2012				
Borrowings	-	-	-	-
Trade and other payables	323	78	-	-

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to comply with the Group's debt covenants. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. This strategy is consistent with the prior year. Total capital is calculated as "equity" as shown in the consolidated balance sheet less the effect of any reverse acquisition accounting, plus net debt.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

19 ORDINARY SHARE CAPITAL

Group and Company

	2013 £'000	2012 £'000
Issued and fully paid		
Ordinary shares of £1 each	-	-
Employee A Ordinary shares of £0.01 each	554	554
Employee B Ordinary shares of £0.01 each	-	15
Employee C Ordinary shares of £0.01 each	-	-
Non-voting deferred shares of £0.01 each	54,866	54,866
	<u>55,420</u>	<u>55,435</u>

Option A and option C shares are ordinary shares that carry one vote per share and hold the right to receive dividends

Option B shares were cancelled during the year as they related to the Senior Management Equity Plan which was closed on 31 December 2012

The non-voting shares relate to the issue of shares in 2007 on exchange for a promissory note used to fund the investment in Creative Broadcast Services Holdings (2) Limited and do not contain any rights in relation to distributions of dividends

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

20 DEFERRED TAX

Group

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the year

	<i>Intangibles</i> £'000	<i>Retirement</i> <i>benefits</i> £'000	<i>Excess</i> <i>capital</i> <i>allowances</i> £'000	<i>Other</i> £'000	<i>Total</i> £'000
1 July 2011	2,973	(145)	(12,112)	(2,354)	(11,638)
(Credit)/charge for year	(939)	-	(2,911)	316	(3,534)
Charge to equity	-	(1,992)	-	1,169	(832)
30 June 2012	2,034	(2,137)	(15,023)	(869)	(15,995)
Deferred tax (asset)	-	(2,137)	(15,023)	(869)	(18,029)
Deferred tax liability	2,034	-	-	-	2,034
	2,034	(2,137)	(15,023)	(869)	(15,995)
1 July 2012	2,034	(2,137)	(15,023)	(869)	(15,995)
(Credit)/charge for year	(596)	377	1,342	(32)	1,091
(Credit)/charge to equity	-	57	-	-	57
Foreign exchange movement	-	-	-	12	12
30 June 2013	1,438	(1,703)	(13,681)	(889)	(14,835)
Deferred tax (asset)	-	(1,703)	(13,681)	(889)	(16,273)
Deferred tax liability	1,438	-	-	-	1,438
	1,438	(1,703)	(13,681)	(889)	(14,835)

Deferred income tax assets are recognised for excess capital allowances to the extent that the realisation of the related tax benefit through future taxable profits is more likely than not. The Group did not recognise deferred income tax assets of £2m (2012: £2m) in respect of excess capital allowances that can be carried forward against future taxable income.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

21 RETIREMENT BENEFITS

Defined contribution schemes

Red Bee Media Limited operates a personal pension scheme which is a defined contribution scheme. The amounts charged to the income statement in respect of this scheme represent the employer's contributions payable by the Group and total £1.3m (2012: £1.2m). Red Bee Media Limited has no legal or constructive obligation to fund any deficit of this scheme.

Red Bee Media Australia Pty Limited contributes to defined contribution employee superannuation plans. The amounts charged to the income statement in respect of these plans represent the employer's contributions payable by Red Bee Media Australia Pty Limited and total £536,000 (2012: £550,000). Red Bee Media Australia Pty Limited has no legal or constructive obligation to fund any deficit of these plans.

Defined benefit scheme

The Group operates the Red Bee Media Pension Plan (the "Plan"). The Plan funds are administered by trustees and are independent of the Group's finances. The Plan was set up with effect from 1 August 2005.

Employees of the Red Bee Media Group as at 1 August 2005 who were, on 31 July 2005, current members of the BBC Pension Scheme or eligible to join, were given the option to join the Plan with effect from 1 August 2005 or 1 September 2005. New employees from 1 August 2005 are eligible to join the Company's Group Personal Pension Plan. During the prior years a new special section was set up for a closed group of employees who joined from the Channel Four arrangements.

Actuarial gains and losses are recognised in full in the year in which they occur. As permitted by the revised standard, actuarial gains and losses are recognised outside profit or loss and presented in the statement of comprehensive income. The liability recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. The cost of providing benefits is determined using the Projected Unit Credit Method.

The results of the formal actuarial valuation as of 30 June 2011 were updated to the accounting date by an independent qualified actuary in accordance with IAS 19.

The expected rate of return on assets for the financial year ending 30 June 2013 was 5.6% pa (2012: 6.8% pa) before any allowance was made for the expenses of the Plan. This rate is derived by taking the weighted average of the long term expected rate of return on each of the target allocation of the asset classes that the plan was invested in at 30 June 2012 (ie the start of the accounting year).

For the year ended 30 June 2013, allowance for the expenses (including the PPF levy) is made by reducing the expected return on assets by 0.8% pa (2012: 0.7% pa).

The total amount of contributions paid to the Plan during the year is £4,276k (2012: £4,419k).

The major assumptions used by the actuary were:

	30 June 2013	30 June 2012	30 June 2011
Price inflation	3.5%	3.0%	3.7%
Discount rate	4.9%	4.6%	5.6%
Pension increases	2.3%	2.1%	2.3%
	3.5%	3.0%	3.7%
Pensionable salary growth	2.0%	2.0%	2.3%
Life expectancy of male aged 60	26.9 years	26.5 years	26.4 years
Life expectancy of male aged 60 in 20 years' time	29.0 years	28.5 years	28.4 years

The value of the scheme assets and liabilities is as follows:

	30 June 2013 £'000	30 June 2012 £'000	30 June 2011 £'000
Present value of defined benefit obligation	78,217	68,441	55,982
Fair value of plan assets	(70,815)	(59,538)	(55,423)
Liability recognised in the balance sheet	7,402	8,903	559

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

21 RETIREMENT BENEFITS (continued)

<i>Analysis of amount charged/(credited) to the income statement</i>	2013 £'000	2012 £'000
Current service cost	2,547	2,174
Interest cost	3,200	3,193
Expected return on plan assets	(2,948)	(3,504)
Total expense/(gain) recognised	2,799	1,863

The actual return on the Plan's assets over the year was a gain of £7,487,000 (2012 £13,000)

The current long term allocation of the Plan's assets is as follows

	30 June 2013	30 June 2012	30 June 2011
Equity instruments	50%	50%	60%
Diversified growth	20%	20%	15%
Debt instruments	20%	20%	17%
Property	10%	10%	8%
	100%	100%	100%

A reconciliation of the present value of the defined benefit obligation is as follows

	2013 £'000	2012 £'000
Opening defined benefit obligation	68,441	55,982
Employer's part of current service cost	2,547	2,174
Interest cost	3,200	3,193
Contributions from plan members	221	257
Actuarial losses	4,293	7,152
Benefits paid	(485)	(317)
Closing defined benefit obligation	78,217	68,441

A reconciliation of the fair value of the Plan assets is as follows

	2013 £'000	2012 £'000
Opening fair value of the plan assets	59,538	55,423
Expected return on plan assets	2,948	3,504
Actuarial (loss)/gain	4,538	(3,491)
Contributions by the employer	4,055	4,162
Contributions by the employee	221	257
Benefits paid	(485)	(317)
Closing fair value of plan assets	70,815	59,538

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

21 RETIREMENT BENEFITS (continued)

The amount recognised outside profit or loss in the Consolidated Statement of Comprehensive Income ("CSOCI") for the year is a gain of £246,000 (2012 loss of £10,643,000). This figure constitutes an actuarial loss on the liabilities of £4,293,000 (2012 £7,152,000) and an actuarial gain on the assets of £4,539,000 (2012 loss of £3,491,000). Amounts to be shown for the current and previous four years

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined benefit obligation	78,217	68,441	55,982	55,379	39,689
Fair value of plan assets	(70,815)	(59,538)	(55,423)	(44,135)	(34,052)
Net pension liability	<u>7,402</u>	<u>8,903</u>	<u>559</u>	<u>11,244</u>	<u>5,637</u>
	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Experience adjustments on plan assets					
Amount of loss/(gain)	(4,539)	3,491	(4,489)	(2,435)	8,908
Percentage of plan assets	(6%)	6%	(8%)	(6%)	26%
Experience adjustments on plan liabilities					
Amount of (gain)/loss	1,050	(257)	(216)	1,346	(319)
Percentage of plan liabilities	1%	0%	0%	2%	(1%)

22 RELATED PARTY TRANSACTIONS

During the year the Company had operating costs paid for by its subsidiary Red Bee Media Limited. The value payable from Red Bee Media Ltd at 30 June 2013 is £296,000 and is disclosed in notes 12 and 16.

Creative Broadcast Services International Limited ("CBSI")

During the year CBSI, the parent company of the Company (note 25) earned interest of £6,402,000 from the Group (2012 £11,894,000) (note 4). At 30 June 2013 the Group had an outstanding payable (note 15) due to CBSI for £nil (2012 £116,833,000) due to a parent write off, see note 5.

Key management personnel

Key management personnel of the Group are deemed to be the executive leadership team formed in the prior year. Key management personnel compensation is shown in the table below.

	2013 £'000	2012 £'000
Salaries and short term employee benefits	3,600	2,610
Pension cost and other long term benefits	208	105
Medical insurance and other short term benefits	19	12
	<u>3,827</u>	<u>2,727</u>

It is not possible to make an allocation of this remuneration between Group companies as their remuneration is determined on the basis of their services to the Group as a whole.

Creative Broadcast Services Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

23 CAPITAL COMMITMENTS

	2013 £'000	2012 £'000
Capital expenditure contracted for by the group but not yet incurred – furniture and office equipment	<u>3,202</u>	<u>3,928</u>

24 FUTURE LEASE PAYMENTS

At the year end, the Group had contracted with lessors, under non-cancellable leases, for the following future minimum lease payments

	2013 £'000	2012 £'000
Amounts due		
Within one year	6,486	6,730
Between two and five years	18,980	22,539
After five years	5,873	9,866
	<u>31,339</u>	<u>39,135</u>

Of the above total, £19.6m (2012: £24.8m) relates to the rental of Broadcast Centre by Red Bee Media Limited. Red Bee Media has the right to terminate the rental lease in December 2015 with the provision of 12 months written notice.

25 CONTROLLING PARTY

The Company's immediate parent company is Creative Broadcast Services International Limited, a Bermudian registered company.

The ultimate parent undertaking and controlling party is Macquarie Advanced Investment Partners, L.P., a Cayman Islands limited partnership.

Copies of the financial statements of Creative Broadcast Services International Limited can be obtained from Penboss Building, 2nd Floor, 50 Parliament Square, Hamilton, HM12, Bermuda.