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AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 NOVEMBER 2002



AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)

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FOR THE YEAR ENDED 30 NOVEMBER 2002

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AL JAZEERA SATELLITE CHANNEL
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COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2002

DIRECTORS:

M Al Suwaidan
M J Al Ali
H A Jafar
M A Sahlawi
K A Al Mannae

SECRETARY:

M A Shah

REGISTERED OFFICE:

4 Churchill Court
58 Station Road
North Harrow
HA2 7ST

REGISTERED NUMBER:

03466258 (England and Wales)

AUDITORS:

ADAMS MOORHOUSE, Chartered Accountants
Registered Auditors
4 Churchill Court
Station Road
Harrow
Middlesex
HA2 7ST

BANKERS:

Qatar National Bank
One Mount Street
London
W1Y 8HQ

AL JAZEERA SATELLITE CHANNEL
LIMITED
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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2002

The directors present their report with the financial statements of the company for the year ended 30 November 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Satellite TV programme producers and provision of production facilities.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

The company, by virtue of being a company limited by guarantee, is unable to pay any dividends.

RESEARCH AND DEVELOPMENT

Research and development costs are written off to profit and loss account in the period in which the expenditure is incurred.

FUTURE DEVELOPMENTS

No major developments are planned for the ensuing year.

DIRECTORS

The directors during the year under review were:

M Al Suwaidan
M J Al Ali
H A Jafar
M A Sahlawi
K A Al Mannae

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AL JAZEERA SATELLITE CHANNEL
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**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2002**

AUDITORS

The auditors, ADAMS MOORHOUSE, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
M Al Suwaidan - Director

Date: ^{28th}..... November 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AL JAZEERA SATELLITE CHANNEL
LIMITED

We have audited the financial statements of Al Jazeera Satellite Channel Limited for the year ended 30 November 2002 on pages five to twelve. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ADAMS MOORHOUSE, Chartered Accountants
Registered Auditors
4 Churchill Court
Station Road
Harrow
Middlesex
HA2 7ST



Date:  November 2003

**AL JAZEERA SATELLITE CHANNEL
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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2002

		2002		2001	
	Notes	£	£	£	£
TURNOVER			1,489,564		2,062,957
Cost of sales			943,800		1,133,250
GROSS PROFIT			545,764		929,707
Distribution costs		31,582		24,788	
Administrative expenses		447,990		843,095	
			479,572		867,883
OPERATING PROFIT	3		66,192		61,824
Interest receivable and similar income			148		3,072
			66,340		64,896
Interest payable and similar charges	4		5,395		11,528
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			60,945		53,368
Tax on profit on ordinary activities	5		-		-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			60,945		53,368
Retained profit/(deficit) brought forward			36,257		(17,111)
RETAINED PROFIT CARRIED FORWARD			£97,202		£36,257

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

**AL JAZEERA SATELLITE CHANNEL
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BALANCE SHEET
30 NOVEMBER 2002


	Notes	2002		2001	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	6		76,391		39,503
CURRENT ASSETS:					
Debtors	7	515,035		365,141	
Cash at bank and in hand		249,925		7,519	
		764,960		372,660	
CREDITORS: Amounts falling due within one year	8	744,149		375,906	
NET CURRENT ASSETS/(LIABILITIES):			20,811		(3,246)
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£97,202</u>		<u>£36,257</u>
RESERVES:					
Profit and loss account			97,202		36,257
	12		<u>£97,202</u>		<u>£36,257</u>

ON BEHALF OF THE BOARD:



.....
M Al Suwaidan - Director

.....
K A Al Mannae - Director

Approved by the Board on  November 2003

The notes form part of these financial statements

**AL JAZEERA SATELLITE CHANNEL
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2002

		2002	2001
	Notes	£	£
Net cash inflow/(outflow) from operating activities	1	524,559	(241,696)
Returns on investments and servicing of finance	2	(5,247)	(8,456)
Capital expenditure	2	(43,397)	(12,233)
		<u>475,915</u>	<u>(262,385)</u>
Financing	2	(29,208)	(14,680)
Increase/(Decrease) in cash in the period		<u>£446,707</u>	<u>£(277,065)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		<u>446,707</u>	<u>(277,065)</u>
Change in net debt resulting from cash flows		<u>446,707</u>	<u>(277,065)</u>
Movement in net debt in the period		<u>446,707</u>	<u>(277,065)</u>
Net (debt)/funds at 1 December		<u>(198,486)</u>	<u>78,579</u>
Net funds/(debt) at 30 November		<u>£248,221</u>	<u>£(198,486)</u>

The notes form part of these financial statements

AL JAZEERA SATELLITE CHANNEL
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NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	66,192	61,824
Depreciation charges	6,510	6,972
Loss on sale of fixed assets	-	1,972
Increase in debtors	(149,894)	(213,198)
Increase/(Decrease) in creditors	601,751	(99,266)
Net cash inflow/(outflow) from operating activities	524,559	(241,696)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	148	3,072
Interest paid	(5,395)	(11,528)
Net cash outflow for returns on investments and servicing of finance	(5,247)	(8,456)
Capital expenditure		
Purchase of tangible fixed assets	(43,397)	(12,233)
Net cash outflow for capital expenditure	(43,397)	(12,233)
Financing		
Amount withdrawn by directors	(29,208)	(14,680)
Net cash outflow from financing	(29,208)	(14,680)

The notes form part of these financial statements

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NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2002

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.12.01 £	Cash flow £	At 30.11.02 £
Net cash:			
Cash at bank and in hand	7,519	242,406	249,925
Bank overdraft	(206,005)	204,301	(1,704)
	<u>(198,486)</u>	<u>446,707</u>	<u>248,221</u>
 Total	 <u>(198,486)</u>	 <u>446,707</u>	 <u>248,221</u>
 Analysed in Balance Sheet			
 Cash at bank and in hand	 7,519		 249,925
Bank overdraft	(206,005)		(1,704)
	<u>(198,486)</u>		<u>248,221</u>

The notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents invoiced value of services provided, excluding Value Added Tax. The entire turnover relates to export services.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. STAFF COSTS

	2002 £	2001 £
Wages and salaries	325,826	423,786
Social security costs	27,388	43,346
	<u>353,214</u>	<u>467,132</u>

The average monthly number of employees during the year was as follows:

	2002	2001
Office and administration	4	4
Production	16	10
	<u>20</u>	<u>14</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002 £	2001 £
Hire of plant and machinery	1,355	3,133
Depreciation - owned assets	6,510	6,972
Loss on disposal of fixed assets	-	1,972
Auditors' remuneration	<u>4,750</u>	<u>4,500</u>
Directors' emoluments	<u>50,017</u>	<u>50,052</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2002

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	2002	2001
	£	£
Bank interest	5,395	11,528

5. **TAXATION**

The company is exempt from Corporation Tax by virtue of the provisions of the International Organisations Act 1968.

6. **TANGIBLE FIXED ASSETS**

	Plant and machinery	Fixtures and fittings	Totals
	£	£	£
COST:			
At 1 December 2001	54,369	5,103	59,472
Additions	36,204	7,193	43,397
At 30 November 2002	90,573	12,296	102,869
DEPRECIATION:			
At 1 December 2001	18,501	1,467	19,968
Charge for year	5,431	1,079	6,510
At 30 November 2002	23,932	2,546	26,478
NET BOOK VALUE:			
At 30 November 2002	66,641	9,750	76,391
At 30 November 2001	35,868	3,635	39,503

7. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
V.A.T.	25,494	47,703
Other debtors	381,083	305,438
Prepayments & accrued income	108,458	12,000
	515,035	365,141

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2002

**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Bank loans and overdrafts (see note 9)	1,704	206,005
Trade creditors	617,232	69,150
Directors current accounts	46,806	76,013
Other creditors	44,315	-
Social security & other taxes	8,124	-
Employee salaries	-	1,465
Accrued expenses	25,968	23,273
	<u>744,149</u>	<u>375,906</u>

9. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2002	2001
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,704</u>	<u>206,005</u>

10. CONTINGENT LIABILITIES

As far as the Board is aware, there were no contingent liabilities at the balance sheet date.

11. RELATED PARTY DISCLOSURES

The entire turnover of the company is derived from provision of services to Al Jazeera in the Emirate of Qatar. The directors of the company are also the directors of Al Jazeera, Qatar.

Included in debtors is an amount of £380,407 owed by Al Jazeera Satellite Services Limited and an amount of £44,315 included in creditors relates to amounts owed to Al Jazeera, Qatar.

The directors (who are also the members) have undertaken to contribute £1 each, towards the assets of the company in the event that a contribution is required upon the winding up of the company.

12. RECONCILIATION OF MOVEMENTS IN RESERVES

	2002	2001
	£	£
Profit for the financial year	<u>60,945</u>	<u>53,368</u>
Net addition to reserves	60,945	53,368
Opening reserves	<u>36,257</u>	<u>(17,111)</u>
Closing reserves	<u>97,202</u>	<u>36,257</u>