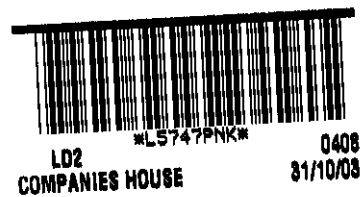


**GOLDCREST INVESTMENT HOLDINGS
LIMITED**

Report and Financial Statements

31 December 2002

**Deloitte & Touche LLP
London**



GOLDCREST INVESTMENT HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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GOLDCREST INVESTMENT HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Qusted
N Qusted

SECRETARY

BH Company Secretarial Services

REGISTERED OFFICE

235 Old Marylebone Road
London
NW1 5QT

BANKERS

Coutts & Co
440 The Strand
London
WC2R 0QS

SOLICITORS

Marriott Harrison
12 Great James Street
London WC1N 3DR

Charles Russell
8/10 New Fetter Lane
London EC4A 1RS

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

GOLDCREST INVESTMENT HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The company is the ultimate parent company of the Goldcrest Group which is involved principally in producing, financing, marketing and distributing feature films and television programmes.

BUSINESS REVIEW AND FUTURE PROSPECTS

The profit after taxation for the year amounted to £404,058 (2001 – £3,090,000).

The directors do not recommend the payment of a dividend for the year (2001 – £nil).

The directors intend to take every opportunity to develop the business.

DIRECTORS

The directors who served throughout the year were:

J Quested (Chairman)
N Quested

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company are as follows:

	Ordinary shares of £1 each	
	31 December 2002	1 January 2002
J Quested	40,000	40,000

The director does not have any interests in the share capital of any other group company. No other director had any interests in the share capital of the company, or any other group company, at either 31 December 2002 or 1 January 2002 or during the year.

AUDITORS

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

J Quested
Chairman

31 October 2003

GOLDCREST INVESTMENT HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 the system of internal control and safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLDCREST INVESTMENT HOLDINGS LIMITED

We have audited the financial statements of Goldcrest Investment Holdings Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under 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 in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the directors' report 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 directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 affairs of the company at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

31 October 2003

GOLDCREST INVESTMENT HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Administrative expenses:			
Exceptional item: write back of provision against amounts owed by group undertaking		-	2,808
Other administrative expenses		(469)	(426)
Total administrative expenses		(469)	2,382
Other operating income		904	642
OPERATING PROFIT		435	3,024
Profit on sale of fixed assets		4	-
Other interest receivable and similar income		1	10
Interest payable and similar charges	3	(24)	(21)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	416	3,013
Tax (charge)/credit on profit on ordinary activities	5	(12)	77
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	404	3,090

A statement of total recognised gains and losses is not included in these accounts as there are no recognised gains or losses in either the current financial year or the previous financial year other than the results reported above.

There have been no movements on reserves or shareholders' funds other than the results for the current and preceding financial year and, accordingly, no reconciliation of movements in shareholders' funds has been given.

All activities derive from continuing operations.

GOLDCREST INVESTMENT HOLDINGS LIMITED

BALANCE SHEET 31 December 2002

	Note	£'000	2002 £'000	2001 £'000
FIXED ASSETS				
Tangible assets	6		7,122	6,672
Investments	7		11,393	11,393
			<u>18,515</u>	<u>18,065</u>
CURRENT ASSETS				
Debtors	8	642		362
Cash at bank and in hand		91		254
		<u>733</u>		<u>616</u>
DEBTORS: amounts falling due after more than one year	8	626		626
CREDITORS: amounts falling due within one year	9	(10,347)		(9,982)
NET CURRENT LIABILITIES			<u>(8,988)</u>	<u>(8,740)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,527	9,325
CREDITORS: amounts falling due after more than one year	10		(8,325)	(8,525)
PROVISIONS FOR LIABILITIES AND CHARGES	13		<u>(37)</u>	<u>(39)</u>
NET ASSETS			<u>1,165</u>	<u>761</u>
CAPITAL AND RESERVES				
Called up share capital	14		42	42
Share premium account	15		166	166
Profit and loss account	16		957	553
EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)			<u>1,165</u>	<u>761</u>

Small size company exemption

These accounts have been prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

These financial statements were approved by the Board of Directors on 31 October 2003.

Signed on behalf of the Board of Directors

J Quested
Chairman

GOLDCREST INVESTMENT HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Fixed asset investments

Investments are stated at cost less provision for any impairment.

Depreciation

Depreciation is charged on fixed assets at the following rates per annum which are designed to write off their costs over their estimated useful lives.

Freehold property - 2%

Long leases and leasehold improvements are amortised over their lease terms which range from 25 to 50 years.

Adoption of FRS 19 deferred tax

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

Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The impact of adopting FRS 19 was to decrease the tax charge for the years ended 31 December 2001 and 31 December 2002 by £2,024.

Group accounts

The company is exempt from the requirement to prepare group accounts as it qualifies as the parent company of a medium sized group under Section 248 of the Companies Act 1985. Accordingly, these financial statements represent information about the individual company and not about its group.

2. DIRECTORS' EMOLUMENTS

No director received any emoluments from the company during either the current or preceding year. The company had no other employees during the current or preceding financial years other than the directors.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£'000	£'000
Interest payable on bank loans	<u>24</u>	<u>21</u>

GOLDCREST INVESTMENT HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2002 £'000	2001 £'000
Auditors' remuneration - audit fees	10	9
- other fees	3	6
Depreciation	164	153
	<u>177</u>	<u>168</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

	2002 £'000	2001 £'000
United Kingdom corporation tax at 30% (2001 - 30%) based on the profit/loss for the period	(14)	-
Adjustment in respect of prior year	-	-
Double taxation relief	-	-
	<u>(14)</u>	<u>-</u>
Foreign tax for current period	-	-
	<u>(14)</u>	<u>-</u>
Deferred tax		
Timing differences, origination and reversal	(8)	77
Adjustment in respect of prior years	10	-
	<u>(12)</u>	<u>77</u>

GOLDCREST INVESTMENT HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(ii) Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK 19% (2001 – 30%).

The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	416	3,012
Tax at 19% thereon (2001 – 30%)	(79)	(904)
Effects of:		
Expenses not deductible for tax purposes	(34)	(68)
Capital allowances in excess of depreciation	8	(83)
Rate differences on current tax	(3)	-
Group relief	94	126
NBV adjustment – eligible assets	-	86
Write back of provision against amounts owed by group	-	41
Current tax charge for period	(14)	-

6. TANGIBLE FIXED ASSETS

	Freehold property £'000	Long leasehold property £'000	Leasehold improve- ments £'000	Total £'000
Cost				
At 1 January 2002	3,222	2,805	1,637	7,664
Additions	574	-	40	614
At 31 December 2002	3,796	2,805	1,677	8,278
Depreciation				
At 1 January 2002	224	504	264	992
Charge for the year	74	56	34	164
At 31 December 2002	298	560	298	1,156
Net book value				
At 31 December 2002	3,498	2,245	1,379	7,122
At 31 December 2001	2,998	2,301	1,373	6,672

GOLDCREST INVESTMENT HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

7. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2002 and 31 December 2002	11,393

The company's principal subsidiary undertakings, all of which are involved in the production and exploitation of films as set out below, are incorporated in Great Britain and are wholly owned (unless otherwise stated):

Subsidiary company	Share capital and reserves £'000	Profit/(loss) for the year £'000
Goldcrest Group Limited	(6,552)	20,193
Goldcrest Films and Television (Holdings) Limited	155	(19,375)
Goldcrest Films and Television Limited	159	(22,734)
Goldcrest Films International Limited	3,228	(472)
Goldcrest Animation Limited	(1,879)	-
Goldcrest Post Production Facilities Limited	69	38
Goldcrest Post Productions Limited (incorporated and operates in USA with a 30 September year end)	4,363	(114)
	(457)	(22,464)

All are owned indirectly with the exception of:

Goldcrest Group Limited

Goldcrest Post Production Facilities Limited

Goldcrest Films International Limited

Goldcrest Post Productions Limited

8. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	41	62
Amounts owed by subsidiary undertakings	573	285
Prepayments and accrued income	28	15
	642	362
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	626	626

GOLDCREST INVESTMENT HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£'000	£'000
Trade creditors	72	204
Amounts owed to subsidiary undertakings	10,074	9,629
UK corporation tax	14	-
Other creditors	-	2
Accruals	187	147
	<u>10,347</u>	<u>9,982</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002	2001
	£'000	£'000
Loan stock (see note 11)	8,000	8,000
Bank loan (see note 12)	325	525
	<u>8,325</u>	<u>8,525</u>

11. LOAN STOCK

The loan stock was created on 28 September 1995 and was issued at par to Goldcrest Films and Television Limited on that date. This was subsequently transferred to Goldcrest Group Limited as at 31 December 2001. The stock is unsecured and redeemable at par on 20 June 2010, subject to the provisions of the company's bank loan agreement.

	£'000
Balance at 1 January 2002 and at 31 December 2002	<u>8,000</u>

GOLDCREST INVESTMENT HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

12. BANK LOAN

The bank loan of £525,000 is repayable between one and four years. It is secured by a fixed mortgage on freehold property at 65/66 Dean Street, London, and bears interest at 2% above the bank's base rate.

Unlimited cross guarantees have been given by the company and its subsidiary undertaking, Goldcrest Post Production Facilities Limited, to secure all liabilities of each other.

In addition, Goldcrest Group Limited has agreed to the postponement of repayment of the loan stock in note 11 until such time as the bank loan is repaid, and has agreed to the subordination of payment of interest on the loan stock in favour of interest payable on the bank loan.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £'000	2001 £'000
Deferred tax		
Opening balance at 1 January	39	116
Current year (credit)/charge	(2)	(77)
Closing balance at 31 December 2002	37	39

The amount of deferred tax provided in the financial statements and the potential amounts not provided are as follows:

	Provided		Unprovided	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Capital allowances in excess of depreciation	37	39	-	-

14. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised:		
50,000 ordinary shares of £1 each	50	50
Called up, allotted and fully paid:		
42,500 ordinary shares of £1 each	42	42

15. SHARE PREMIUM ACCOUNT

	£'000
At 1 January 2002 and at 31 December 2002	166

16. PROFIT AND LOSS ACCOUNT

	2002 £'000	2001 £'000
At 1 January	553	(2,537)
Profit for the financial year	404	3,090
At 31 December	957	553

GOLDCREST INVESTMENT HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

17. RELATED PARTY TRANSACTIONS

During the year the company undertook the following transactions with related parties:

- i. The company charged its subsidiary undertakings, Goldcrest Post Production Facilities Limited and Goldcrest Films International Limited, £548,040 (2001 – £336,031) and £116,000 (2001 – £189,525) respectively for the provision of group services.
- ii. The company received £647,000 (2001 – £581,000) from Goldcrest Films International Limited and received £310,000 (2001 – £231,000) from Goldcrest Post Production Facilities Limited respectively for the provision of group services.

As at 31 December, the company had the following material balances with related parties:

	2002	2001
	£'000	£'000
Amounts owed by other group undertakings:		
Goldcrest Post Production Facilities Limited	286	152
Goldcrest Films International Limited	626	626
Goldcrest Post Productions Limited	287	133
Total	<u>1,199</u>	<u>911</u>
Amounts owed to other group undertakings:		
Goldcrest Films International Limited	2,211	1,766
Goldcrest Group Limited	7,863	7,863
Total	<u>10,074</u>	<u>9,629</u>

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J. Quested by virtue of his 94% ownership of Goldcrest Investment Holdings Limited.