

Pantherwood Limited

**Financial statements
for the year ended 31 December 1998**

Registered Number: 2594283



Pantherwood Limited
Financial statements
for the year ended 31 December 1998

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Pantherwood Limited

Directors' report

for the year ended 31 December 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activities

The principal activity of the Company is the provision of management and other services to group companies.

Review of business and post balance sheet event

On 26 June 1998 the Company re-registered as a private company and changed its name from Pantherwood plc to Pantherwood Limited. As stated in Note 14, the Company has entered into bank cross guarantees and debentures with the Group's bankers. On 8 May 2000, pursuant to a substantial expansion of the Group's activities, the terms of the borrowings covered by the guarantees were renegotiated. The new credit facility is repayable in instalments up to 30 June 2006.

On 17 August 1999 the Company acquired the entire issued share capital of Cinevideo Limited from the Company's immediate parent undertaking, TeleCast Communications (UK) Limited, for a total cash consideration of £1.

The results of the Company continue to develop in line with expectations.

Proposed dividend and transfer to reserves

An interim dividend of £1,143,000 (1997: £Nil) was paid on 30 June 1998. The directors do not recommend the payment of a final dividend (1997: £384,000). The retained loss for the financial year of £80,000 (1997: £56,000 profit) has been transferred to reserves.

Directors and directors' interests

The following directors held office during the year:

B Day	(appointed 8 May 2000)
N Marshall	(appointed 8 May 2000)
J Delano	(appointed 7 April 2000; resigned 8 May 2000)
M S Gumienny	(appointed 7 April 2000; resigned 8 May 2000)
R K Ellis	(appointed 2 July 1998; resigned 7 April 2000)
D J Davies	(appointed 2 July 1998; resigned 7 April 2000)
M J Aresti	(resigned 2 July 1998)
J Bauch	(resigned 2 July 1998)
B F Sheffield	(resigned 2 July 1998)

The directors who held office at the end of the financial year did not have any disclosable interests in the ordinary shares of the Company.

The interests of the directors in the share capital of Telecast Communications Limited, the Company's ultimate parent undertaking, are disclosed in the directors' report of that company's financial statements.

Pantherwood Limited

Directors' report (continued)

Creditor payment policy

Where the supply of goods and services is satisfactory and in the absence of any dispute, the Company's policy is to pay its suppliers in accordance with the terms agreed prior to the supply of goods and services. Where no such agreement exists the Company's policy is to pay suppliers in accordance with the terms contained in the invoice.

Year 2000

Many computer systems express dates using only the last two digits of the year. These systems require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. The operation of our business depends not only on our computer systems, but also to some degree on those of our suppliers and customers. There is therefore an exposure to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

As part of the Group exercise, an analysis of significant risks has been performed to determine the impact of the issue on our activities. From this, prioritised action plans have been developed that are designed to address the key risks in advance of critical dates and without disruption to underlying business processes. Priority is being given to those systems that could cause a significant financial or legal impact on the Company's business if they were to fail. The plan also includes a requirement for testing of all critical systems.

The risk analysis also considers the impact on our business for year 2000 related failures by our significant suppliers and customers. In appropriate cases formal assurance is being sought from the other parties. During the year no significant expenditure was incurred to ensure that our systems are year 2000 compliant.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and of the profit and 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.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

Pantherwood Limited

Directors' report (continued)

Statement of directors' responsibilities (continued)


The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 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.

Auditors

KPMG plc resigned as auditors on 26 June 1998 and PricewaterhouseCoopers were appointed in their place.

In accordance with Section 379A of the Companies Act 1985, the Company has elected to dispense with the annual appointment of auditors. Therefore, the auditors, PricewaterhouseCoopers, will be deemed re-appointed for the next financial year.

By order of the board

A handwritten signature in black ink, appearing to be 'R J Cook', written over a horizontal line.

R J Cook
Secretary
3 July 2000

Auditors' report to the members of Pantherwood Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on pages 2 and 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

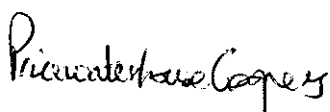
Basis of audit opinion

We conducted our audit in accordance with 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 at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
3 July 2000

Pantherwood Limited
Profit and loss account
for the year ended 31 December 1998

	<i>Note</i>	1998	1997
		£'000	£'000
Turnover – continuing operations	<i>1</i>	126	492
Cost of sales		-	-
Gross profit		126	492
Net operating expenses		(241)	(468)
Operating (loss)/profit – continuing operations	<i>2</i>	(115)	24
Income from shares in group undertakings		1,143	384
Interest receivable and similar income	<i>5</i>	35	36
Profit on ordinary activities before taxation		1,063	444
Tax on profit on ordinary activities	<i>6</i>	-	(4)
Profit for the financial year		1,063	440
Dividends	<i>7</i>	(1,143)	(384)
Retained (loss)/profit for the financial year	<i>12</i>	(80)	56

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Statement of total recognised gains and losses

	<i>Note</i>	1998	1997
		£'000	£'000
For the year ended 31 December 1998			
Profit for the financial year		1,063	440
Unrealised exchange movements	<i>8</i>	(26)	-
Total recognised gains/(losses) for the year		1,037	440

Pantherwood Limited
Balance sheet
at 31 December 1998

	<i>Note</i>	1998		1997	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	8		1,845		1,683
Current assets					
Debtors	9	445		667	
Cash at bank and in hand		41		80	
		<u>486</u>		<u>747</u>	
Creditors: amounts falling due within one year	10	<u>(772)</u>		<u>(791)</u>	
Net current liabilities			(286)		(44)
Net assets			<u>1,559</u>		<u>1,639</u>
Capital and reserves					
Called-up share capital	11		1,600		1,600
Profit and loss account	12		(41)		39
Equity shareholder's funds	13		<u>1,559</u>		<u>1,639</u>

The financial statements on pages 5 to 13 were approved by the board of directors on 3 July 2000 and were signed on its behalf by:



B Day
Director

Pantherwood Limited

Notes to the financial statements

for the year ended 31 December 1998

1. Principal accounting policies

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The financial statements contain information about Pantherwood Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, TeleCast Communications Limited, a company registered in England and Wales.

Cash flow statement

The Company is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group. The Company's ultimate parent undertaking is TeleCast Communications Limited, a company incorporated in England and Wales. The cash flows of the Company are included in the consolidated group cash flow statement of TeleCast Communications Limited. Consequently, the Company is exempt under the terms of FRS 1 (revised 1996) from publishing a cash flow statement.

Turnover

Turnover represents amounts (excluding value added tax) derived from the provision of management services to group undertakings during the year. The Company only undertakes one class of business and all income originates in the United Kingdom.

Foreign currencies

Trading results denominated in foreign currencies are translated into sterling at average rates of exchange during the year, except for material exceptional items which are translated at the rate on the date of the transaction. Assets and liabilities are translated at the rates of exchange ruling at the year end except where rates of exchange are fixed under contractual arrangements. Exchange movements upon the translation of fixed asset investments in subsidiary undertakings denominated in a foreign currency are shown as an unrealised exchange movement in the statement of total recognised gains and losses.

Pantherwood Limited

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Investments

Fixed asset investments are shown at cost less provision for impairment.

2. Operating (loss)/profit

	1998 £'000	1997 £'000
Operating (loss)/profit is stated after charging:		
Wages and salaries	140	277
Social security costs	28	18
Pension costs	-	14
Staff costs	168	309
Auditors' remuneration:		
Audit services	-	6

The fees for audit services for the current year are borne by the ultimate parent undertaking and are disclosed in the group consolidated financial statements.

3. Directors' emoluments

	1998 £	1997 £
Aggregate emoluments	505,273	280,439
Company pension contributions to money purchase schemes	-	14,250
Amounts paid to third parties in respect of directors' services	157,920	153,500
	663,193	448,189

The aggregate emoluments of the highest paid director were £505,273 (1997: £280,439) of which £379,698 (1997: Nil) was payable by the immediate parent undertaking as a condition of successfully acquiring the whole of the issued share capital of the Company. He is a member of a money purchase scheme, to which the Company contributed £Nil (1997: £14,240). Included in the amounts shown above, £157,920 (1997: £153,500), of which £100,429 (1997: Nil) was payable by the immediate parent undertaking as a condition of successfully acquiring the whole of the issued share capital of the Company, was paid to Lindmead Consultants Limited, a company controlled by one of the directors, Mr B Sheffield, in relation to consultancy services provided by him to the Company.

Pantherwood Limited

Notes to the financial statements (continued)

3. Directors' emoluments (continued)

The directors at the balance sheet date did not receive any emoluments from the Company during the year. These directors received emoluments from the ultimate parent undertaking for services to the group as a whole. It is not practicable to apportion these amounts between services as directors of the Company and as directors of the parent and fellow subsidiary undertakings. The total remuneration paid to these directors was £230,751 including pension contributions. The emoluments of the highest paid director, including pension contributions, were £129,402.

4. Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was 2 (1997: 3). The only employees of the Company in both 1998 and 1997 were the executive directors.

5. Interest receivable and similar income

	1998	1997
	£'000	£'000
Interest receivable from group undertakings	<u>35</u>	<u>36</u>

6. Tax on profit on ordinary activities

	1998	1997
	£'000	£'000
Taxation on the profit for the year		
UK corporation tax at 31% (1997: 31.5%)	-	4
Taxation charge	<u>-</u>	<u>4</u>

There is no tax charge in 1998 due to losses and tax reliefs are surrendered without payment. There is no material provided or unprovided deferred taxation in the Company at the balance sheet date.

7. Dividends

	1998	1997
	£'000	£'000
Ordinary shares - equity		
Interim paid: 71.431p (1997: nil) per £1 share	1,143	-
Final proposed: nil (1997: 24.0p) per £1 share	-	384
	<u>1,143</u>	<u>384</u>

Pantherwood Limited

Notes to the financial statements (continued)

8. Fixed asset investments

	Shares in group undertakings	Loan to group undertaking	Total
Cost	£'000	£'000	£'000
At 1 January 1998	1,280	403	1,683
Foreign exchange	-	26	26
Additions in year	136	-	136
Net book value at 31 December 1998	1,416	429	1,845
Net book value at 31 December 1997	1,280	403	1,683

The loan with group undertaking is unsecured, denominated in Deutsche Marks and repayable in full on 30 June 2000. Simple interest accrues on the outstanding loan on a daily basis at the rate of 8.75% per annum, payable monthly in arrears.

On 26 November 1998 the Company acquired the 22.5% it did not already own of Charter Broadcast North America, Inc. for a total cash consideration of £136,000. There were no acquisition expenses.

The following information relates to the subsidiary undertakings of the Company:

Name of company	Proportion of ordinary shares held		Nature of business
	Directly	Indirectly	
<i>Companies registered in England and Wales</i>	%	%	
Charter Broadcast Limited	100	-	Hire of TV broadcast equipment and provision of technical services
Charter Broadcast Projects Limited	100	-	Dormant
Charter Murphil Limited	100	-	Non-trading
<i>Companies incorporated in the USA</i>		-	
Charter Broadcast North America, Inc.	100	-	Provision of technical services to the TV broadcast industry
<i>Companies incorporated in Germany</i>			
Charter Broadcast GmbH	99.9	0.1	Hire of TV broadcast equipment

There is only one class of share for each subsidiary undertaking. All the above companies operated principally in their country of incorporation or registration.

Pantherwood Limited

Notes to the financial statements (continued)

8. Fixed asset investments (continued)

Post balance sheet event

On 17 August 1999 the Company acquired the entire issued share capital of Cinevideo Limited from the Company's immediate parent undertaking, TeleCast Communications (UK) Limited, for a total cash consideration of £1. There were no acquisition expenses.

9. Debtors

	1998	1997
	£'000	£'000
Amounts owed by group undertakings	<u>445</u>	<u>667</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

10. Creditors: amounts falling due within one year

	1998	1997
	£'000	£'000
Trade creditors	-	9
Amounts due to group undertakings	772	103
Other creditors including taxation and social security	-	45
Corporation tax	-	1
Accruals and deferred income	-	249
Proposed dividend	-	384
	<u>772</u>	<u>791</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

11. Called up share capital

	1998	1997
	£'000	£'000
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
1,600,000 ordinary shares of £1 each	<u>1,600</u>	<u>1,600</u>

Pantherwood Limited

Notes to the financial statements (continued)

12. Reserves

	1998 £'000	1997 £'000
Profit and loss account		
At 1 January	39	32
Retained (loss)/profit for the year	(80)	56
Currency translation differences	-	(49)
At 31 December	(41)	39

13. Reconciliation of movement in equity shareholder's funds

	1998 £'000	1997 £'000
Profit for the financial year	1,063	440
Dividends	(1,143)	(384)
	(80)	56
Currency translation differences	-	(49)
Net (reduction)/increase in equity shareholder's funds	(80)	7
Equity shareholder's funds at 1 January	1,639	1,632
Equity shareholder's funds at 31 December	1,559	1,639

14. Contingent liabilities

On 2 July 1998 the Company entered into a Guarantee and Debenture with National Westminster Bank Plc whereby any actual, contingent, present and/or future obligations and liabilities of the Company are secured by first fixed and floating charges over the assets of the Company.

TeleCast Communications Limited and its UK subsidiary undertakings have entered into bank cross guarantees and debentures with National Westminster Bank Plc secured by first fixed and floating charges over the assets of TeleCast Communications Limited and its UK subsidiary undertakings in respect of the UK group bank borrowings. At 31 December 1998 these bank borrowings amounted to £22,748,000. On 8 May 2000, pursuant to a substantial expansion of the Group's activities, the directors of TeleCast Communications Limited renegotiated the terms of the credit facility relating to the UK group bank borrowings. The new credit facility is repayable in instalments up to 30 June 2006.

Pantherwood Limited**Notes to the financial statements (continued)****15. Related party transactions**

As 100% of the Company's voting rights are controlled within the group headed by TeleCast Communications Limited, the Company has taken advantage of the exemption given in FRS 8 and therefore has not disclosed transactions or balances with entities within the group or investees in the group qualifying as related parties. Other than disclosed elsewhere in these financial statements, there are no other related party transactions.

16. Immediate and ultimate parent undertaking

The Company's immediate parent undertaking is TeleCast Communications (UK) Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking is TeleCast Communications Limited, a company registered in England and Wales. The results of the Company are included in the group accounts of TeleCast Communications Limited for the period ended 31 December 1998. The accounts of TeleCast Communications Limited may be obtained from the company at its registered office: Unit 14, Perimeter Road, National Exhibition Centre, Birmingham, B40 1PJ.