

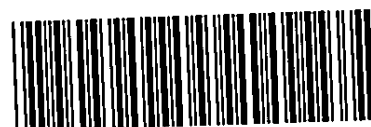
**Anchor Bay Entertainment
UK Limited**

(Formerly Starz Home
Entertainment UK Limited)

**Annual report and financial
statements**

31 December 2007

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COMPANIES HOUSE



Company Registration Number
4088359 (England and Wales)

| | |
|--------------------------|---|
| Directors | G E Curtis R B Clasen C Lomax B Clark C J McGurk (appointed 30 June 2008) |
| Secretary | J S Beabout |
| Registered office | 6 Heddton Street London W1B 4BT |
| Registered number | 4088359 (England and Wales) |
| Auditors | Buzzacott LLP 12 New Fetter Lane London EC4A 1AG |
| Business address | 6 Heddton Street London W1B 4BT |
| Bankers | Coutts & Co 440 Strand London WC2R 0QS |

Contents 31 December 2007

Reports

| | |
|------------------------------|---|
| Directors' report | 1 |
| Independent auditors' report | 5 |

Financial statements

| | |
|-----------------------------------|----|
| Profit and loss account | 7 |
| Balance sheet | 8 |
| Principal accounting policies | 9 |
| Notes to the financial statements | 13 |

The following page does not form
part of the statutory financial statements:

| | |
|----------------------------------|----|
| Detailed profit and loss account | 19 |
|----------------------------------|----|

Directors' report 31 December 2007

The directors present their report with the financial statements of the company for the year ended 31 December 2007.

Principal activity

The principal activity of the company in the year under review was the acquisition and exploitation of film rights through DVD and video products.

Review of business and future developments

A summary of the results of the year's trading is given on page 7 of the financial statements.

On 19 September 2006 the company changed its name to Starz Home Entertainment (UK) Limited (formerly Anchor Bay Entertainment UK Limited) as a result of a change in ownership of the company on 24 August 2006 from IDT Corporation to Liberty Media Corporation. The company has changed its name back to Anchor Bay Entertainment UK Limited in October 2007. The change in ownership led to a revision of accounting estimates in light of new management and operational objectives, as well as a change in the financial year from 31 July to 31 December. As a result, the comparative figures for the 2006 financial period comprise a total of 17 months of trading, with the 2007 figures reflective of a period of 12 months. In respect of the company's result for the period, the company has again taken a conservative approach to the valuation of its films, stock levels and royalty reserves, resulting in an increase in these expenses during the year.

The financial year 2008 has seen continuing challenges as a result of strong price and retailer competition, improvements in technology and additional supply chain pressures due to an industry shift from retail to wholesale supply. The company is monitoring and mitigating these risks by focusing on its niche film market as well as diversifying its existing horror film portfolio to include other genres such as comedy, television and fitness.

Dividends

The directors do not recommend payment of an ordinary dividend and the retained loss for the year is transferred from reserves.

Financial instruments and risk management

The principal financial instruments of the company comprise bank balances, trade debtors, trade creditors and inter-company loans. The main purpose of these instruments is to raise funds for the company's operation and to reduce financial costs from external party borrowings.

The company's activities expose it to a number of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency risk.

Credit risk

The company's maximum exposure to credit risk in relation to financial assets is represented by bank balances, trade and other receivables. The company has no significant concentration of credit risk except for loans to other companies within the group.

Liquidity risk

The company's policy on liquidity risk is to ensure that sufficient cash is available to fund ongoing operations. The company's ultimate controlling entity follows a policy of loaning money within the group to maximise liquidity benefits. Loans to the company are not subject to interest and are not repayable at short notice. The loan and cash balances are regularly reviewed to ensure the company has adequate funds to meet future working capital requirements.

Interest rate risk

The company's borrowings do not attract interest, and therefore exposure to interest rate risk is limited.

Foreign currency risk

The company's principal foreign currency exposure arises from transactions in foreign currencies, in particular, the inter-company loan balances. The company does not have a formal hedging policy but monitors its exposure to these currencies.

Directors' report 31 December 2007

Directors

The directors in office during the year were as follows:

| | Date appointed | Date resigned |
|------------|-----------------------|----------------------|
| G E Curtis | | |
| R B Clasen | | |
| C Lomax | | |
| B Clark | 14 December 2007 | |
| K Rice | 14 December 2007 | 30 June 2008 |

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period 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;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that:

- ◆ so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

Directors' report 31 December 2007

Directors' responsibilities (continued)

- ◆ the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Signed on behalf of the board of directors:

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line and a small 'f' at the end.

Director

Approved by the board on: 29/1/09

Independent auditors' report to the shareholders of Anchor Bay Entertainment UK Limited

We have audited the financial statements on pages 7 to 18 which have been prepared, under the historical cost convention, and in accordance with the accounting policies set out on pages 9 to 12.

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 the directors and independent 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all of 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, and we consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report 31 December 2007

Basis of opinion (continued)

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

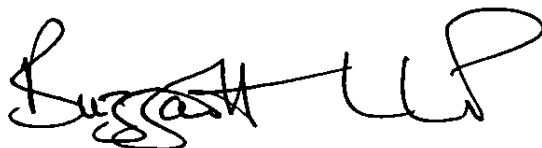
In our opinion:

- ◆ the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information given in the Directors' Report is consistent with the financial statements.

Emphasis of Matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosure made on page 9 concerning the company's ability to continue as a going concern. At 31 December 2007, the company had net liabilities of £2,288,426 and in the period from 1 January 2007 to 31 December 2007 incurred a loss after taxation of £607,243. These conditions indicate the existence of a material uncertainty which may cast doubt over the company's ability to continue a going concern.

In the opinion of the directors, the company will be able to secure continuing support to enable it to continue trading for the foreseeable future. The financial statements do not include any adjustments that would result if sufficient funding was not obtained by the company.



Buzzacott LLP
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

29 January 2009.

Profit and loss account Year ended 31 December 2007

| | Notes | Year ended 31 December 2007 £ | 17 months ended 31 December 2006 £ |
|---|-------|---|--|
| Turnover | 1 | 5,231,631 | 7,056,827 |
| Cost of sales | | (4,148,332) | (8,337,825) |
| Gross profit/(loss) | | 1,083,299 | (1,280,998) |
| Selling and distribution costs | | (1,050,269) | (1,729,409) |
| Administrative expenses | | (994,552) | (886,521) |
| Other operating income | | 289,431 | 644,593 |
| Operating (loss) | 2 | (672,091) | (3,252,335) |
| Interest receivable | | 64,033 | 23,112 |
| Interest payable | | — | (10,117) |
| (Loss) on ordinary activities before taxation | | (608,058) | (3,239,340) |
| Taxation credit on loss on ordinary activities | 5 | 815 | 173,638 |
| Retained (loss) for the financial period | | (607,243) | (3,065,702) |

All of the company's activities in the current and preceding periods are derived from continuing operations.

The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result from ordinary activities before taxation and the retained profit or loss for the periods stated above, and their historical cost equivalents.

Balance sheet 31 December 2007

| | Notes | 2007 £ | 2007 £ | 2006 £ | 2006 £ |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 6 | — | — | — | — |
| Tangible assets | 7 | <u>396,269</u> | <u>396,269</u> | <u>549,907</u> | <u>549,907</u> |
| Current assets | | | | | |
| Stocks | 9 | 354,438 | | 454,497 | |
| Debtors | 10 | 2,749,432 | | 3,109,212 | |
| Cash at bank and in hand | | <u>2,180,330</u> | | <u>261,335</u> | |
| | | 5,284,200 | | 3,825,044 | |
| Creditors: amounts falling due within one year | 11 | <u>(4,335,934)</u> | | <u>(1,524,307)</u> | |
| Net current assets | | | 948,266 | | 2,300,737 |
| Total assets less current liabilities | | | 1,344,535 | | 2,850,644 |
| Creditors: amounts falling due after more than one year | 12 | | (3,395,440) | | (4,422,442) |
| Provision for liabilities | | | | | |
| Other provisions | 13 | | <u>(237,521)</u> | | <u>(109,385)</u> |
| | | | (2,288,426) | | (1,681,183) |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 100 | | 100 |
| Profit and loss account | 16 | | <u>(2,288,526)</u> | | <u>(1,681,283)</u> |
| Shareholder's (deficit) | 17 | | (2,288,426) | | (1,681,183) |

Approved on behalf of the board of directors and authorised for issue by:



Director

Approved on: 29/1/09.

Notes to the financial statements 31 December 2007

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Going concern

At 31 December 2007, the company had net liabilities of £2,288,426. The directors have received assurances from Starz Media Group, Inc. that it will continue to support the company by not recalling amounts due to it until such time that the company is in a position to effect payment and will provide further sums if required to allow the company to continue trading for the foreseeable future.

On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

However, should this support be withdrawn or future funding not be available, the going concern basis used in preparing the company's financial statements may be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities, which might arise. The financial statements do not include any adjustment to the company's assets or liabilities that might be necessary should this basis not continue to be appropriate.

Cash flow

The financial statements do not include a cash flow statement because the company is a wholly owned subsidiary and the consolidated financial statements of its ultimate parent undertaking, in which the company is included, are publicly available. It is therefore exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Turnover

Turnover consists of sales of goods, theatrical income, film sales and film sales commission at invoiced value excluding VAT and discounts. Turnover is recognised as earned when and to the extent that the company obtains right to consideration in exchange for goods and services. Full value is taken for contracted sales when all conditions have been met.

Goodwill and intangible assets

Goodwill arising as a result of the acquisition of subsidiaries and their businesses is capitalised in the balance sheet and amortised on a straight line basis over its useful economic life.

Notes to the financial statements 31 December 2007

Impairment of fixed assets and goodwill

Fixed assets and goodwill are recorded in the financial statements at their recoverable amount. Impairment is measured by comparing the carrying value of the asset with its recoverable amount. The recoverable amount is the higher of the asset's net realisable value and value in use. Impairment losses have been recognised in the profit and loss account during the prior period as a result of a write down of goodwill.

Tangible fixed assets

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

- | | |
|---------------------|-----------------------|
| ◆ Office equipment | 33% per annum on cost |
| ◆ Master film costs | Over 4 years |

During the period the estimation technique for the depreciation of master costs was amended to be over 4 years. Depreciation had previously been provided for over a 5 year period commencing in the year of acquisition. The effect of the change of estimation technique on the results of the current year is to reduce both profits and net assets in the current year by £204,631.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Stocks

Stocks of raw materials and finished goods are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Stock values are computed using the first in, first out method. Costs included are those incurred in bringing the product to its present location and condition, including purchase price and other directly attributable costs less trade discounts and subsidies.

Notes to the financial statements 31 December 2007

Stocks (continued)

The estimation technique used for the calculation of provisions against cost for obsolete and slow moving items uses historic sales as a basis for future stock level requirements.

Royalty reserves

Royalty reserves included in prepayments consist of amounts paid by the company in advance of royalties due on film titles. Royalty reserves are not recoverable if sales do not achieve the required level and therefore a provision is made based on projected future sales. The reserve had previously been calculated in a reducing balance over 5 years. The effect of the change of estimation technique on the results of the current period is to reduce profits and net assets in the current year by £648,808.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred taxation

Deferred tax is provided in full on timing differences which 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 the financial statements.

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.

Provision for sales returns

The company operates a six months' return policy on sales. The company has therefore provided for sales returns based on an average of previous returns' experience.

Group financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group financial statements.

Notes to the financial statements 31 December 2007

Pensions

The pension cost charge in respect of personal pension schemes is comprised of the contributions payable for the year.

Notes to the financial statements 31 December 2007

1 Turnover

Turnover and the result before taxation arise solely from the company's principal activity. A geographical analysis of turnover is as follows:

| | Year ended 31 December 2007 £ | Period ended 31 December 2006 £ |
|--------------------|---|--|
| UK | 5,217,631 | 7,056,827 |
| Other EU countries | 14,000 | — |
| | 5,231,631 | 7,056,827 |

2 Operating loss

| | Year ended 31 December 2007 £ | Period ended 31 December 2006 £ |
|---------------------------------------|--|---|
| This is stated after charging: | | |
| Depreciation of tangible fixed assets | 544,980 | 1,438,792 |
| Amortisation of goodwill | — | 127,674 |
| Audit fees | 24,500 | 23,200 |
| Operating lease charges: | | |
| Land and buildings | 80,873 | 175,224 |

3 Staff costs

Staff costs were as follows:

| | Year ended 31 December 2007 £ | Period ended 31 December 2006 £ |
|-----------------------|--|---|
| Wages and salaries | 569,734 | 573,477 |
| Social security costs | 60,943 | 63,526 |
| Pension contributions | 23,935 | 23,673 |
| | 654,612 | 660,676 |

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

| | Year ended 31 December 2007 £ | Period ended 31 December 2006 £ |
|--------------|--|---|
| Office staff | 8 | 7 |
| Sales staff | 1 | 2 |

Notes to the financial statements 31 December 2007

4 Directors' remuneration

Emoluments paid to directors during the year for management services amounted to £158,453 (2006: £57,592). The company made payments on behalf of one (2006: nil) director to a nominated pension scheme.

5 Taxation

The tax credit on the loss on ordinary activities for the period was as follows:

| | Year ended 31 December 2007 £ | Period ended 31 December 2006 £ |
|--|--|--|
| Current tax: | | |
| Corporation tax credit at 30% (2006 – 30%) | — | 194,052 |
| Over/(Under) provision in prior years | 815 | (20,414) |
| | 815 | 173,638 |

The tax assessed for the period differs from the standard rate of corporation tax of 30%.

The differences are explained below:

| | Year ended 31 December 2007 £ | Period ended 31 December 2006 £ |
|---|--|--|
| (Loss) on ordinary activities before tax | (608,058) | (3,239,340) |
| (Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 – 30%) | (182,417) | (971,802) |
| Effects of: | | |
| Expenses not deductible | 4,012 | 16,278 |
| Difference between capital allowances for the period and depreciation | 5,526 | 10,122 |
| Movement in provisions | (3,699) | (6,984) |
| Movement in losses available for relief against future profits | 175,694 | 758,334 |
| Other adjustments | 884 | — |
| Under/(over) provision in respect of prior years | (815) | 20,414 |
| Current tax (credit)/charge for year | (815) | (173,638) |

Notes to the financial statements 31 December 2007

6 Intangible assets

| | Goodwill £ |
|--|----------------|
| Cost | |
| At 1 January 2007 and 31 December 2007 | 325,000 |
| Amortisation | |
| At 1 January 2007 | 325,000 |
| Impairment of goodwill | — |
| At 31 December 2007 | 325,000 |
| Net book values | |
| At 31 December 2007 | — |
| At 31 December 2006 | — |

7 Tangible fixed assets

| | Master film costs £ | Office equipment £ | Total £ |
|------------------------|---------------------------|--------------------------|------------------|
| Cost | | | |
| At 1 January 2007 | 3,110,528 | 108,018 | 3,218,546 |
| Additions | 381,818 | 9,524 | 391,342 |
| At 31 December 2007 | 3,492,346 | 117,542 | 3,609,888 |
| Depreciation | | | |
| At 1 January 2007 | 2,587,536 | 81,103 | 2,668,639 |
| Charge for year | 524,892 | 20,088 | 544,980 |
| At 31 December 2007 | 3,112,428 | 101,191 | 3,213,619 |
| Net book values | | | |
| At 31 December 2007 | 379,918 | 16,351 | 396,269 |
| At 31 December 2006 | 522,992 | 26,915 | 549,907 |

8 Investments in subsidiaries

The company owns the entire share capital of the following dormant company:

| Company | Country of registration or incorporation | Shares held Class | % |
|--------------------------------|---|----------------------|-----|
| Subsidiary undertakings | | | |
| Digital Entertainment Limited | United Kingdom | Ordinary | 100 |

The aggregate amount of capital and reserves was £18,453 (2006: £18,453) and the results of this undertakings for the last relevant financial period was £nil (2006: £nil).

Notes to the financial statements 31 December 2007

9 Stocks

| | 2007 £ | 2006 £ |
|------------------------------------|----------------|----------------|
| Raw material/work in progress | 218,717 | 308,409 |
| Finished goods | 767,123 | 913,876 |
| Less: provision for obsolete stock | (631,402) | (767,788) |
| | 354,438 | 454,497 |

10 Debtors

| | 2007 £ | 2006 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 2,183,928 | 1,553,633 |
| Amounts owed by group undertakings | 17,841 | 32,001 |
| Corporation tax | — | 194,052 |
| Other debtors | 27,020 | 23,206 |
| Prepayments and accrued income | 520,643 | 1,306,320 |
| | 2,749,432 | 3,109,212 |

Amounts owed by group undertakings of £17,841 (2006 – £32,001) are due after more than one year.

11 Creditors: amounts falling due within one year

| | 2007 £ | 2006 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 770,824 | 536,791 |
| Amounts owed to group undertakings | 2,128,723 | 313,399 |
| Social security and other taxes | 304,185 | 215,174 |
| Accruals | 1,132,202 | 458,943 |
| | 4,335,934 | 1,524,307 |

12 Creditors: amounts falling due after more than one year

| | 2007 £ | 2006 £ |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | 3,395,440 | 4,422,442 |

The amounts owed to group undertakings do not accrue interest.

Notes to the financial statements 31 December 2007

13 Provision for liabilities

| | 2007 £ | 2006 £ |
|------------------------|-----------|-----------|
| Other Provision | | |
| At 1 January 2007 | 109,385 | 58,990 |
| Movement in the period | 128,136 | 50,395 |
| At 31 December 2007 | 237,521 | 109,385 |

Other provisions represent an estimate of the value of future returns of DVDs sold as the majority of sales are made on a sale or return basis.

14 Deferred tax

| | Unprovided 2007 £ | 2006 £ |
|---|-------------------------|-----------|
| Deferred tax (asset)/liability unprovided | | |
| Trading losses | (934,028) | (758,334) |
| Short term timing differences | 849 | (2,850) |
| Accelerated capital allowances | (22,214) | (16,304) |
| | (955,393) | (777,488) |

The directors have not provided for deferred tax due to uncertainty over future trading profits.

15 Share capital

| | Authorised | | Allotted, called up and fully paid | |
|--------------------------------|------------|-----------|---------------------------------------|-----------|
| | 2007 £ | 2006 £ | 2007 £ | 2006 £ |
| 100 Ordinary shares of £1 each | 1,000 | 1,000 | 100 | 100 |

16 Profit and loss account

| | 2007 £ | 2006 £ |
|--|-------------|-------------|
| Accumulated (loss)/profit at start of period | (1,681,283) | 1,384,419 |
| (Loss) for the financial year | (607,243) | (3,065,702) |
| Accumulated (loss) at end of period | (2,288,526) | (1,681,283) |

17 Reconciliation of movements in shareholder's deficit

| | 2007 £ | 2006 £ |
|---|-------------|-------------|
| Equity Funds | | |
| Loss for the financial year after taxation | (607,243) | (3,065,702) |
| Opening shareholder's (deficit)/funds at 1 January 2007 | (1,681,183) | 1,384,519 |
| Closing shareholder's (deficit) at 31 December 2007 | (2,288,426) | (1,681,183) |

Notes to the financial statements 31 December 2007

18 Leasing commitments

Operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|--------------------------------|--------------------|--------|
| | 2007 | 2006 |
| | £ | £ |
| Operating leases which expire: | | |
| Within two to five years | 79,000 | 79,000 |

19 Pension costs

The company makes payments to employees' personal pension schemes. The assets of these schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company and amounted to £23,935 (2006 - £23,673).

20 Capital commitments

At 31 December 2007 the company was committed to costs relating to masters totalling £24,965 (2006 - £nil).

21 Related party transactions

The financial statements do not include disclosure of transactions between the company and entities that are part of the Liberty Media Corporation Group. This is because as a subsidiary whose shares are more than 90% controlled within the group the company is exempt from the requirement to disclose such transactions under Financial Reporting Standard 8 "Related Party Disclosures".

22 Ultimate parent undertaking and control

In the period from 1 August 2005 until 24 August 2006, the company was a wholly owned subsidiary of TLL Dutch Holdings BV and the ultimate parent undertaking was IDT Corporation, a company registered in the USA and quoted on the New York Stock Exchange.

On 24 August 2006 the company was sold to Starz UK Holdings Limited as part of the sale of IDT's Entertainment division to the Liberty Media Corporation.

The immediate parent undertaking is Starz UK Holdings Limited. The ultimate parent undertaking is Liberty Media Corporation, a company registered in the USA.

The largest and smallest group in which the results of the company are consolidated is that headed by Liberty Media Corporation. The consolidated accounts, which are available to the public, may be requested from 12300 Liberty Boulevard, Englewood, CO 80112, USA.

The directors do not believe there was a controlling party in either of the two periods.