

COMPANY NUMBER: 4156535

ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30TH JUNE, 2002



AGN **s h i p l e y s**

chartered accountants

ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED

Directors

R. Holmes
L. James

Secretary and Registered Office

D. Glennon
35 Long Acre,
London WC2E 9JT.

DIRECTORS' REPORT

The directors submit their report and financial statements for the period ended 30th June, 2002.

ACTIVITIES

The company was incorporated on 8th February, 2001. The principal activity of the company is the development and production of film projects.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

During the period the company has developed, produced and completed a production entitled "The Safe House". As the project was completed prior to 30th June, 2001, all income and expenditure has been released to the profit and loss account and shown as a comparative in these financial statements, as, although the company was not required to produce accounts for this period, the amounts were included in the consolidated group financial statements for that year.

The directors do not anticipate that the company will develop and produce any future projects.

The directors do not recommend the payment of a dividend.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial period and of the result for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED

DIRECTORS' REPORT – CONTINUED

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and their interest in the share capital of the company are named below:-

	£1 Ordinary Shares	
	At 30th June, 2002	On incorporation
R.Holmes (appointed 8th February, 2001)	Nil	Nil
L. James (appointed 8th February, 2001)	Nil	Nil
L.C.I. Directors Limited (appointed and resigned 8th February, 2001)	Nil	1

ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Alibi Communications plc, a company incorporated in England and Wales.

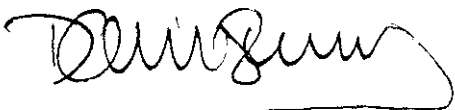
The interest of the directors in that company are disclosed in the financial statements of Alibi Communications plc.

AUDITORS

A resolution to reappoint AGN Shipleys will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

By Order of the Board



D. Glennon
Secretary

26 JUN 2003

AGN s h i p l e y s*chartered accountants***10 Orange Street, Haymarket, London WC2H 7DQ****Tel: +44 (0)20 7312 0000 Fax: +44 (0)20 7312 0022****INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF****ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED**

We have audited the financial statements of Alibi Productions (Safe House) Limited for the period ended 30th June, 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) 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 auditor's 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 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 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED – CONTINUED**

Opinion

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

A handwritten signature in dark ink, appearing to read "AGN Shipler", with a horizontal line drawn underneath the name.

Registered Auditors

26 JUN 2003

ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 2002

	Notes	2002 £	2001 £
TURNOVER	1.1	-	2,254,359
COST OF SALES		<u>-</u>	<u>(2,254,359)</u>
GROSS PROFIT		-	-
ADMINISTRATIVE EXPENSES		<u>(301)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION AND CARRIED FORWARD		£(301) ===	£ - ===

The notes on pages 7 to 9 form part of these financial statements.

ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED

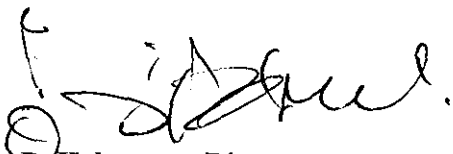
BALANCE SHEET

AS AT 30TH JUNE, 2002

	Notes	£	2002	£	£	2001	£
CURRENT ASSETS							
Other debtors		2				2	
Cash at bank and in hand		-				28,415	
				2			28,417
CREDITORS: Amounts falling due within one year	3			(301)		(28,415)	
NET CURRENT (LIABILITIES)/ASSETS				£(299)			£2
CAPITAL AND RESERVES							
Called up share capital	4			2			2
Profit and loss account				(301)			-
EQUITY SHAREHOLDERS' FUNDS				£(299)			£2

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on **26 JUN 2003**



R. Holmes - Director

ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH JUNE, 2002

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and in accordance with the following policies.

1.1 Turnover

Turnover represents amounts receivable from the company's principal activity, and is stated net of value added tax.

1.2 Comparative Figures

The company was incorporated on 8th February, 2001. The financial statements show activity from this date to 30th June, 2001, as the results were included in the group consolidated financial statements for that year. The accounts also show the activity for the twelve months from 1st July, 2001 to 30th June, 2002. Effectively this first set of accounts covers the seventeen month period from incorporation.

1.3 Films in Progress and Development Costs

Films in progress and development costs are carried forward to the extent that they are considered to be recoverable in future periods, and are recorded at the lower of cost and net realisable value.

1.4 Cash Flow Statement

The company is a small company as defined by Sections 246 and 247 of the Companies Act 1985. It has therefore taken advantage of the exemption conferred by Financial Reporting Standard Number 1 (Revised 1996) not to prepare a cash flow statement.

1.5 Going Concern

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking has agreed to offer its financial support for the foreseeable future.

2. DIRECTORS AND EMPLOYEES

	2002 Number	2001 Number
The average number of persons employed by the company during the period was:-	2 ===	2 ===

In addition to the above, the company employs a number of individuals on short term assignments whilst actively engaged in film production.

ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH JUNE, 2002

3. CREDITORS : Amounts falling due within one year	2002 £	2001 £
Bank overdraft	301	-
Trade creditors	-	4,773
Other taxes and social security	-	3,796
Accruals	-	19,846
	<u>£301</u>	<u>£28,415</u>
	===	=====
 4. CALLED UP SHARE CAPITAL		
Authorised		
100 ordinary shares of £1 each	£100	£100
	===	=====
Allotted and called up		
2 ordinary shares of £1 each	£2	£2
	==	==

5. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Alibi Communications plc, the company is exempt from the requirements of Financial Reporting Standard No. 8 to disclose transactions with other members of the group headed by Alibi Communications plc.

6. ULTIMATE PARENT UNDERTAKING

The directors consider the ultimate parent undertaking and the ultimate controlling party of this company to be Alibi Communications plc.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Alibi Communications plc.

Copies of the group financial statements can be obtained from that company's registered office.

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London WC2E 9JT.

ALIBI PRODUCTIONS (SAFE HOUSE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH JUNE, 2002

7. SALE AND LEASEBACK

Certain film and television assets with an original cost of £2,254,359 have been partly financed via sale and leaseback arrangements as follows:-

	2002 £	2001 £
Deposits held on escrow	1,717,925	1,807,724
Less loans outstanding	<u>(1,717,925)</u>	<u>(1,807,724)</u>
Balance	£ - ===	£ - ===
The maturity of the above amounts is as follows:-	£	£
Less than one year	95,849	89,799
Two to five years inclusive	443,894	419,695
Over five years	<u>1,178,182</u>	<u>1,298,230</u>
	<u>£1,717,925</u> =====	<u>£1,807,724</u> =====