

LOPHURUS PRODUCTIONS PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MARCH 2010 TO 5 APRIL 2011



Company Registration Number 7190042 (England and Wales)

REPORT AND FINANCIAL STATEMENTS

CONTENTS

THE COMPANY AND ITS ADVISERS	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	5
PROFIT AND LOSS ACCOUNT	7
BALANCE SHEET	8
CASH FLOW STATEMENT	9
NOTES TO THE CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11

LOPHURUS PRODUCTIONS PLC

THE COMPANY AND ITS ADVISERS

Directors	J L Boyton N A Forster D M Reid
Company Secretary	S J Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	7190042 (England and Wales)
Auditors	Shipleys LLP Chartered Accountants and Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ
Bankers	Barclays Wealth 38 Hans Crescent London SW1X 0LZ
Registrars	SLC Registrars Thames House Portsmouth Road Esher KT10 9AD

DIRECTORS' REPORT

5 APRIL 2011

The directors present the Report and Financial Statements of Lophurus Productions plc ("the Company") for the period from incorporation on 16 March 2010 to 5 April 2011

The Company started to trade on 12 October 2010

Principal activities

The Company was formed to produce and exploit high quality television programmes with ongoing potential for commercial exploitation across all media

In assessing which programmes to produce, the Company endeavours to work with the most successful broadcasters and sales agents, and to work with, and engage the highest quality co-producers or production services companies and personnel to carry out its production activities. The Company also benefits from its relationship with Ingenious Media Holdings plc and its subsidiaries ("the Ingenious Group") to facilitate the sourcing of suitable television projects, and all aspects of production and exploitation

Review of the period

The Company made a loss after tax of £164,544 for the period from 16 March 2010 to 5 April 2011

The net assets of the Company at 5 April 2011 were £1,801,057

The directors consider the Company's performance during the period to be satisfactory, and will continue to monitor the trading activities undertaken by the Company. The directors are confident that the Company will generate profits in future years

Dividends

No interim dividends were paid during the period. The directors do not propose to recommend the payment of a final dividend

Production activities

The Company has raised capital of £2.0 million to date and has engaged in £1.7 million of television production expenditure during the period

During the period the Company committed to co-produce one programme. The total budget in relation to the committed programme was £1.7 million and distributors acting on behalf of the Company have pre-sold the rights to this programme. The Company has engaged distributors to sell the programme internationally on its behalf and expects to generate further revenue in the forthcoming year. The programme was delivered during the period

LOPHURUS PRODUCTIONS PLC

DIRECTORS' REPORT (CONTINUED)

5 APRIL 2011

Future prospects

The directors consider the financial position at the end of the period to be satisfactory and believe the Company is well placed to continue its business in the coming year

Directors

The directors who served throughout the period were as follows

	Appointment date
J L Boyton	16 March 2010
N A Forster	16 March 2010
D M Reid	16 March 2010

Payment of suppliers

The Company agrees payment terms as part of the commercial arrangements negotiated with suppliers. Payments are made on these terms provided the supplier meets its obligations.

The trade creditor days for the period were 219 days.

Financial risk management objectives and procedures

The key financial risks the Company's activities expose it to are credit risk and cashflow risk.

Credit risk

Credit risk is mitigated by the Company's credit control policies and production greenlighting procedure. In assessing which programmes to produce, the Company is advised by media specialist, Ingenious Media Services Limited. The Company endeavours to work with the most successful co-producers, distributors and broadcasters, and to work with and engage the highest quality personnel to carry out its production activities. The Company continues to monitor the exploitation of programmes in international markets and anticipates further income from those sources.

Cash flow risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures. The Company does not use financial instruments for speculative purposes.

DIRECTORS' REPORT (CONTINUED)

5 APRIL 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

In so far as the directors are aware


- there is no relevant audit information of which the Company's auditors are unaware and,
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

Shipleys LLP were appointed auditors in the period and have indicated their willingness to remain in office and in accordance with section 489 of the Companies Act 2006, a resolution proposing that they be reappointed will be put to the next Annual General Meeting.

This report was approved and signed by order of the board of directors on 23 May 2011 by



S J Cruickshank
Company Secretary
Registered Office
15 Golden Square
London, W1F 9JG

LOPHURUS PRODUCTIONS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOPHURUS PRODUCTIONS PLC

We have audited the financial statements of Lophurus Productions plc for the period from 16 March 2010 to 5 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Notes to the Cash Flow Statement and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. 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 explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOPHURUS PRODUCTIONS PLC (CONTINUED)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 5 April 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Stephen Joberns (Senior Statutory Auditor)

for and on behalf of Shipleys LLP (Chartered Accountants and Statutory Auditor)
10 Orange Street, Haymarket, London, WC2H 7DQ

Date 23 May 2011

LOPHURUS PRODUCTIONS PLC

PROFIT AND LOSS ACCOUNT

PERIOD FROM 16 MARCH 2010 TO 5 APRIL 2011

	Notes	Period from 16 March 2010 to 5 April 2011 £
Turnover	1	1,696,572
Cost of sales		<u>(1,667,598)</u>
Gross profit		28,974
Administrative expenses		<u>(195,420)</u>
Operating loss	2	(166,446)
Interest receivable and similar income	3	<u>1,902</u>
Loss on ordinary activities before taxation		(164,544)
Taxation	1, 4	<u>-</u>
Loss for the financial period	9	(164,544)

All of the Company's activities relate to continuing operations during the period

There are no recognised gains and losses other than those shown above and therefore no separate Statement of Total Recognised Gains and Losses has been presented

The notes on pages 11 to 15 form an integral part of the financial statements

LOPHURUS PRODUCTIONS PLC

BALANCE SHEET AS AT 5 APRIL 2011

	Notes	5 April 2011 £
Current assets		
Debtors	6	1,956,673
Cash at bank		<u>90,555</u>
		2,047,228
Creditors: Amounts falling due within one year	7	<u>(246,171)</u>
Net current assets		<u>1,801,057</u>
Net assets		<u>1,801,057</u>
Capital and reserves		
Called up equity share capital	8	1,965,601
Profit and Loss Account	9	<u>(164,544)</u>
Shareholders' funds	10	<u>1,801,057</u>

The notes on pages 11 to 15 form an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 23 May 2011, and are signed on their behalf by



N A Forster
Director

Company Registration Number 7190042 (England and Wales)

LOPHURUS PRODUCTIONS PLC

CASH FLOW STATEMENT

PERIOD FROM 16 MARCH 2010 TO 5 APRIL 2011

	Notes	5 April 2011 £
Cash outflow from operating activities	A	(1,876,847)
Returns on investment and servicing of finance	B	<u>1,902</u>
Net cash outflow before management of liquid resources and financing		(1,874,945)
Financing	C	<u>1,965,500</u>
Increase in cash in the period	D	90,555

The notes on pages 11 to 15 form an integral part of the financial statements

NOTES TO THE CASH FLOW STATEMENT
PERIOD FROM 16 MARCH 2010 TO 5 APRIL 2011

A. Reconciliation of operating loss to net cash outflow from operating activities	5 April 2011 £		
Operating loss	(166,446)		
Increase in debtors	(1,956,572)		
Increase in creditors	246,171		
Net cash outflow from operating activities	(1,876,847)		
B. Returns on investment and servicing of finance	5 April 2011 £		
Interest received	1,902		
C. Financing	5 April 2011 £		
Issue of equity share capital	1,965,601		
Issue of non-equity share capital	50,000		
Redemption of non-equity share capital	(50,000)		
Increase in debtors	(101)		
Net cash inflow from financing activities	1,965,500		
D. Analysis of changes in net funds	On incorporation £	Cash flows £	At 5 April 2011 £
Cash at bank	-	90,555	90,555
E. Reconciliation of net cash flow to movement in net funds	5 April 2011 £		
Increase in cash in the period	90,555		
Net funds on incorporation	-		
Net funds at end of period	90,555		

The notes on pages 11 to 15 form an integral part of the financial statements

LOPHURUS PRODUCTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

5 APRIL 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. The significant accounting policies adopted are summarised below. These policies have been consistently applied in the period.

Turnover

Turnover derives from one class of business, the production and exploitation of television programmes, and is stated net of Value Added Tax. Turnover is recognised at the fair value of the right to consideration and is not recognised until there is certainty over the right to consideration.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

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 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.

Stock

Stock and work-in-progress other than long-term contracts, are stated at the lower of cost and net realisable value. Cost comprises contractual expenditure in respect of the television programmes being produced or co-produced. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Financial instruments

The Company's principal financial instruments are its cash at bank, receivables and redeemable preference shares. The main purpose of the cash at bank and receivables are to provide funding for the Company's operations and to ensure the Company can meet its liabilities as they fall due.

Due to the nature of the financial instruments used by the Company, there is no exposure to price risk. Credit risk of receivables is closely monitored.

Redeemable preference shares are redeemed in the event that sufficient new ordinary shares are issued in accordance with the offer set out in the prospectus issued by the Company and the redeemable preference shares are fully paid up. The redeemable preference shares were fully redeemed on 22 February 2011 at par by the Company (see note 11).

The Company makes use of money market facilities when appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
5 APRIL 2011

2. Operating loss

Period from
16 March 2010
to 5 April 2011
£

The operating loss is stated after charging

Auditors' remuneration for audit services	1,000
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3. Interest receivable and similar income

Period from
16 March 2010
to 5 April 2011
£

Bank interest	1,902
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4. Taxation

Period from
16 March 2010
to 5 April 2011
£

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

Current tax charge for the period	-
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Total tax charge	-
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Period from
16 March 2010
to 5 April 2011
£

Factors affecting the tax charge for the period

Loss on ordinary activities before taxation	(164,544)
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Loss on ordinary activities for the period multiplied by the standard rate of corporation tax of 21%	(34,554)
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Effects of	
Expenses not deductible for tax purposes	12,383
Tax losses not utilised	22,171

Current tax charge for the period	-
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A potential deferred tax asset of £22,171 in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods

LOPHURUS PRODUCTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2011

5. Directors and employees

The Company did not have any employees during the period. The directors did not receive any remuneration for their services during the period.

6. Debtors

	5 April 2011 £
Trade debtors	1,860,000
Other debtors	101
Accrued income	96,572
	<u>1,956,673</u>

7. Creditors: Amounts falling due within one year

	5 April 2011 £
Trade creditors	228,515
Other creditors	16,656
Accruals	1,000
	<u>246,171</u>

8. Share capital

	Allotted, called up and fully paid 5 April 2011	
	£	No.
Ordinary shares of £1 each issued at par	1,965,601	1,965,601

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2011

9. Statement of movements on Profit and Loss Account

	5 April 2011 £
Balance on incorporation	-
Loss for the financial period	(164,544)
Balance carried forward	(164,544)

10. Reconciliation of movements in shareholders' funds

	5 April 2011 £
(i) Equity shareholders' funds	
Loss for the financial period	(164,544)
Equity share capital issued for cash	1,965,501
Net movement in equity shareholders' funds	1,800,957
Shareholders' funds on incorporation	100
Closing equity shareholders' funds	1,801,057
	5 April 2011 £
(ii) Non-equity shareholders' funds	
Non-equity share capital issued at par on incorporation	50,000
Redemption of non-equity share capital	(50,000)
Closing non-equity shareholders' funds	-

LOPHURUS PRODUCTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2011

11. Related party transactions

Ingenious Media Investments Limited and Ingenious Media Services Limited are wholly-owned subsidiaries of Ingenious Media Limited, a company registered in England and Wales. Ingenious Media Limited is a wholly-owned subsidiary within the Ingenious Group.

During the period, the directors of the Company were also directors of Ingenious Media Investments Limited and Ingenious Media Services Limited. Ingenious Media Investments Limited administers the Company under a distribution and administration agreement. Ingenious Media Services Limited provides media and production services to the Company.

During the period, Ingenious Media Services Limited charged fees to the Company of £132,793. At the period end the outstanding balance was £156,157 (including VAT).

During the period, Ingenious Media Investments Limited charged fees to the Company of £61,527. At the period end the outstanding balance was £72,358 (including VAT).

On incorporation, the Company allotted 50,000 redeemable preference shares of £1 each to Ingenious Media Investments Limited. On 17 February 2011, these redeemable preference shares were fully paid up and on 22 February 2011, they were redeemed at par by the Company.

12. Controlling party

During the period from 1 October 2010 to 5 April 2011 there was no direct or ultimate controlling party.

Prior to 1 October 2010 the Company was controlled by Ingenious Holdings Limited. Ingenious Holdings Limited's ultimate parent company is Ingenious Media Holdings plc, which was under the control of P A McKenna.

The consolidated Financial Statements of Ingenious Media Holdings plc can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.