3DD ENTERTAINMENT LIMITED

FINANCIAL STATEMENTS

For the Year ended
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Company no 02957521

Company registration number	02957521
Registered office	MSP Secretaries 27/28 Eastcastle Street London W1W 8DH
Director	Dominic Saville
Secretary	Jennifer Bentley
Bankers	Coutts & Co Media Banking Office 440 Strand London WC2R 0QS
Solicitors	Lee & Thompson Greengarden House 15-22 St Christopher's Place W1U 1NL
Reporting Accountants	Grant Thornton UK LLP Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

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The director presents the report together with the unaudited financial statements for the year ended 31 March 2011

Principal activity
The principal activity of the company continued to be that of distributors of television programmes and series, for sale worldwide on traditional and new media channels

Business review
There was a profit for the year after taxation amounting to £112,815 (2010 £126,164) The director does not recommend the payment of a dividend

Director
The director's interests in the shares of the Company's ultimate parent company, 3DD Holdings Ltd, are disclosed in the director's report of that company

Financial risk management objectives and policies
The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risks arising from the company's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk The directors review and agree policies for managing each of these risks and they are summarised below These policies have remained unchanged from previous years

Currency risk
The company is exposed to translation and transaction foreign exchange risk

Approximately a third of the company's purchases are from mainland USA and are transacted in US dollars The company does not adopt a prescribed policy to eliminate currency exposures but does purchase US dollars to hold for the purpose of settling these liabilities from time to time when rates are favourable

The company's financial liabilities in currencies other than sterling amount to £56,095 (US$88,957) (2010 £101,598 (US$236,646)) and £1,992 (€2,374) (2010 £1,424(€1,600)) Foreign exchange differences on retranslation of these liabilities are taken to the profit and loss account of the company

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

The company's policy throughout the year has been to achieve this objective through management's day to day involvement in business decisions rather than through setting maximum or minimum liquidity ratios

Interest rate risk
The company finances its operations through retained profits

The interest rate exposure of the financial assets and liabilities of the company as at 31 March 2011 is shown in the balance sheet The balance sheet includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk

Credit risk
The company's principal financial assets are cash and trade debtors The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies The principal credit risk arises, therefore, from trade debtors

In order to manage credit risk management set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history

Statement of director's responsibilities
The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the director has elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK 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

The director is responsible for keeping adequate 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 2006 He is 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

Statement of director's responsibilities (continued)

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

BY ORDER OF THE BOARD

Jennifer Bentley
Secretary

2 December 2011

Grant Thornton

Chartered Accountants' Report to the Director On the Unaudited Financial Statements of 3DD Entertainment Limited

In accordance with the engagement letter and in order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of 3DD Entertainment Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes from the company's accounting records and from information and explanations you have given to us

As a practising member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www icaew com

This report is made to the Director of 3DD Entertainment Limited, in accordance with the terms of our engagement letter Our work has been undertaken solely to prepare for your approval the accounts of 3DD Entertainment Limited and state those matters that we have agreed to state to the Director, in this report in accordance with the requirements of the Institute of Chartered Accountants in England and Wales, as detailed at www icaew com To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than 3DD Entertainment Limited and its Director for our work or for this report

It is your duty to ensure that 3DD Entertainment Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and result of 3DD Entertainment Limited You consider that 3DD Entertainment Limited is exempt from the statutory audit requirement for the year ended 31 March 2011

We have not been instructed to carry out an audit or a review of the accounts of 3DD Entertainment Limited For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts

Grant Thornton UK LLP

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
LONDON

22nd December 2011

Basis of Preparation
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

Turnover
Turnover (which excludes VAT) represents revenue that the company has earned in respect of programme sales

Revenue is recognised when all of the following criteria are met

a) a licence agreement has been signed by both parties
b) the arrangement is fixed and determinable
c) collection is reasonably assured

Intangible assets
Acquired library rights are capitalised at director's valuation Amortisation is charged through the profit and loss account over their useful economic life, which is deemed to be 12 years Where the director considers that there is a permanent impairment of the value of rights on a catalogue basis, then an appropriate additional write-off is made

Tangible Fixed Assets and Depreciation
Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives The rates generally applicable are

Leasehold properties	Straight line over the life of the lease
Fixtures and fittings	25% pa straight line basis
Computer software	25% pa straight line basis

Leased assets
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

Investments
Investments are included at cost less amounts written off Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

Contributions to pension schemes

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

Related party disclosures

The company has taken advantage of the exemption available in FRS 8 from disclosing transactions with entities that are part of the 3DD Holdings Limited group of companies

Going concern

The Directors have prepared the accounts under the assumption that the company is a going concern on the basis that the company has the support of Coutts bank in the form of a loan facility that provides sufficient funding to meet the company's projected cash requirements for a period of at least twelve months from the date of approval of these financial statements

3DD ENTERTAINMENT LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 2011

	Note	2011 £	2010 £
Turnover	2	**3,489,790**	3,645,761
Cost of sales		**(2,627,280)**	(2,720,165)
Gross profit		**862,510**	925,596
Other operating charges		**(638,891)**	(664,673)
Operating profit/(loss)		**223,619**	260,923
Other charges	2	**(21,688)**	(69,147)
Interest payable	3	**(31,336)**	(22,760)
Profit on ordinary activities before taxation	2	**170,595**	169,017
Tax on profit on ordinary activities	5	**(57,780)**	(42,852)
Profit on ordinary activities after taxation	13	**112,815**	126,164

All transactions arise from continuing operations

There were no recognised gains or losses other than the profit for the financial year

The accompanying accounting policies and notes form an integral part of these financial statements

	Note	2011	2010
		£	£
Fixed assets			
Intangible assets	6	-	-
Tangible assets	7	**45,259**	56,784
		45,259	56,784
Current assets			
Debtors	8	**4,255,159**	3,827,408
Cash at bank and in hand		**30,892**	10,670
		4,286,051	3,838,078
Creditors: amounts falling due within one year	9	**(2,950,229)**	(3,202,946)
Net current assets		**1,335,822**	635,132
Total assets less current liabilities		**1,381,081**	691,916
Creditors amounts falling due after more than one year	10	**(668,897)**	(92,547)
		712,184	599,369
Capital and reserves			
Called up share capital	12	**1,000**	1,000
Profit and loss account	13	**711,184**	598,369
Shareholders' funds		**712,184**	599,369

In preparing these accounts

a The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 477 of the Companies Act 2006, and

b no notice has been deposited under Section 476 of the Companies Act 2006, and

c the directors acknowledge their responsibilities for

(i) ensuring that the company keeps accounting records which comply with Section 386 of the Companies Act 2006, and

(ii) preparing financial statements 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 its profit or loss for the financial year in accordance with the requirements of the Companies Act 2006, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company

The financial statements were approved by the sole Director on 21 DECEMBER 2011

[ ] **Director**

Company no 02057521 DOMINIC SAVILLE

The accompanying accounting policies and notes form an integral part of these financial statements

1 Note of historical profit and losses

	2011	2010
	£	£
Profit after taxation	**112,815**	126,164
Realisation of amortisation on revalued film library	-	226,729
Historical profit retained after taxation	**112,815**	352,893

2 Turnover and profit on ordinary activities before taxation

The turnover of the company has been derived from its principal activity and is split as follows

	2011	2010
	£	£
United Kingdom	**210,458**	298,103
Overseas	**3,279,332**	3,347,658
	3,489,790	3,645,761

The profit on ordinary activities before taxation is stated after

	2011	2010
	£	£
Loss on foreign exchange	**21,688**	69,147
Depreciation on tangible fixed assets owned	**14,267**	26,987
Impairment of intangible fixed assets	-	226,729

3 Interest payable and similar charges

	2011	2010
	£	£
On bank loans and overdrafts	**31,336**	22,760

4 Directors and employees

Staff costs during the year were as follows

	2011	2010
	£	£
Wages and salaries	**449,256**	488,912
Social security costs	**48,825**	51,788
Other pension costs	**2,624**	2,624
	500,705	543,324

The average number of employees of the company during the year was

	2011	2010
	Number	Number
Sales and marketing	**11**	11
Administration	**2**	4
	13	15

Remuneration in respect of directors was as follows

	2011	2010
	£	£
Emoluments	**123,348**	126,649
Pension contributions to money purchase pension schemes	**7,800**	7,800
	131,148	134,449

During the year one director (2010 one) participated in money purchase pension schemes

5 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents

	2011 £	2010 £
United Kingdom corporation tax at 26% (2010 28%)	**44,019**	39,772
Adjustments in respect of prior year	**14,399**	-
Deferred tax	**(638)**	3,080
Total current tax	**57,780**	42,852
Factors affecting the tax charge for period:		
Profit on ordinary activities before tax	**170,595**	169,017
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax 26% (2010 28%)	**44,095**	47,325
Effect of		
Expenses not deductible for tax purposes	**3,212**	4,774
Capital allowances for the period in excess of depreciation	**-**	9,088
Adjustments in respect of prior year	**14,399**	-
Utilisation of tax losses	**(585)**	(6,809)
Marginal small profits relief	**(3,152)**	-
Difference in tax rate	**(189)**	(7,648)
Other short term timing differences	**-**	(3,878)
Current tax charge for period	**57,780**	42,852

6 Intangible fixed assets

	Accumulated library rights £
Cost	
At 1 April 2010 and 31 March 2011	**494,685**
Amortisation	
At 1 April 2010 and 31 March 2011	494,685
Net book amount at 31 March 2010 and 31 March 2011	**-**

7 Tangible fixed assets

	Short leasehold property £	Office equipment figures and fittings £	Computer software £	Total £
Cost				
At 1 April 2010	28,210	49,917	58,764	136,891
Additions	-	-	2,742	2,742
At 31 March 2011	**28,210**	**49,917**	**61,506**	**139,633**
Depreciation				
At 1 April 2010	4,936	25,681	49,490	80,107
Charge for the year	2,821	10,610	836	14,267
At 31 March 2011	**7,757**	**36,291**	**50,326**	**94,374**
Net book amount at 31 March 2011	**20,453**	**13,626**	**11,180**	**45,259**
Net book amount at 31 March 2010	23,274	24,236	9,274	56,784

8 Debtors

	2011 £	2010 £
Trade debtors	**2,237,669**	2,003,761
Amounts owed by other group undertakings	**1,813,522**	1,654,125
Other debtors	**42,739**	82,548
Corporation tax recoverable	**-**	14,500
Prepayments and accrued income	**161,229**	72,474
	4,255,159	3,827,408

Within prepayments and accrued income are advances which represent payments made to third parties to secure distribution rights and recoupable expenses incurred in exploiting those rights The amount is not analysed between 'amounts recoupable within 1 year' and 'amounts recoupable after more than one year' as these cannot be ascertained with reasonable accuracy

9 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdraft	**89,505**	224,184
Bank loan	**498,270**	133,239
Trade creditors	**560,287**	1,588,518
Other taxation and social security	**277,637**	162,753
Accruals and deferred income	**1,265,955**	1,068,975
Other creditors	**258,575**	25,277
	2,950,229	3,202,946

10 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loans	**62,889**	92,547
Other creditors	**606,008**	-
	668,897	92,547

The bank overdraft and bank loans are secured by way of a fixed and floating charge created on 8 June 2004 in favour of Coutts & Co over all present and future assets of the company The bank loans are repayable by September 2012

The £606,008 represents a creditor due to the BBC which was being repaid at a rate of £3,750 until August 2011 and at £5,000 per week thereafter The total balance outstanding at 31 March 2011 is £839,758, of which £233,750 is repayable in the next 12 months and included within other creditors due in less than one year

11 Borrowings

Borrowings are repayable as follows

	2011 £	2010 £
Within one year	**135,000**	133,239
With one year - sales based loans	**363,270**	-
After one and within two years	**62,889**	92,547
	561,159	225,786

12 Share capital

	2011 £	2010 £
Authorised		
1,250,000 ordinary shares of £0 001 each	**1,250**	1,250
Allotted, called up and fully paid		
1,000,000 ordinary shares of £0 001 each	**1,000**	1,000

13 Reserves

	Profit and loss account £
At 1 April 2010	598,369
Profit for the year	112,815
At 31 March 2011	**711,184**

14 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	**112,815**	126,164
Shareholders' funds at 1 April 2010	**599,369**	473,205
Shareholders' funds at 31 March 2011	**712,184**	599,369

15 Capital commitments

The company had no capital commitments at 31 March 2011 or 31 March 2010

16 Contingent liabilities

There were no contingent liabilities at 31 March 2011 or 31 March 2010

17 Pensions

Money Purchase Scheme
The company operates a money purchase pension scheme for the benefit of the employees and directors The assets of the scheme are administered by trustees in a fund independent from those of the company

18 Leasing commitments

Operating lease payments commitments are £34,532 (2010 £60,137) The leases to which these amounts relate expire as follows

	2011	2010
	£	£
Within one year	**25,605**	39,535
Between one and five years	**8,927**	20,602
	34,532	60,137

19 Transactions with directors /and other related parties

InD DVD Limited
During the year, royalties receivable from InD DVD Limited amounted to £4,676 (2010 £341) In addition, 3DD Entertainment Limited paid £6,188 (2010 £11,232) of expenses on behalf of InD DVD Limited and charged management expenses amounting to £3,188 (2010 £3,000) to InD DVD Limited The amount owed by InD DVD Limited at the year end was £192,586 (2010 £205,121) as net distribution payments were made intercompany in the year

As at 31 March 2011 the company owed Sebastian Saville, a close relative of Dominic Saville, £10,498

20 Controlling related party

The director considers that the ultimate parent undertaking of this company is 3DD Holdings Limited (registration number 05102800), incorporated in England and Wales Copies of the parent undertakings' accounts are available from the company from the company's registered offices The company is controlled by D T Saville by virtue of his majority shareholding in the ultimate parent company