

Europe Movieco Partners Limited
(formerly Burginhall 1136 Limited)
(Registered Number: 3877860)

Directors' report and financial statements
for the 13 month period ended 31 December 2000



Europe Movieco Partners Limited

(formerly Burginhall 1136 Limited)

Directors' report for the 13 month period ended 31 December 2000

The directors present their annual report and the audited financial statements of the company for the 13 month period ended 31 December 2000.

Principal activity and future developments

The principal activity of Europe Movieco Partners Limited ("the Company"), was the broadcasting and distribution of television programmes and films for broadcast by third parties. The Company intends to promote its principal activity for the foreseeable future.

The Company was incorporated on 16 November 1999. The Company's name was changed from Burginhall 1136 Limited by way of a special resolution dated 16 December 1999. The Company commenced trading on 14 January 2000.

Business review

The results for the 13 month period ended 31 December 2000 are given in the profit and loss account on page 5. Results were in line with the directors' expectations.

Results and dividends

The loss for the 13 month period ended 31 December 2000 amounted to £5,068,989.

The directors do not recommend the payment of a dividend. The loss for the period has been transferred to reserves.

Directors and directors' interests

The directors who held office during the 13 month period ended 31 December 2000 were as follows:

DH&B Directors Limited	(Appointed 16/11/99, resigned 16/12/99)
DH&B Managers Limited	(Appointed 16/11/99, resigned 16/12/99)
Christine Service	(Appointed 16/12/99)
Timothy Richards	(Appointed 16/12/99)
Darren Childs	(Appointed 16/12/99)
George Davis	(Appointed 16/12/99, resigned 1/12/00)
Simon Oakes	(Appointed 16/12/99)
Andrew Barron	(Appointed 16/12/99, resigned 13/3/00)
Adrian Crump	(Appointed 13/3/00)

At no time during the 13 month period ended 31 December 2000 did any director have any interest which is required to be notified to the Company under Section 324 of the Companies Act 1985.

Company secretaries who held office during the 13 month period ended 31 December 2000 were as follows:

Scott Fain	(Appointed 16/12/99, resigned 30/6/00)
Maureen Cullum	(Appointed 30/6/00)

Europe Movieco Partners Limited

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Directors' report for the 13 month period ended 31 December 2000

(continued)

Statement of directors' responsibilities

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;
- 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.

Auditors

On 14 February 2001, PricewaterhouseCoopers were appointed as auditors to the company by a resolution of the Board of Directors during an Extraordinary Meeting. PricewaterhouseCoopers have indicated their willingness to continue in office, and a resolution to that effect will be passed at the next Annual General Meeting.

By Order Of The Board



Maureen L. Cullum
Company secretary

1 Stephen Street
London
W1P 1PJ

3 October 2001

Auditors' report to the members of Europe Movieco Partners Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report including, as described on page 2, 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.

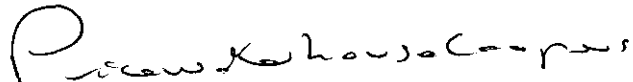
Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 (b) of the financial statements concerning the uncertainty over whether the Company will continue as a going concern. As discussed in Note 1 (b) to the financial statements, the Company has incurred losses from operations since its inception and has a net shareholders' deficit. These circumstances raise substantial doubt about its ability to continue as a going concern. The Company's plans with regard to these matters are also described in Note 1 (b). The financial statements do not include any adjustments that might result from the outcome of these uncertainties. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

**Auditors' report to the members of
Europe Movieco Partners Limited** (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its loss and cash flows for the 13 month period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

3 October 2001

Europe MovieCo Partners Limited
(formerly Burginhall 1136 Limited)

Profit and loss account
for the 13 month period ended 31 December 2000

	Note	13 month period ended 31 December 2000 £
Turnover	2	5,465,479
Cost of sales		<u>(9,718,717)</u>
Gross loss		(4,253,238)
Administrative expenses		<u>(791,091)</u>
Loss on operating activities before interest and taxation	3	(5,044,329)
Interest receivable and similar charges	6	46,841
Interest payable and similar charges	7	<u>(71,501)</u>
Loss on ordinary activities before taxation		(5,068,989)
Tax on loss on ordinary activities	8	<u>-</u>
Loss retained for the financial period	17	(5,068,989)

All of the company's results are derived from continuing operations.

The company has no material recognised gains and losses other than the loss reported above and therefore no separate statement of total recognised gains and losses has been presented.

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

Europe MovieCo Partners Limited
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Balance sheet as at 31 December 2000

	<i>Note</i>	31 December 2000 £
Fixed assets		
Tangible assets	9	514,979
Investments	10	12,725
		<u>527,704</u>
Current assets		
Debtors	11	2,697,849
Cash at bank and in hand		771,918
		<u>3,469,767</u>
Creditors: amounts falling due within one year	13	<u>(8,983,125)</u>
Net current liabilities		<u>(5,513,358)</u>
Total assets less current liabilities		<u>(4,985,654)</u>
Creditors: amounts falling due after more than one year	14	<u>(83,333)</u>
Net assets		<u>(5,068,987)</u>
Capital and reserves		
Called up share capital	16	2
Profit and loss account	17	(5,068,989)
Equity shareholders' deficit	17	<u>(5,068,987)</u>

The financial statements on pages 4 to 14 were approved by the board of directors on 3 October 2001 and were signed on its behalf by:



Timothy Richards
Director

Europe MovieCo Partners Limited
(formerly Burginhall 1136 Limited)

Cash flow statement
for the 13 month period ended 31 December 2000

	<i>Note</i>	31 December 2000 £
Net cash inflow from operating activities	12a	1,392,053
Returns on investments and servicing of finance		
Interest received		46,841
Interest paid		(71,501)
Net cash outflow from returns on investments and servicing of finance		(24,660)
Capital Expenditure & financial investment		
Purchase of tangible fixed assets		(582,752)
Net cash outflow for capital expenditure and financial investment		(582,752)
Acquisitions		
Purchase of subsidiary undertakings		(12,725)
Net cash outflow from acquisitions		(12,725)
Financing		
Issue of ordinary share capital	16	2
Net cash inflow from financing		2
Increase in Net Cash	12c	771,918

Europe MovieCo Partners Limited
(formerly Burginhall 1136 Limited)

**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

a) Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidated accounts have not been prepared as the company is a member of a medium sized group as defined in Companies Act 1985, and is therefore exempt under section 248 of the Companies Act 1985 from the obligation to prepare and deliver group accounts. These financial statements present information about the Company and not about its group.

As these are the first financial statements prepared since the Company's incorporation, no comparatives are available.

The financial statements were prepared using British pounds (GBP) as the base currency.

b) Going concern

The financial statements have been prepared on a going concern basis as the company has received confirmation from their parent, Europe MovieCo Partners GP ("the Partnership"), that, to the extent that they are in receipt of funds from their partners in accordance with the funding provisions of the partnership agreement of Europe Movieco Partners dated as of December 21, 1999 (the "Partnership Agreement"), it is their intention to provide financial support to Europe Movieco Partners Limited ("the Company") so as to enable the Company to meet its liabilities as and when they fall due for a period of not less than 12 months from the date at which the balance sheet of the company is signed on behalf of the Board of Directors of the Company.

The Partnership was incorporated as a U.S. General Partnership (in Delaware) in December 1999 and is owned by SPE Euromovies Investments Inc. (45% interest), BVI Television (Europe), Inc. (45% interest) and UPC TV Holdings BV (10% interest).

The accompanying financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and which contemplates the realisation of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has a limited operating history, has incurred losses from operations since its inception and has a net stockholders' deficit. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. However, the Partnership believes its partners will provide sufficient financial support to allow the Partnership to continue as a going concern for the foreseeable future.

c) Turnover

Turnover represents the invoiced value of services, excluding value added tax.

Europe MovieCo Partners Limited
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**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

1 Accounting policies (continued)

d) Tangible and Intangible Assets

Depreciation and amortisation are provided to write off the cost of tangible and intangible assets over their estimated useful economic lives on a straight line basis at the following rates:

Computer Equipment	-	3 years
Computer software	-	3 years or over the terms of license agreements
Office & Technical equipment	-	3 years

e) Investments

Investments in subsidiary and associated undertakings are stated at cost.

f) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise, calculated at a rate at which it is estimated that taxation will be payable.

g) Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Profits and losses arising on translation are taken to the profit and loss account.

h) Pensions and other post retirement benefits

The Company participates in a defined contribution pension scheme. Contributions to this scheme are charged to the profit and loss account as incurred.

i) Operating lease

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2 Segmental reporting

Turnover represents programme distribution services supplied during the period solely to cable operators in The Netherlands.

Europe MovieCo Partners Limited
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**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

3 Loss on ordinary activities before interest and taxation

	13 month period ended 31 December 2000 £
The operating loss is stated after charging:	
Wages and salaries	356,760
Social security costs	16,459
Pension costs	22,211
Staff costs	395,430
Depreciation of tangible fixed assets	67,772
Operating lease - other assets	1,017,129
Auditors' remuneration for audit services	6,000
Exchange losses	27,237

4 Directors' emoluments

Directors are not employees of the Company and do not receive remuneration in relation to activities performed on behalf of the Company.

5 Employee information

The average number of persons employed by the company, including directors, during the period was as follows:

	13 month period ended 31 December 2000 Number
Programming and operations	8
Administration	1
	9

Europe MovieCo Partners Limited
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**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

6 Interest receivable and similar charges

	13 month period ended 31 December 2000 £
Interest due from subsidiary undertaking	7,003
Bank interest receivable	39,838
	<hr/> 46,841

7 Interest payable and similar charges

	13 month period ended 31 December 2000 £
Interest due to parent undertaking	71,454
Bank interest payable	47
	<hr/> 71,501

8 Taxation

The tax losses arising in the period will be carried forward and offset against profits arising in subsequent accounting periods.

Europe MovieCo Partners Limited
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**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

9 Tangible assets

	Computer Equipment £	Office & Tech Equipment £	Total £
Cost			
At 16 November 1999	-	-	-
Additions	540,486	42,266	582,752
At 31 December 2000	540,486	42,266	582,752
Depreciation			
At 16 November 1999	-	-	-
Provided during the 13 month period	(60,464)	(7,309)	(67,773)
At 31 December 2000	(60,464)	(7,309)	(67,773)
Net book value			
At 31 December 2000	480,022	34,957	514,979
At 16 November 1999	-	-	-

10 Investments

	31 December 2000 £
Cost	
Investments in subsidiary undertakings	12,725

The company's principal subsidiary undertakings are as follows:

	Country of Incorporation	Principal Activity	% of Shares Held
CineNova B.V.	The Netherlands	Marketing services	100%

CineNova B.V. was incorporated on June 9, 2000 and is 100% equity owned by Europe Movieco Partners Limited and has the same period end as Europe Movieco Partners Limited.

Europe MovieCo Partners Limited
(formerly Burginhall 1136 Limited)

**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

11 Debtors

	31 December 2000 £
Amounts falling due within one year:	
Trade debtors	2,178,968
Amounts owed by parent and fellow group undertakings	10,033
Amounts owed by subsidiary undertakings	207,632
Other debtors	134,484
Prepayments and accrued income	166,732
	<hr/> 2,697,849 <hr/>

Amounts owed by subsidiary undertakings are unsecured and interest bearing (based upon the US International Money Rate published in the Financial Times in effect at the date of draw down).

Amounts owed by parent undertakings are short term in nature, unsecured, interest free and repayable on demand.

12 Notes to the cash flow statement

a) Reconciliation of loss on ordinary activities before interest and taxation to net cash inflow from operating activities

	31 December 2000 £
Loss on ordinary activities before interest and taxation	(5,044,329)
Depreciation	67,773
Increase in Debtors	(2,697,849)
Increase in Creditors	9,066,458
	<hr/> 1,392,053 <hr/>

b) Analysis of changes in cash and reconciliation of net cash flow to movement in net funds

	31 December 2000 £
Cash at 16 November 1999	-
Increase in 13 month period to 31 December 2000	771,918
	<hr/> 771,918 <hr/>
Net funds	
At 31 December 2000	771,918
	<hr/>
At 16 November 1999	-

Europe MovieCo Partners Limited
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**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

12 Notes to the cash flow statement (continued)

c) Analysis of net funds

	At 16 November 1999 £	Cash flow £	At 31 December 2000 £
Cash in hand and at bank	-	771,918	771,918
Total net funds	-	771,918	771,918

13 Creditors: amounts falling due within one year

	31 December 2000 £
Trade creditors	331,402
Amounts due to parent and fellow group undertakings	7,964,022
Amounts due to subsidiary undertakings	399,210
Taxation and social security	18,946
Accruals and deferred income	269,545
	8,983,125

Amounts owed to parent are unsecured and interest bearing (based upon the federal short term rate under Section 1274 of the US Internal Revenue Code of 1986, as amended, at the date of drawdown).

Amounts owed to group and subsidiary undertakings are short term in nature, unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due after more than one year

	31 December 2000 £
Trade creditors	83,333

Europe MovieCo Partners Limited
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**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

15 Financial commitments

At 31 December 2000 the company had the following annual commitments, excluding annual increases based upon the RPI, under an operating lease which expires:

	Total £'000
In two to five years	<u>1,838,824</u>

16 Share capital

	31 December 2000 £
Authorised	
100 Ordinary shares of £1 each	<u>100</u>
 Allotted and called up	
2 Ordinary shares of £1 each	<u>2</u>

17 Reconciliation of shareholders' deficit and movement on reserves

	Share Capital £	Profit and Loss account £	Total Shareholders' Deficit £
Opening Balance at 16 November 1999	-	-	-
Shares Issued	2	-	2
Loss for the 13 month period	-	(5,068,989)	(5,068,989)
At 31 December 2000	<u>2</u>	<u>(5,068,989)</u>	<u>(5,068,987)</u>

Europe MovieCo Partners Limited
(formerly Burginhall 1136 Limited)

**Notes to the financial statements for the 13 month period ended
31 December 2000** (continued)

18 Pension commitments

The company's employees are eligible to participate in the Friends Provident Pension fund.

The plan is a defined contribution scheme whereby the Company and its employees contribute a fixed monthly percentage of gross income. The Company's only commitments are to its full time employee participants at a rate of 8% of gross income as long as those individuals remain in its employment.

The Company has no exposure to any other post-retirement benefit obligations.

19 Related parties

Related party	Relationship	Description	At 31 December 2000 £	13 months to 31 December 2000 £
Europe Movieco Partners	Parent	Programme Royalties	6,216,394	6,216,394
CineNova B.V.	Subsidiary	Marketing Services	388,157	1,064,764
Walt Disney Company Ltd.	Affiliate of Partner in Europe Movieco Partners	Start-up Marketing & IT Costs Recharged	379,348	379,348

20 Ultimate parent undertaking

The company's ultimate parent undertaking is Europe MovieCo Partners G.P. incorporated in the United States of America.