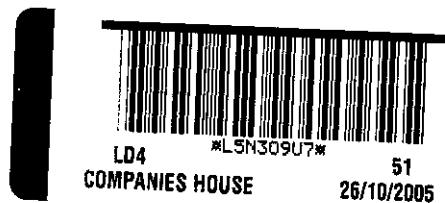


**Europe Movieco Partners Limited**  
**(Registered Number: 3877860)**

**Directors' report and financial statements**  
**for the year ended 31 December 2004**



# **Europe Movieco Partners Limited**

## **Directors' report for the year ended 31 December 2004**

The directors present their annual report and the audited consolidated financial statements of the Europe Movieco Partners Limited ("the Company") for the year ended 31 December 2004.

### **Principal activity and future developments**

The principal activity of the Company was the broadcasting and distribution of television programmes and films for broadcast by third parties through its Dutch movie service, CineNova. The directors have decided to cease the existing trading operations of the Company in June 2005, following a review of operations. Future plans remain uncertain, however there are no current plans to liquidate the Company.

### **Business review**

The results for the year ended 31 December 2004 are given in the profit and loss account on page 5. Results were in line with the directors' expectations.

### **Results and dividends**

The profit for the year ended 31 December 2004 amounted to £17,905,521 (loss 12 month period ended 31 December 2003: £3,584,681).

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

### **Directors and directors' interests**

The directors who held office during the year ended 31 December 2004 were as follows:

Timothy Richards (resigned 22 March 2005)  
Darren Childs  
Simon Oakes (resigned 22 September 2005)  
Nicola Bamford (resigned 17 July 2004)  
Christine Service (appointed 16 July 2004)  
James Ward (appointed 22 March 2005)

At no time during the year ended 31 December 2004 did any director have any interest which is required to be notified to the Company under Section 324 of the Companies Act 1985.

The company secretary who held office during the year ended 31 December 2004 was Maureen Cullum.

### **Creditor payment terms**

It is the Company's policy that payment is made on time, provided suppliers perform in accordance with the agreed terms. The Company's trade creditors at 31 December 2004 were equivalent to 23 days purchases during the year.

# Europe Movieco Partners Limited

## Directors' report for the year ended 31 December 2004 (continued)

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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:

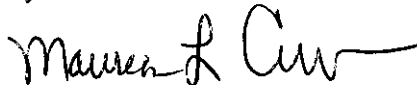
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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.

### Auditors

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the Company in general meetings and the appointment of auditors are currently in force. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning on the day on which copies of this report and financial statements are sent to members unless a resolution is passed under Section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

By Order Of The Board



Maureen L. Cullum  
Company Secretary

1 Stephen Street  
London  
W1P 1PJ

14.10 2005

## **Independent Auditors' report to the members of Europe Movieco Partners Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes on pages 4 to 18.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only the directors' report.

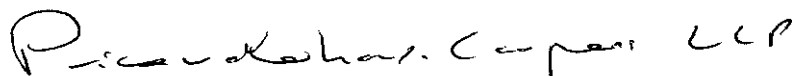
### **Basis of audit opinion**

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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the group at 31 December 2004 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London, 14 October 2005

## Europe MovieCo Partners Limited

### Consolidated profit and loss account for the year ended 31 December 2004

	<i>Note</i>	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Turnover	2	33,276	11,753
Cost of sales		(12,908)	(13,832)
<b>Gross Profit /(Loss)</b>		<b>20,368</b>	<b>(2,079)</b>
Administrative expenses		(2,800)	(1,473)
<b>Profit /(Loss) on operating activities before interest and taxation</b>	3	<b>17,568</b>	<b>(3,552)</b>
Interest receivable and similar income	6	28	5
Interest payable and similar charges	7	-	(25)
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>17,596</b>	<b>(3,572)</b>
Tax on profit/ (loss) on ordinary activities	8	310	(13)
<b>Profit/(Loss) retained for the financial period</b>	16	<b>17,906</b>	<b>(3,585)</b>

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

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

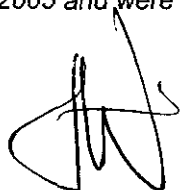
There is no material difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above and their historical cost equivalents.

# Europe MovieCo Partners Limited

## Balance sheet as at 31 December 2004

	Note	<u>Group</u>		<u>Company</u>	
		31 December 2004 £'000	31 December 2003 £'000	31 December 2004 £'000	31 December 2003 £'000
<b>Fixed assets</b>					
Tangible assets	9	20	31	18	17
Investments	10	-	-	13	13
		20	31	31	30
<b>Current assets</b>					
Debtors	11	24,917	12,966	24,893	12,869
Deferred tax asset	19	335	-	335	-
Cash at bank and in hand		1,077	3,101	977	3,074
		26,329	16,067	26,205	15,943
<b>Creditors: amounts falling due within one year</b>					
	13	(26,980)	(34,635)	(27,037)	(34,628)
<b>Net current liabilities</b>					
		(651)	(18,568)	(832)	(18,685)
<b>Total assets less current liabilities</b>					
		(631)	(18,537)	(801)	(18,655)
<b>Net liabilities</b>					
		(631)	(18,537)	(801)	(18,655)
<b>Capital and reserves</b>					
Called up share capital	15	-	-	-	-
Profit and loss account	16	(631)	(18,537)	(801)	(18,655)
<b>Equity shareholders' deficit</b>					
	16	(631)	(18,537)	(801)	(18,655)

The financial statements on pages 4 to 19 were approved by the board of directors on 14 October 2005 and were signed on its behalf by:



**James Ward**  
Director

# Europe MovieCo Partners Limited

## Consolidated cash flow statement for the year ended 31 December 2004

	<i>Note</i>	<b>31 December 2004 £'000</b>	<b>31 December 2003 £'000</b>
<b>Net cash (outflow)/ inflow from operating activities</b>	12a	(2,006)	2,751
<b>Returns on investments and servicing of finance</b>			
Interest received		28	5
Interest paid		-	(25)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		<b>28</b>	<b>(20)</b>
<b>Taxation</b>		<b>(25)</b>	<b>(14)</b>
<b>Capital expenditure &amp; financial investment</b>			
Purchase of tangible fixed assets		(21)	(9)
<b>Net cash outflow for capital expenditure and financial investment</b>		<b>(21)</b>	<b>(9)</b>
<b>Decrease in net cash</b>	12c	<b>(2,024)</b>	<b>(2,708)</b>

# Europe MovieCo Partners Limited

## Notes to the financial statements for the year ended 31 December 2004

(continued)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Company and its group.

#### a) Basis of preparation

The financial statements are prepared under the historical cost convention; the accounting policies set out below, and in accordance with applicable Accounting Standards in the United Kingdom.

Consolidated accounts have been prepared and these financial statements present information about the Company and its group. The financial statements were prepared using British pounds (GBP) as the functional currency.

#### b) Going concern

The Company's and the group's parent is Europe MovieCo Partners GP ("the Partnership").

The Partnership was incorporated as a U.S. General Partnership (in Delaware) in December 1999 and is owned by SPE Euromovies Investments Inc. (46.27% interest), BVI Television (Europe), Inc. (46.27% interest) and UPC TV Holdings BV (7.46% interest).

These financial statements have been prepared on a basis which assumes that the Company and the group 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 and the group have a limited operating history, have incurred losses from operations since inception and for the past 2 years have had a net shareholders' deficit. However, due to the favourable conclusion of the litigation with UPC in January 2005 (see Note 21), leading to the receipt of all related past due revenue in February 2005, EMP Ltd. was able to realize this revenue and attain profitability in the 2004 fiscal year. The Company has reached cumulative profitability in 2005 and has sufficient cash flow from operations to meet all obligations as and when they fall due, even through the winding up of the current trading operations (see Note 21).

#### c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. As permitted by Section 230(4) of the Companies Act 1985, the consolidated profit and loss account only has been presented.

#### d) Turnover

Turnover represents the amount of goods and services, net of value added tax and other sales taxes, and excluding trade discounts and anticipated returns, provided to external customers and associated undertakings.

Revenue is derived from license fees billed to cable operators in The Netherlands for the rights to broadcast movie services to its subscribers. Revenue is recognised based upon the existence of contracts with these cable operators; reliable measurement of fees due based upon the terms of such contracts; and assurance that services have been performed by the Company as contractually promised.



# Europe MovieCo Partners Limited

## Notes to the financial statements for the year ended 31 December 2004

(continued)

### 1 Accounting policies (continued)

#### e) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The company has implemented the requirements of FRS 19 'Deferred tax'. Under FRS 19, full provision is made for timing differences and deferred taxation. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to apply less tax in the future, have occurred at the balance sheet date.

When a deferred tax asset is regarded as recoverable, it is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted.

#### f) Value Added Tax

All costs include the attributable value added tax to the extent that it is not recoverable.

#### g) 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
Office & Technical equipment	-	3 years

#### h) Investments

Investments in subsidiary and associated undertakings are stated at cost, less provision for diminution in value where appropriate to arrive at a net value equating to estimated recoverable amounts.

#### i) 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 and all other exchange differences are taken to the profit and loss account.

#### j) Pensions and other post retirement benefits

The Company and its subsidiary undertaking participate in defined contribution pension schemes. Contributions to these schemes are charged to the profit and loss account as incurred.

# Europe MovieCo Partners Limited

## Notes to the financial statements for the year ended 31 December 2004

(continued)

### k) Operating leases

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.

## 3 Profit/(loss) on ordinary activities before interest and taxation

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
The operating profit/(loss) is stated after charging/ (crediting):		
Wages and salaries	1,339	1,279
Social security costs	135	120
Pension costs	84	79
<b>Staff costs</b>	<b>1,558</b>	<b>1,478</b>
Depreciation of tangible fixed assets	32	159
Loss on disposal of fixed assets	-	-
Operating lease – plant and machinery	1,794	2,424
Exchange gains	(1,615)	(1,988)
Auditors' remuneration for audit services	21	23

## 4 Directors' emoluments

Directors are not employees of the Company nor its group and do not receive remuneration in relation to activities performed on behalf of the Company nor its group.

## 5 Employee information

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

	Year ended 31 December 2004 Number	Year ended 31 December 2003 Number
Programming and operations	19	20
Administration	4	4
	<b>23</b>	<b>24</b>

# Europe MovieCo Partners Limited

## Notes to the financial statements for the year ended 31 December 2004

(continued)

### 6 Interest receivable and similar income

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Bank interest receivable	28	5

### 7 Interest payable and similar charges

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Late payment charges LPC	-	23
Charge on sale of UPC NV shares	-	2
	-	25

### 8 Taxation

Tax expense for subsidiary undertaking was calculated in accordance with the tax laws of The Netherlands.

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
<b>UK Corporation Tax</b>		
Current tax at 30% on income for the period (2003: 30%)	-	-
Adjustments in respect of prior periods	-	-
Double Tax relief	-	-
<b>Foreign Tax</b>		
Current tax on income for the period	25	16
Adjustments in respect of prior periods	-	(3)
	25	13
Deferred taxation (see note 19)		
Current Year	(335)	-
	(310)	13

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%)  
The differences are explained below:

## Europe MovieCo Partners Limited

### Notes to the financial statements for the year ended 31 December 2004

(continued)

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Profit/(Loss) on ordinary activities before tax	17,596	(3,572)
Profit/(Loss) on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30% (2003 - 30%)	5,279	(1,072)
Expenses not deductible for tax purposes	2	-
Capital allowances in period in excess of depreciation	(12)	20
Losses not recognised	-	1,067
Utilisation of tax losses	(5,245)	-
Higher tax rates on overseas earnings	1	1
	25	16

# Europe MovieCo Partners Limited

## Notes to the financial statements for the year ended 31 December 2004

(continued)

### 9 Tangible assets

(a) Group	Computer Equipment £'000	Office & Tech Equipment £'000	Total £'000
<b>Cost</b>			
At 31 December 2003	535	111	646
Additions	21	-	21
Disposals	-	-	-
Foreign exchange currency adjustments	-	(1)	(1)
<b>At 31 December 2004</b>	<b>556</b>	<b>110</b>	<b>666</b>
<b>Depreciation</b>			
At 31 December 2003	(519)	(96)	(615)
Provided during the year	(22)	(10)	(32)
Disposals	-	-	-
Foreign exchange currency adjustments	2	(1)	1
<b>At 31 December 2004</b>	<b>(539)</b>	<b>(107)</b>	<b>(646)</b>
<b>Net book value</b>			
<b>At 31 December 2004</b>	<b>17</b>	<b>3</b>	<b>20</b>
At 31 December 2003	16	15	31
<b>(b) Company</b>			
	Computer Equipment £'000	Office & Tech Equipment £'000	Total £'000
<b>Cost</b>			
At 31 December 2003	494	70	564
Additions	21	-	21
Disposals	-	-	-
<b>At 31 December 2004</b>	<b>515</b>	<b>70</b>	<b>585</b>
<b>Depreciation</b>			
At 31 December 2003	(479)	(68)	(547)
Provided during the year	(19)	(1)	(20)
Disposals	-	-	-
<b>At 31 December 2004</b>	<b>(498)</b>	<b>(69)</b>	<b>(567)</b>
<b>Net book value</b>			
<b>At 31 December 2004</b>	<b>17</b>	<b>1</b>	<b>18</b>
At 31 December 2003	15	2	17

## Europe MovieCo Partners Limited

### Notes to the financial statements for the year ended 31 December 2004

(continued)

#### 10 Investments

##### Company

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
<b>Cost</b>		
Investments in subsidiary undertakings	13	13

The Company's principal subsidiary undertaking is 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, is 100% equity owned by Europe Movieco Partners Limited and has the same period end as Europe Movieco Partners Limited. CineNova B.V. has been consolidated into these financial statements.

The directors have considered the carrying value of the investment and are of the opinion that the aggregate value for the Company's investment, including amounts owed by the subsidiary undertaking, is not less than the amount at which it is stated in the financial statements.

#### 11 Debtors

	31 December 2004 £'000	Group 31 December 2003 £'000	31 December 2004 £'000	Company 31 December 2003 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	24,415	12,389	24,415	12,389
Other debtors	156	301	147	218
Prepayments and accrued income	346	276	331	262
	<b>24,917</b>	<b>12,966</b>	<b>24,893</b>	<b>12,869</b>

# Europe MovieCo Partners Limited

## Notes to the financial statements for the year ended 31 December 2004

(continued)

### 12 Notes to the consolidated cash flow statement

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

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Profit (Loss) on ordinary activities before interest and taxation	17,568	(3,552)
Depreciation	32	159
Loss on disposal	0	0
Increase in debtors	(11,951)	(9,843)
Decrease in creditors	(7,655)	15,987
<b>Net cash inflow (outflow) from operating activities</b>	<b>(2,006)</b>	<b>2,751</b>

b) **Reconciliation of net cash flow to movement in net funds**

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Increase/ (decrease) in cash in the period	(2,024)	2,708
Cash inflow from increase in debt and lease finance	-	-
Cash inflow from decrease in liquid resources	-	-
Change in net funds resulting from cash flows	(2,024)	2,708
Translation difference	-	-
Movement in net funds in the period	(2,024)	2,708
Net funds at 1 January	3,101	393
<b>Net funds at 31 December</b>	<b>1,077</b>	<b>3,101</b>

c) **Analysis of net funds**

	At 31 December 2003 £'000	Cash flow £'000	At 31 December 2004 £'000
Cash in hand and at bank	3,101	(2,024)	1,077
<b>Total net funds</b>	<b>3,101</b>	<b>(2,024)</b>	<b>1,077</b>

## Europe MovieCo Partners Limited

### Notes to the financial statements for the year ended 31 December 2004

(continued)

#### 13 Creditors: amounts falling due within one year

	31 December 2004 £'000	Group 31 December 2003 £'000	31 December 2004 £'000	Company 31 December 2003 £'000
Trade creditors	404	2,088	368	2,021
Amounts due to parent and fellow group undertakings	24,512	19,735	24,512	19,735
Amounts due to subsidiary undertakings	-	-	148	188
Taxation and social security	51	55	38	51
Accruals and deferred income	2,013	12,757	1,971	12,633
	<b>26,980</b>	<b>34,635</b>	<b>27,037</b>	<b>34,628</b>

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

#### 14 Financial commitments

At 31 December 2004 the Company and the group had the following annual commitments, excluding annual increases based upon the RPI, under operating leases which expire:

	31 December 2004 £'000	Group 31 December 2003 £'000	31 December 2004 £'000	Company 31 December 2003 £'000
In one to three years	743	1,865	743	1,865



## Europe MovieCo Partners Limited

### Notes to the financial statements for the year ended 31 December 2004

(continued)

#### 15 Share capital

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
<b>Authorised – Group and Company</b>		
100 Ordinary shares of £1 each	100	100
<b>Allotted and called up – Group and Company</b>		
2 Ordinary shares of £1 each	2	2

#### 16 Reconciliation of shareholders' deficit and movement on reserves

##### (a) Group

	Share Capital £'000	Profit and Loss account £'000	Total Shareholders' Deficit £'000
Opening Balance at 31 December 2003	-	(18,537)	(18,537)
Profit for the year	-	17,906	17,906
<b>At 31 December 2004</b>	<b>-</b>	<b>(631)</b>	<b>(631)</b>

##### (b) Company

	Share Capital £'000	Profit and Loss account £'000	Total Shareholders' Deficit £'000
Opening Balance at 31 December 2003	-	(18,655)	(18,655)
Profit for the year	-	17,854	17,854
<b>At 31 December 2004</b>	<b>-</b>	<b>(801)</b>	<b>(801)</b>

#### 17 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 employees of the Company's subsidiary undertaking are also eligible to participate in a defined contribution scheme whereby 2/3 of the total contribution amount for each full time employee participant is contributed by the subsidiary undertaking and the remaining 1/3 by the employee. The pension expense for the Group was £84,100 for the year ended 31 December 2004. The Company and its group have no exposure to any other post-retirement benefit obligations.

## Europe MovieCo Partners Limited

### Notes to the financial statements for the year ended 31 December 2004

(continued)

#### 18 Related parties

(a) Transactions			Transactions in 2004	Transactions in 2003
Related party	Relationship	Description	£'000	£'000
Europe Movieco Partners	Parent	Programme Royalties	9,662	9,751

(b) Balances			Balances at 31 December 2004	Balances at 31 December 2003
Related party	Relationship	Description	£'000	£'000
Europe Movieco Partners	Parent	Programme Royalties	24,511	19,735

#### 19 Deferred Tax

	31 December 2004 £'000	31 December 2003 £'000	31 December 2004 £'000	31 December 2003 £'000
	Recognised		Unrecognised	
ACAs ((Asset)/Liability	(49)	-	-	(61)
Losses (Asset)/Liability	(286)	-	-	(5,531)
	(335)	-	-	(5,592)

Deferred tax (asset)/liability at the start of the period	-	-	-	(4,504)
Deferred tax charge/(credit) in the P&L – current year	5,257	-	-	(1,088)
Deferred tax charge/(credit) in the P&L – prior year	(5,592)	-	-	-
Deferred tax (asset) at the end of the period	(335)	-	-	(5,592)

## Europe MovieCo Partners Limited

### Notes to the financial statements for the year ended 31 December 2004

(continued)

#### 20 Ultimate parent undertaking

The Company and the group's immediate and ultimate parent undertaking and controlling party is Europe MovieCo Partners G.P. incorporated in the United States of America.

This is the parent undertaking of the largest and smallest group to consolidate these accounts.

#### 21 Subsequent Events

##### *Conclusion of UPC Litigation*

A final ruling was received in January 2005 in favour of EMP Ltd., whereby UPC was forced to perform its obligations under the Cable Affiliation Agreement and pay past-due fees, interest, and legal costs totalling \$42,750,799. The past-due fees were recorded as subscription revenue in 2004 and the interest and legal costs as interest and other income in 2005. UPC paid all sums due under the Cable Affiliation Agreement as they fell due after the arbitral award was rendered, including the termination payment of \$16.146m which fell due at the end of the term, i.e. 17 May 2005.

##### *Termination of Cable Affiliation Agreements and Close Down of Business*

In November 2004, all the cable operators with whom EMP Ltd had entered into Cable Affiliation Agreements for carriage of the CineNova movie service served notice of early termination at the end of Year 5, as they were entitled to do, because the service had not hit certain minimum subscriber thresholds in the territory. Despite efforts to enter into fresh carriage agreements with the cable operators, it was not possible to enter into any distribution agreements for any platform in the territory for carriage of the CineNova service after May 17, 2005 and so the channel ceased broadcasting on that date. EMP Ltd, has surrendered its license to broadcast to Ofcom and has no future plans to re-commence the service.

At the end of June 2005, the shareholders of EMP G.P. made the difficult decision to close down the CineNova channel business. In September 2005, the management committee of EMP G.P. and the board of EMP Ltd passed resolutions to commence an orderly winding up and liquidation of CineNova BV and of the assets of EMP Ltd. Future plans for EMP Ltd remain uncertain, but at present there are no current plans to liquidate the company.