MXMSP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007



Company Registration Number 02000192

Tenon Limited
66 Chiltern Street
London
W1U 4JT

MXMSP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

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MXMSP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 30 SEPTEMBER 2007

The board of directors	Mr N Cook Mr G Hadman Ms C Rose
Company secretary	Olswang CoSec Limited
Business address	3 Queen Caroline Street Hammersmith London W6 9PE
Registered office	3 Queen Caroline Street Hammersmith London W6 9PE
Auditor	Tenon Audit Limited Registered Auditor 66 Chiltern Street London W1U 4JT
Accountants	Tenon Limited 66 Chiltern Street London W1U 4JT

MXMSP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2007

The directors present their report and the financial statements of the company for the year ended 30 September 2007

Principal activities and business review

The company continued to provide marketing services to a film distribution company and to act as a collection agent on behalf of the parent company

The directors have assessed the principal risks and uncertainties facing the business as being the cancellation of the project and the ability to secure future contracts However the parent company has provided sufficient assurances that it will continue to support the company and provide the necessary finances for its future operations

The directors consider the company's key financial performance indicator to be whether the company has made a net profit In the current year the company has made a profit before tax of £12,426 (2006 Loss £14,968) The directors continue to seek future contracts for the company however, continue to rely on the parent company for financing

Results and dividends

The profit for the year, after taxation, amounted to £8,398 The directors have not recommended a dividend

Financial risk management

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

Directors

The directors who served the company during the year were as follows

Mr N Cook
Mr G Hadman
Ms C Rose

Directors' responsibilities

The directors are responsible for preparing the Annual Report and 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 directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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 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

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

Auditor

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting

Signed on behalf of the directors



Mr N Cook

Director

Approved by the directors on 18/11/08

MXMSP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MXMSP LIMITED

YEAR ENDED 30 SEPTEMBER 2007

We have audited the financial statements of MXMSP Limited on pages 6 to 13 for the year ended 30 September 2007 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor

66 Chiltern Street
London
W1U 4JT

Date - 19-11-08

MXMSP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 £	*2006 £*
Turnover		–	–
Administrative expenses		(6,688)	*(17,281)*
Operating loss	2	(6,688)	*(17,281)*
Interest receivable		20,222	*3,006*
Interest payable and similar charges	4	(1,108)	*(693)*
Profit/(loss) on ordinary activities before taxation		12,426	*(14,968)*
Tax on profit/(loss) on ordinary activities	5	(4,028)	*2,897*
Profit/(loss) for the financial year		8,398	*(12,071)*

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 13 form part of these financial statements

MXMSP LIMITED

BALANCE SHEET

30 SEPTEMBER 2007

	Note	2007 £	£	2006 £	£
Current assets					
Debtors	6	42,325		*42,102*	
Cash at bank		151,274		*137,736*	
		193,599		*179,838*	
Creditors: Amounts falling due within one year	7	(187,696)		*(182,333)*	
Net current assets/liabilities			5,903		*(2,495)*
Capital and reserves					
Called-up share capital	11		2		*2*
Profit and loss account	12		5,901		*(2,497)*
Shareholders' funds	13		5,903		*(2,495)*

These financial statements were approved by the directors and authorised for issue on 18/11/08 and are signed on their behalf by

Mr N Cook
Director

The notes on pages 9 to 13 form part of these financial statements

MXMSP LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 £	2007 £	2006 £	2006 £
Net cash outflow from operating activities	14		(5,576)		*(15,539)*
Returns on investments and Servicing of finance					
Interest received		20,222		*3,006*	
Interest paid		(1,108)		*(693)*	
Net cash inflow from returns on investments and servicing of finance			19,114		*2,313*
Taxation			–		*1,873*
Increase/(decrease) in cash	14		13,538		*(11,353)*

The notes on pages 9 to 13 form part of these financial statements

1. Accounting policies

Basis of accounting

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

The accounts have been prepared as a going concern on the basis of continuing financial support from the ultimate parent company

Deferred taxation

Deferred tax 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 or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Going concern

The activities of the Company continue to be supported by its immediate parent company Miramax Film Corp which has provided sufficient finance to enable the Company to continue its operations This support shall continue to be provided, which has been confirmed in writing to the director, and therefore the director considers the financial statements should be prepared on a going concern basis to give a true and fair view

2. Operating loss

Operating loss is stated after charging

	2007 £	*2006* *£*
Directors' emoluments	–	–
Net loss on foreign currency translation	–	*25*
Auditor's remuneration - audit of the financial statements	2,000	*2,000*
Auditor's remuneration - other fees	4,226	*14,449*

	2007 £	*2006 £*
Auditor's remuneration - audit of the financial statements	2,000	*2,000*
Auditor's remuneration - other fees		
- All other services	4,226	*14,449*

3. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year

4. Interest payable and similar charges

	2007 £	*2006 £*
Interest payable on bank borrowing	-	*19*
Other similar charges	1,108	*674*
	1,108	*693*

5. Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	*2006 £*
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	4,028	*(2,897)*

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	*2006 £*
Profit/(loss) on ordinary activities before taxation	12,426	*(14,968)*
Profit/(loss) on ordinary activities by rate of tax	3,728	*(4,490)*
Effects of		
Expenses not deductible for tax purposes	300	*307*
Utilisation of tax losses	-	*2,896*
Unrelieved tax losses	-	*1,287*
Adjustments to tax charge in respect of previous periods	-	*(2,897)*
Total current tax (note 5(a))	4,028	*(2,897)*

6. Debtors

	2007 £	2006 £
Amounts owed by group undertakings	39,377	39,163
VAT recoverable	51	42
Other debtors	2,897	2,897
	42,325	42,102

7. Creditors Amounts falling due within one year

	2007 £	2006 £
Trade creditors	335	–
Amounts owed to group undertakings	180,136	180,136
Corporation tax	4,225	197
Accruals and deferred income	3,000	2,000
	187,696	182,333

8 Derivatives

The company has no financial instruments that require to be classified as derivatives

9. Contingencies

Miramax Film Corporation and Walt Disney International Financing LLC have a fixed charge over the assets of the company

10. Related party transactions

At the start of the year a balance was owed to Miramax Film Corporation of £180,000 During the year there was no movement on this balance At the year end this amount remains unpaid and is included in amounts owed to group undertakings

In the 2005 year the company had professional fees paid on its behalf by WDMSP Limited, a member of The Walt Disney Company group, amounting to £136 At the year end this balance is outstanding and is reflected in amounts owed to group undertakings

At the start of the year a balance owed to the company of £38,598 by the Miramax Film Corporation was brought forward During the year there was no movement on this balance At the year end this amount remains unpaid and is included in amounts owed by group undertakings

A balance was also brought forward in relation to an amount owed from The Walt Disney Company amounting to £565 a further £214 was incurred during the year as a holding cost meaning that there was an outstanding balance owed to MXMSP of £779

During the year the company collected $3,482,979 on behalf of Miramax Film Corporation from a third party in the capacity of a collection agent At the year end this amount had not been repaid to Miramax Film Corporation As the company has no right, title or interest in these funds and they are held on behalf of Miramax Film Corporation they are not recognised as a asset in the company

11. Share capital

Authorised share capital:

	2007 £	2006 £
100 Ordinary shares of £1 each	100	100

Allotted, called up and fully paid:

	2007 No	2007 £	2006 No	2006 £
Ordinary shares of £1 each	2	2	2	2

12. Profit and loss account

	2007 £	2006 £
Balance brought forward	(2,497)	9,574
Profit/(loss) for the financial year	8,398	(12,071)
Balance carried forward	5,901	(2,497)

13 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit/(loss) for the financial year	8,398	(12,071)
Opening shareholders' (deficit)/funds	(2,495)	9,576
Closing shareholders' funds/(deficit)	5,903	(2,495)

14 Notes to the statement of cash flows

Reconciliation of operating loss to net cash outflow from operating activities

	2007 £	2006 £
Operating loss	(6,688)	(17,281)
(Increase)/decrease in debtors	(223)	3,742
Increase/(decrease) in creditors	1,335	(2,000)
Net cash outflow from operating activities	(5,576)	(15,539)

Reconciliation of net cash flow to movement in net funds

	2007 £	2006 £
Increase/(decrease) in cash in the period	13,538	(11,353)
Movement in net funds in the period	13,538	(11,353)
Net funds at 1 October 2006	137,736	149,089
Net funds at 30 September 2007	151,274	137,736

14 Notes to the statement of cash flows *(continued)*

Analysis of changes in net funds

	At 1 October 2006 £	Cash flows £	At 30 September 2007 £
Net cash			
Cash in hand and at bank	137,736	13,538	151,274
Net funds	137,736	13,538	151,274

15. Ultimate Parent Company

The company's immediate controlling party is Miramax Film Corporation

The directors regard The Walt Disney Company, a company incorporated in The United States of America, as the ultimate parent company

The largest group for which accounts are prepared and which the company is a member is The Walt Disney Company Copies of group accounts of The Walt Disney Company can be obtained from 500 Buena Vista Street, Burbank, California, 91521, USA

The directors are unable to identify the controlling party of The Walt Disney Company, if any