

APPENDIX

For the year ended 30 September 2002

EURO CONVERSION

These statements of consolidated financial information (pages 78, 79, 82 and 86) reflect a translation of the Group's 2002 profit and loss account and balance sheet, prepared under UK Generally Accepted Accounting Principals (GAAP), using €1.591/£, the rate in effect at 30 September 2002.

	2002		
	Continuing operations €m	Discontinued operations €m	Total €m
Turnover	1,604.8	102.0	1,706.8
Less: share of joint ventures	(70.2)	(102.0)	(172.2)
Group turnover	1,534.6	–	1,534.6
Operating costs before exceptionals	(1,450.0)	–	(1,450.0)
Exceptional operating items	7.6	–	7.6
Total operating costs	(1,442.4)	–	(1,442.4)
EBITDA	153.5	–	153.5
Depreciation	(36.6)	–	(36.6)
Amortisation	(24.7)	–	(24.7)
Group operating profit	92.2	–	92.2
Share of operating results of joint ventures	(0.6)	(157.7)	(158.3)
Joint ventures' amortisation	(3.3)	–	(3.3)
Share of operating results of associated companies	(4.8)	(4.1)	(8.9)
Total operating profit/(loss)	83.5	(161.8)	(78.3)
Profit on sale of businesses	–	18.8	18.8
Loss on termination of businesses	–	(156.9)	(156.9)
Profit/(loss) on ordinary activities before interest	83.5	(299.9)	(216.4)
Amounts written off investments	(13.0)	–	(13.0)
Net interest payable	(19.1)	–	(19.1)
Profit/(loss) on ordinary activities before taxation	51.4	(299.9)	(248.5)
Taxation	(13.7)	14.0	0.3
Profit/(loss) on ordinary activities after taxation	37.7	(285.9)	(248.2)
Dividends equity and non-equity	(105.0)	–	(105.0)
Retained loss	(67.3)	(285.9)	(353.2)
Earnings per share (cents)			
Basic and diluted	3.2	(42.6)	(39.5)

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	2001		
	Continuing operations €m	Discontinued operations €m	Total €m
Turnover	1,672.1	1,036.7	2,708.8
Less: share of joint ventures	(17.3)	(143.5)	(160.8)
Group turnover	1,654.8	893.2	2,548.0
Operating costs before exceptionals	(1,564.4)	(814.9)	(2,379.3)
Exceptional operating items	(83.4)	(9.9)	(93.3)
Total operating costs	(1,647.8)	(824.8)	(2,472.6)
EBITDA	70.3	105.6	175.9
Depreciation	(35.6)	(36.6)	(72.2)
Amortisation	(27.7)	(0.6)	(28.3)
Group operating profit	7.0	68.4	75.4
Share of operating results of joint ventures	0.6	(279.5)	(278.9)
Joint ventures' amortisation	–	–	–
Share of operating results of associated companies	(14.0)	(15.8)	(29.8)
Total operating loss	(6.4)	(226.9)	(233.3)
Loss on sale of businesses	–	(361.2)	(361.2)
Loss on termination of businesses	–	–	–
Loss on ordinary activities before interest	(6.4)	(588.1)	(594.5)
Amounts written off investments	–	–	–
Net interest payable	(56.6)	–	(56.6)
Loss on ordinary activities before taxation	(63.0)	(588.1)	(651.1)
Taxation	(6.2)	36.8	30.6
Loss on ordinary activities after taxation	(69.2)	(551.3)	(620.5)
Dividends equity and non-equity	(105.2)	–	(105.2)
Retained loss	(174.4)	(551.3)	(725.7)
Earnings per share (cents)			
Basic and diluted	(12.9)	(82.1)	(95.0)

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US DOLLAR CONVERSION

These statements of consolidated financial information (pages 80, 81 and 83) reflect the translation of the Group's 2002 profit and loss account and balance sheet, prepared under UK GAAP, using US\$1.573/£, the rate in effect at 30 September 2002.

	2002		
	Continuing operations \$m	Discontinued operations \$m	Total \$m
Turnover	1,586.7	100.8	1,687.5
Less: share of joint ventures	(69.4)	(100.8)	(170.2)
Group turnover	1,517.3	–	1,517.3
Operating costs before exceptionals	(1,433.6)	–	(1,433.6)
Exceptional operating items	7.6	–	7.6
Total operating costs	(1,426.0)	–	(1,426.0)
EBITDA	151.9	–	151.9
Depreciation	(36.2)	–	(36.2)
Amortisation	(24.4)	–	(24.4)
Group operating profit	91.3	–	91.3
Share of operating results of joint ventures	(0.6)	(155.9)	(156.5)
Joint ventures' amortisation	(3.3)	–	(3.3)
Share of operating results of associated companies	(4.7)	(4.1)	(8.8)
Total operating profit/(loss)	82.7	(160.0)	(77.3)
Profit on sale of businesses	–	18.6	18.6
Loss on termination of businesses	–	(155.1)	(155.1)
Profit/(loss) on ordinary activities before interest	82.7	(296.5)	(213.8)
Amounts written off investments	(12.9)	–	(12.9)
Net interest payable	(18.9)	–	(18.9)
Profit/(loss) on ordinary activities before taxation	50.9	(296.5)	(245.6)
Taxation	(13.5)	13.8	0.3
Profit/(loss) on ordinary activities after taxation	37.4	(282.7)	(245.3)
Dividends equity and non-equity	(103.7)	–	(103.7)
Retained loss	(66.3)	(282.7)	(349.0)
Earnings per share (cents)			
Basic and diluted	3.1	(42.2)	(39.1)

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	2001		
	Continuing operations \$m	Discontinued operations \$m	Total \$m
Turnover	1,653.2	1,025.0	2,678.2
Less: share of joint ventures	(17.1)	(141.9)	(159.0)
Group turnover	1,636.1	883.1	2,519.2
Operating costs before exceptionals	(1,546.7)	(805.7)	(2,352.4)
Exceptional operating items	(82.4)	(9.8)	(92.2)
Total operating costs	(1,629.1)	(815.5)	(2,444.6)
EBITDA	69.6	104.4	174.0
Depreciation	(35.2)	(36.2)	(71.4)
Amortisation	(27.4)	(0.6)	(28.0)
Group operating profit	7.0	67.6	74.6
Share of operating results of joint ventures	0.6	(276.4)	(275.8)
Joint ventures' amortisation	–	–	–
Share of operating results of associated companies	(13.8)	(15.6)	(29.4)
Total operating loss	(6.2)	(224.4)	(230.6)
Loss on sale of businesses	–	(357.1)	(357.1)
Loss on termination of businesses	–	–	–
Loss on ordinary activities before interest	(6.2)	(581.5)	(587.7)
Amounts written off investments	–	–	–
Net interest payable	(56.0)	–	(56.0)
Loss on ordinary activities before taxation	(62.2)	(581.5)	(643.7)
Taxation	(6.1)	36.3	30.2
Loss on ordinary activities after taxation	(68.3)	(545.2)	(613.5)
Dividends equity and non-equity	(104.0)	–	(104.0)
Retained loss	(172.3)	(545.2)	(717.5)
Earnings per share (cents)			
Basic and diluted	(12.7)	(81.2)	(93.9)

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Consolidated balance sheet (€ conversion)	2002		2001 (as restated)	
	€m	€m	€m	€m
Fixed assets				
Intangible assets		508.3		547.1
Tangible assets		175.5		191.9
Investments in joint ventures:				
– Share of gross assets	73.7		277.9	
– Share of gross liabilities	(69.8)		(850.2)	
– Loans to joint ventures	30.1		665.7	
– Goodwill	92.6		58.2	
	126.6		151.6	
Investments in associated undertakings	9.7		0.6	
Other investments	652.2		683.2	
Total fixed asset investments		788.5		835.4
		1,472.3		1,574.4
Current assets				
Stocks	10.0		11.3	
Programme and film rights	284.0		298.2	
Debtors: amounts falling due within one year	270.9		312.9	
Debtors: amounts falling due after more than one year	28.0		31.7	
Investments	64.6		341.7	
Cash and other liquid funds	879.7		408.1	
	1,537.2		1,403.9	
Creditors: amounts falling due within one year	(639.1)		(774.7)	
Net current assets		898.1		629.2
Total assets less current liabilities		2,370.4		2,203.6
Creditors: amounts falling due after more than one year				
Loans	1,360.0		889.2	
Convertible debt	145.3		155.6	
Finance lease creditors	50.4		46.0	
Other creditors	48.5		53.0	
		1,604.2		1,143.8
Provisions for liabilities and charges		76.5		3.8
Net assets		689.7		1,056.0
Capital and reserves				
Called up share capital	66.5		66.5	
Share premium account	240.9		239.8	
Other reserves	27.2		34.4	
Profit and loss account	355.1		715.3	
Shareholders' funds		689.7		1,056.0
Attributable to:				
Equity shareholders' funds (before goodwill)	1,921.1		2,287.4	
Cumulative goodwill written off directly to reserves	(1,491.7)		(1,491.7)	
Equity shareholders' funds	429.4		795.7	
Non-equity shareholders' funds	260.3		260.3	
Total shareholders' funds		689.7		1,056.0

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Consolidated balance sheet (US\$ conversion)	2002		2001 (as restated)	
	\$m	\$m	\$m	\$m
Fixed assets				
Intangible assets		502.6		541.0
Tangible assets		173.5		189.7
Investments in joint ventures:				
– Share of gross assets	72.8		274.8	
– Share of gross liabilities	(69.1)		(840.6)	
– Loans to joint ventures	29.7		658.1	
– Goodwill	91.5		57.6	
		124.9	149.9	
Investments in associated undertakings	9.6		0.6	
Other investments	644.8		675.4	
Total fixed asset investments		779.3		825.9
		1,455.4		1,556.6
Current assets				
Stocks	9.9		11.2	
Programme and film rights	280.8		294.8	
Debtors: amounts falling due within one year	267.8		309.4	
Debtors: amounts falling due after more than one year	27.7		31.3	
Investments	63.9		337.9	
Cash and other liquid funds	869.7		403.5	
		1,519.8	1,388.1	
Creditors: amounts falling due within one year	(631.4)		(765.9)	
Net current assets		888.4		622.2
Total assets less current liabilities		2,343.8		2,178.8
Creditors: amounts falling due after more than one year				
Loans	1,344.6		879.2	
Convertible debt	143.6		153.8	
Finance lease creditors	49.9		45.5	
Other creditors	48.0		52.4	
		1,586.1	1,130.9	
Provisions for liabilities and charges		75.7		3.8
Net assets		682.0		1,044.1
Capital and reserves				
Called up share capital	65.8		65.8	
Share premium account	238.2		237.1	
Other reserves	26.9		34.0	
Profit and loss account	351.1		707.2	
Shareholders' funds		682.0		1,044.1
Attributable to:				
Equity shareholders' funds (before goodwill)	1,899.5		2,261.6	
Cumulative goodwill written off directly to reserves	(1,474.8)		(1,474.8)	
Equity shareholders' funds	424.7		786.8	
Non-equity shareholders' funds	257.3		257.3	
Total shareholders' funds		682.0		1,044.1

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Approximate cumulative effect on shareholders' equity of differences between UK and US GAAP

	2002	2001
	US\$m*	(as restated) US\$m*
Shareholders' equity per UK GAAP	682.0	1,044.0
Approximate cumulative effect of differences between UK GAAP and US GAAP	231.4	535.5
Approximate shareholders' equity as adjusted for US GAAP	913.4	1,579.5
Attributable to:		
Ordinary shareholders	656.0	1,322.1
Preference shareholders	257.4	257.4
	913.4	1,579.5
Approximate effect on net income of differences between UK and US GAAP		
Income for the financial year attributable to holders of Ordinary shares, per UK GAAP	(261.9)	(630.0)
Approximate effect on net income of differences between UK GAAP and US GAAP	(178.4)	159.1
Approximate net income attributable to holders of Ordinary shares under US GAAP	(440.3)	(470.9)
Approximate net income as adjusted for US GAAP:		
per Ordinary share	(\$0.66)	(\$0.70)
per American Depositary share	(\$3.30)	(\$3.50)

*These reconciliations of net income and shareholders' equity reflect a translation of these statements using US\$1.573/£, the rate in effect on 30 September 2002.

Summary of differences between UK and US GAAP

The Group's financial statements are prepared in accordance with UK GAAP which differs in certain significant respects from US GAAP. These differences relate principally to the following items and the approximate effect of the necessary adjustments is shown in the foregoing tables. The 2001 US GAAP information is extracted from the Group's 2001 Form 20-F.

Goodwill and US purchase accounting

Under UK GAAP, for acquisitions arising before 30 September 1998 the Group charged goodwill arising on such business combinations treated as purchases directly to reserves. From 1 October 1998 goodwill arising on acquisitions under UK GAAP has been capitalised as an intangible asset and is written off over periods of up to 20 years. Under US GAAP, intangible assets including goodwill, in respect of business combinations treated as purchases are charged against income over their estimated lives. Any intangible assets relating to a business sold in the year is written off in determining the profit or loss on disposal. In determining the differences between UK GAAP and US GAAP shown above, US GAAP has been applied using amortisation periods in respect of goodwill of up to 40 years.

Ordinary dividends

Under UK GAAP, final Ordinary dividends are provided for in the fiscal year in respect of which they are recommended by the Board of Directors for approval by the shareholders. Under US GAAP, such dividends are not provided for until approved by the shareholders.

Pension costs

Differences between the UK and US GAAP figures arise from the requirement to use different actuarial methods and assumptions and the method of amortising surpluses or deficits. Under US GAAP, a minimum pension liability is recorded for the amount by which the plan is under funded, ignoring projected future salary increases.

Stock compensation

Under UK GAAP the cost of stock options is only recognised in net income to the extent the options were granted at a value beneath the market value on the date of grant. Under US GAAP the Group has elected to measure the cost of stock options using a fair value based method at the date of grant and to recognise the charge over the vesting period.

Investments

Under UK GAAP, decreases in the market value of fixed asset investments need not be recorded to the extent that the decrease is considered temporary. Under US GAAP, debt and equity securities are required to be adjusted to reflect the underlying market values, with the change in respect of temporary differences in value being reflected in reserves and other than temporary differences in the profit and loss account.

Financial instruments

Under UK GAAP the value of underlying financial instruments (including forward exchange contracts) is not recorded in the financial statements to the extent that the financial instruments are considered hedges. Under US GAAP, all financial instruments must be recorded on the balance sheet and carried at their fair value with changes in fair value charged to the profit and loss account. Derivative financial instruments embedded within host contracts are recorded separately in the financial statements at their fair value.

Acquired film libraries

Under UK GAAP, acquired film libraries are amortised over a period of up to 40 years. Under US GAAP, acquired film libraries are amortised over a period of up to 20 years.