

MEDIAONE

GLOBAL ENTERTAINMENT LIMITED

ZING OF VIBRANCY

Annual Report

2006-2007

MEDIAONE
GLOBAL ENTERTAINMENT LIMITED

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CORPORATE INFORMATION

Board of Directors	1) Mr. Suryaraj Kumar Chairman and Managing Director 2) Mr. T. Venkateswara Rao Independent Director 3) Mr. Bomi Kovina Independent Director 4) Mr. Thomas Kuruvilla Independent Director
Registered Office	1-D 'Parkway', 122 Marshall's Road, Egmore, Chennai - 600 008. India
Auditors	M/s. R.P. Madhu & Co, Chartered Accountants, W-41, III Avenue, Anna Nagar, Chennai - 600 040
Bankers	Lakshmi Vilas Bank UTI Bank Vijaya Bank
Wholly Owned Subsidiary	Media One Global Limited - U.K. Penthouse, 14, Bickenhall Mansions, Bickenhall Street, London, wiu 6BR UK
Register and Share Transfer Agent	Cameo Corporate Service Limited, "Subramanian Building" No.1, Club House Road, Chennai - 600 002.



MEDIAONE

GLOBAL ENTERTAINMENT LIMITED

MEDIAONE GLOBAL ENTERTAINMENT LIMITED
Regd. Office : 1-D, Parkway, 122 Marshalls' Road Egmore, Chennai 600 008.

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of MEDIAONE GLOBAL ENTERTAINMENT LIMITED will be held on Friday the 28th September 2007 at 12.45 p.m at the Hotel Guru, 69, Marshalls' Road, Egmore, Chennai 600 008 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 30th June 2007 and the Profit and Loss Account for the year ended on that date together with the reports of Auditor and Directors' thereon.
2. To appoint a Director in place of Mr.Thomas Kuruvilla, who retires by rotation and being eligible, offers himself for reappointment.
3. To declare dividend
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

To increase the authorized capital of the Company

RESOLVED THAT Item No.V of the Memorandum and Item No.3 of the Articles of Association of the Company be and is hereby altered as follows:

The Authorised Share capital of the Company is Rs.32,00,00,000/- (Rupees Thirty two crores only) divided in to 3,20,00,000 (three crores twenty lakhs) equity shares of Rs.10/- each.

Alteration of Memorandum of Association

To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), the Clause 5 of the Memorandum of Association of the Company be and is hereby altered and substituted as follows:

5. The present authorized share capital of the Company is Rs.32,00,00,000 divided into Rs. 3,20,00,000 Equity shares of Rs.10/- each.”

Alteration of the Articles of Association

To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

“RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactments thereof, for the time being in force), the Articles of Association of the Company be altered in the following manner:

- (i) Substitute the following Article for existing Article 4

“4. The present authorized share capital of the Company shall be Rs.32,00,00,000/- divided in to 3,20,00,000 equity shares of Rs.10/- each.”

6. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution

To consider issue of Bonus shares

RESOLVED THAT pursuant to the Articles of Association of the Company and subject to the consent of the members in general meeting, and in accordance with the guidelines of the Securities and Exchange Board of India, the Board do hereby recommend that a sum of Rs.2,35,00,000/- be capitalized out of general reserve and set free for distribution amongst the equity shareholders by issue of 2350000 equity shares of Rs.10/- each credited as fully paid to equity shareholders in the proportion of 5 equity shares for every one equity share held by them on the record date to be decided by the Board and that such new shares, as and when issued and fully paid, shall rank pari passu with the existing shares.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution

Issue of Right Shares

RESOLVED THAT pursuant to Section 81 and all other applicable provisions if any, of the Companies Act 1956 and subject to approvals, consents and permissions, sanctions as may be necessary of the Government of India, Reserve Bank of India, Securities Exchange Board of India, the Listing Agreement entered by the company with the Stock Exchanges and any other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by any of them in granting any such approvals, consent, permission or sanctions, the Board of Directors (hereinafter referred to as "the Board" with term shall deemed to include any committee of the Board exercising the powers conferred by the Board) be and is hereby authorised on behalf of the company to issue/ offer and allot 1,41,00,000 no. of equity shares of Rs.10/- each for cash at a premium of Rs. 5/- per share to the holders of equity shares of the company on a record date to be fixed for this purpose by the Board of Directors in the ratio of Five (5) Equity Shares for every One (1) Equity Shares held on the record date.

FURTHER RESOLVED THAT the Board be and is hereby authorised to accept any modification in the proposal as may be required by the authorities and to such special conditions as the SEBI/GOI/RBI/Stock Exchange or such other appropriate authorities may impose at the time of their approval and as agreed by the Board.

RESOLVED FURTHER THAT the Board is also entitled to enter into and execute all such arrangements/agreements with any Lead Managers/Under Writers/Guarantors and all such arrangements as may be involved or concerned in such offering of securities and remuneration to such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of the Equity Shares and other expenses if any or the like.

RESOLVED FURTHER THAT the share issue pursuant to the said resolution shall rank pari passu with existing equity shares of the company including right to receive dividend.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue of allotment of equity shares to the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilisation of the proceeds, as it may in its absolute discretion, deem fit and proper"

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee, Directors or Senior Executive(s)/Officer(s) of the Company to give effect to the resolution"

8. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution

RESOLVED that pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to the Foreign Exchange Management Act and subject to the approval of the Reserve Bank of India and other appropriate authorities and such approvals, permissions and sanctions as may be necessary and subject to the guidelines issued from time to time by any statutory authority and subject to such conditions and modifications as may be considered necessary by the Board of Directors or by a duly authorized Committee of Directors of the Company and/or as may be prescribed by the concerned authorities while granting such approvals, permissions and sanctions:

- a. the consent of the Company be and is hereby accorded to the Board of Directors of the Company (the Board) to issue and offer Equity shares, Preference Shares or otherwise, or any instrument representing equity shares and / or any other financial instruments and / or securities involving any combination(s) of any of the aforesaid securities (such securities being hereinafter referred to as “the securities”), for cash with or without premium as may be decided by the Board of Directors in rupees or in such other foreign currency as may be considered appropriate up to an aggregate amount of INR 96 Crores (24 Million USD) or equivalent thereof in one or more tranches by way of Rights Issue and / or Public Issue and/ or Private Placement and / or Preferential Offer / firm allotment to the promoters, friends, relatives and business associates and / or permanent and regular employees and workers of the Company (including Indian Working Directors) and / or employees and shareholders of promoter / group companies and / or Financial Institutions and / or Investment Institutions and / or Mutual Funds and / or Foreign Financial Institutions whether registered with SEBI or not and / or non-Resident Indians and Overseas Corporate Bodies and / or other entities and / or in such other manner as may be decided by the Board and permitted by the appropriate authorities or as may be permissible under any guidelines issued or as may be issued by any authority and at such times and on such terms and conditions as the Board may in its sole discretion think fit (such issue being hereinafter referred to as “the Issue”).
- b. The Equity shares as may be issued as aforesaid shall have a face value of Rs.10/- each (excluding Premium) and shall rank pari-passu with the existing Equity Shares of the Company in all respects except that the holders of the aforesaid Equity Shares shall not be entitled to any dividend declared before the allotment thereof, but shall be entitled to the dividend, if any, which may be declared after the date of allotment and in proportion to the amount of capital paid-up thereon and pro-rata for the period during which the aforesaid shares are paid-up.

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- c. The securities of the Company as may be issued in terms of the foregoing shall be listed together with the existing securities as the case may be, with the recognized Stock Exchange(s) as may be decided by the Board of Directors.
- d. The Board and / or any committee constituted thereof be and is hereby authorized, in its absolute discretion
1. to issue any or all of the securities on such terms and conditions as may be deemed appropriate;
 2. to decide the terms and conditions of the issue including size of the issue, amount of premium (if any) and / or redemption and timing of the issue.
 3. to make or accept such modifications to the terms and conditions of the issue as may be specified / permitted by SEBI or any other concerned authorities and to take consequential actions, thereon, including authority to revise the aggregate amount of issue, adjust or reallocate the number and value of the Securities to be issued amongst different categories of persons specified herein above;
 4. to alter and / or suitably adjust the number of the securities to be issued and the entitlement thereto, as it may, in its absolute discretion think fit, and to suitably alter change and / or adjust the quantum of the funds to be raised by the issue;
 5. to agree to and to make to accept all such conditions, modifications and alterations as may be stipulated by any relevant authority while according approvals or consents to the issue;
 6. to settle all questions and difficulties that may arise in respect of the issue or allotment of the securities;
 7. to do all acts, deeds and things in connections with the issue and incidental hereto as the Board in its absolute discretion may deem fit;

By Order of the Board,
For Mediaone Global Entertainment Limited

Suryaraj Kumar
Managing Director

Date : 14.08.2007

Place : Chennai



NOTES

1. The Register of Members of the Company will remain closed from 26.09.2007 to 28.09.2007 (both days inclusive), for the purpose of annual closing.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a Poll only to vote instead of him/her. Such Proxy need not be a member of the company. Proxies, in order to be effective and valid must be received by the company not less than 48 hours before the time fixed for the meeting.
3. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting, is annexed hereto.
4. Members are hereby requested to send all correspondence concerning transfers, transmissions, subdivision, consolidation of shares or any other share related matters and/or change in address to the Company's Common Share Registry "Cameo Corporate Services Limited" at Subramanian Buildings, No.1, Club House Road, Chennai 600 002
5. Members/ proxies should bring the attendance slip duly filled in for attending the meeting and corporate members are requested to send a duly certified copy of the Board resolution/ Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
6. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956, are requested to write to the Company's Registrar for the prescribed form.
7. Information pursuant to clause 49 of the listing agreement in respect of re-appointment of directors

01	Name	Thomas Kuruvilla
	Age	46
	Qualifications & Experience	M.Com., FCA. Possess 14 years of experience in capital market and financial services. Has worked as Division Chief in SEBI and as Managing Director of Muthoot Capital Services. Currently he is the Chief Executive Officer of Indus Motors.
	Expertise	Finance, Accounts and Financial Services



Other Directorships

Name of the

Company

Cochin Stock Brokers Limited

Committee

Memberships, if any,

with position

Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Subject No.5

At present the authorized capital of the Company is Rs.1,00,00,000/- The Company has been examining various growth opportunities from time to time in and is having ambitious business plans. At present, the authorized capital is inadequate to execute the business ventures, the Company decided to increase its authorized capital from the existing Rs.1,00,00,000 to Rs.32,00,00,000/- Suitable amendments are required to be passed in the Memorandum and Articles of Association of the Company.

Subject No.6

During the financial year, the company's financial results were impressive. In order to increase the value of the investments made in this company, the Board decided to reward its shareholders by issue of bonus shares in the ratio of 5 equity shares of Rs.10/- for every one share.

It is therefore recommended for the approval of the members of the company. The Directors of the company may deemed to be interested in this subject to the extent of their rights entitlement which they may entitled to as members of the company on the record date to be fixed by the Board.

Subject No. 7 and 8

As the members are aware, our company besides producing may television mega serials and feature films, diversified in to Distribution and Exhibition of films in a particular area. The Company also engaged in acquiring theatres in and around Tamil Nadu and the company is poised for substantial growth in the coming years. In order to fund the additional working capital requirement for the increased operation and to add value to the shareholders, the Board of Directors have passed a resolution approving in principle issue of equity shares of the company at a premium of Rs. 5/- per share to the existing members of the company on a date to be fixed in the ratio of 5 Equity Shares for every One Equity Share held by them and plans to issue various securities to the extend of 96 crores.

By Order of the Board,
For **Mediaone Global Entertainment Limited**

Date: 14.08.2007

Place: Chennai

Suryaraj Kumar
Managing Director



MEDIA ONE

GLOBAL ENTERTAINMENT LIMITED

(Formerly known as Rajmata Investments And Finance Limited)

DIRECTORS REPORT

To

The Members of Mediaone Global Entertainment Limited,

Your Directors have pleasure in presenting the 26th Annual Report of the Company together with the Audited Accounts for the period ending June 2007

CONSOLIDATED FINANCIAL PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES

(Rs. in lakhs)

Particulars	2006-2007 (from 01.04.2006 to 30.06.2007)	2005-2006
Income (including other income)	5910.23	4720.21
Profit/(Loss) Before Tax	350.82	86.61
Profit /(Loss) after Tax	249.98	72.17
Earning Per Share	53.19	30.07

The Company's subsidiary M/s. Media One Global Limited, u.K accounts have been consolidated in accordance with Accounting Standard 21 (AS-21). As per the Consolidated Accounts, the Company has achieved a Turnover of Rs.5910.23 lakhs and earned a Net Profit after Tax of Rs.249.98 lakhs.

FINANCIAL PERFORMANCE OF STAND ALONE COMPANY

	2006-2007 (15 MONTHS PERIOD APRIL 2006 TO JUNE 2007)	(Rs. in lakhs) 2005-2006
Income (including other income)	1558.92	286.918
Profit/(Loss) Before Tax	210.78	33.08
Taxation	58.39	3.02
Deferred Tax Liability	—	0.13
Profit /(Loss) after Tax	152.39	29.93
Add: Profits/(Loss) from earlier years	6.02	(23.91)
Balance carried forward	158.41	6.02
Earning Per Share	63.49	12.47

PRESENT ENGAGEMENTS

The film industry has changed a lot in the last few years. Key contribution to this are technological innovations. The next wave of growth currently in progress has been brought about by a few changes such as corporatization, Digitalization, Multiplex revolution.

Present Activity:

Besides producing many television Mega Serials, feature films, Company has diversified into to Distribution and Exhibition of films in the state of Karnataka & Mysore. Your Company has distributed Salam – E – Ishq, Eklavya, Nameste London, Cheeni Kum, Partner. Gandhi my Father, Nayad our, Buddha Margaya are the films in the pipeline. Your company is in the process of acquiring theatres in B & C centres in the state of Tamil Nadu . They bring a asset based Media Company.

Opportunities:

The Television Sector expects to grow at an annual rate of almost 18% to reach INR 371 billion by 2010.

Subsidiary:

In accordance with Section 212 of the Companies Act, 1956 the audited accounts together with the Directors' Report and Auditors' Report of the Wholly Owned Foreign Subsidiary Company viz Media One Global Ltd made out in accordance with the requirements of the Companies Act, 1956 are appended to this Report. Statement pursuant to Section 212 of the Companies Act, 1956 forms part of this Annual Report.

APPROPRIATIONS:**Dividend:**

Your directors have pleasure in recommending a dividend 6% on equity shares for the financial year ended on 30th June, 2007, subject to approval by shareholders at the 25th Annual General Meeting. The equity dividend amounting to Rs.1,47,025/-, including taxes, if approved by the Equity shareholders at the ensuing Annual General Meeting, would be paid out of the profits for the year. The dividend is free of tax in the hands of the shareholders.

Transfer to reserves:

Your directors propose to transfer Rs.1,50,66,713.18 to the general reserve.

Bonus Shares:

During the financial year, the company's financial results were impressive. In order to increase the value of the investments made in this company, the Board decided to reward its shareholders by issue of bonus share in the ratio of 5 equity share of Rs.10/- for every one share. Subject to the approval of the members in the ensuing Annual General Meeting.

Issue of Equity shares on preference basis :

The company had issued 2,30,000 equity shares of Rs. 10/- each at a premium of 45/- each to M/s. Shree Pathee Investment Private Limited and the issue proceeds were utilized for working capital requirements.

SHARE CAPITAL

At present the company's authorized capital is one Core. It is proposed to increase the authorized capital 32 cores. The necessary resolutions for alteration of capital clause in the memorandum and articles of association is placed before the members for the approval in the ensuing annual General Meeting.

In order to meet the increased working capital requirements arising out of expansion of activities, the Company proposes to issue rights shares in the ratio of 5 Equity Shares for every 1 Equity Share held. The rights shares of Rs 10/- each will be issued at cash at premium of Rs.5/- per share. This will enable the Company to mobilize additional funds. Incidentally, this would enable the company to dematerialize its equity shares listed with the Stock Exchange. Necessary resolution under Section 81 (1A) forms part of the notice of the annual general meeting.

FIXED DEPOSITS:

The company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956.

DIRECTORS

Mr. Thomas Kuruvilla, who retires by rotation and being eligible offer himself for re-appointment.

Brief resume relating to directors seeking appointment/reappointment are given in the notice of the annual general meeting.

CHANGE OF REGISTERED OFFICE

As the members are aware, a Special Resolution was passed at the Extrarordinary General Meeting held on 27th February 2006 for change of registered office from the State of Andhra Pradesh to the State of Tamil Nadu. The Company obtained the conformation from Company Law Board to have the Register Office in the State of Tamilnadu.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2A) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, the Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from them
- That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That they had prepared the annual accounts on a going concern basis.



AUDITORS AND AUDITORS REPORT

M/s. R.P.Madhu & Co, Chartered Accountants, the retiring auditors being eligible offer themselves for re-appointment and a resolution seeking their re-appointment forms part of the ordinary business to be transacted at the annual general meeting. A certificate has been received from the Auditor to the effect that his re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

The Auditors' Report to the members the year ended 30-06-2007, does not contain any qualifications or adverse remark.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to Section 383A of the Companies Act 1956 read with Companies (Compliance Certificates) Rules, 2001, Secretarial Compliance Certificate has been obtained from M/s.P.Suresh, Practicing Company Secretary, Chennai and annexed herewith and forming part of this report.

PARTICULARS OF EMPLOYEES

There are no employee who is in receipt of remuneration exceeding the amount prescribed under Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

Since the company is in the service sector, furnishing of information relating to conservation of energy and technology absorption does not arise.

Foreign Exchange Earnings : Rs. 4,92,50,967/-

Foreign Exchange Outgo : Rs. 42,08,500/-

ACKNOWLEDGEMENTS

Your Directors wish to place on record their gratitude to the Company's bankers for their assistance and co-operation extended to the company. Your Directors also appreciate the contributions made by the Business Associates and Employees towards the good performance during the year.

For and On Behalf of the Board
For Mediaone Global Entertainment Limited

Suryaraj Kumar
Managing Director

Date : 14th August, 2007

Place : Chennai.



COMPLIANCE CERTIFICATE

Regn No. : 01-39833
Paid up Capital : Rs. 47,00,000/-

To,
The Members
MEDIA ONE GLOBAL ENTERTAINMENT LTD.,
(formerly Rajmata Investments and Finance Ltd)
305, Blue Chip Arcade, 3-6-111, Himayat Nagar, Hyderabad – 500029.

I have examined the registers, records, books and papers of **MEDIA ONE GLOBAL ENTERTAINMENT LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the period ended 31st MARCH 2007. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid period:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made there under.
3. The Company being a public limited company comments are not required.
4. The Board of Directors duly met 11 times on 19.06.2006, 27.07.2006, 09.10.2006, 31.10.2006, 07.11.2006, 05.01.2007, 23.01.2007, 11.04.2007, 30.04.2007, 12.06.2007, 23.06.2007 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 25.07.2006 to 27.07.2006 (both days of inclusive) during the period under review and complied with the provisions of Section 154 of the Act.
6. The Annual General Meeting for the financial year ended 31.03.2006 was held on 27.07.2006 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra-ordinary General Meeting was held on 31.01.2007 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

8. As per the explanation and declaration given by the management, the Company has not advanced any loans to its directors or persons of firms or companies referred to under Sec 295 of the Act.
9. As per the explanations and declarations given by the management, the Company has not entered into any contracts falling within the purview of the section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the period under review.
13. The Company has:
 - i. There was no allotment/transfer/transmission of securities during the period under review.
 - ii. Has not deposited any amount in a separate Bank Account as no dividend was declared during the period under review.
 - iii. Was not required to post warrants to any members of the Company as no dividend was declared during the period under review.
 - iv. Has no unpaid dividend, application money due for refund, matured debentures and the interest accrued thereon, to be transferred to Investor Education and Protection Fund;
 - v. Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Additional Director/Alternate director and directors to fill casual vacancy during period under review duly made.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the period under review. However, Mr.Suryaraj Kumar was appointed as the Managing Director of the Company w.e.f 24.01.2006 for a period of 5 years by the Board and subsequently ratified at the EGM held on 27.02.2006 and complied with the provisions of the Act. Form 23 and Form 25C were filed within the due time.
16. The Company has not appointed any sole selling agents during the period under review.

17. The Company has filed a petition to the Company Law Board, Southern Region Bench, Chennai for shifting of its Registered Office from the State Of Andhra Pradesh to the State of Tamil Nadu, during the financial year and their confirmation has also been obtained as on the date of this report.

There were no other requirements to obtain any approval from the Regional Director, Registrar of Companies or such other authorities as may be prescribed under various provisions of the Act, during the period under review.

18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 2,30,000 equity shares of Rs.10/- each during the period under review.
20. The Company has not bought back any shares during the period under review.
21. There was no redemption of Preference Shares/Debentures during the period under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. As per the declaration given by the management, the Company has not invited/accepted any deposits falling within the purview of Sec 58A of the Act during the period under review.
24. The Company has not borrowed any amount from its Directors, Members, public financial institutions, banks and other during the period under review.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during the period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

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30. The Company has not altered its Articles of Association during the period under scrutiny.
 31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the period under scrutiny, for offences under the Act.
 32. The Company has not received any money as security from its employees during the period under scrutiny.
 33. As per the information and explanation provided to me, the provisions of Section 418 of the Act are not applicable to the Company.

V.SURESH
PRACTISING COMPANY SECRETARY
C.P.NO: 6032

PLACE: CHENNAI
DATE : 14.08.2007



ANNEXURE A

REGISTERS AS MAINTAINED BY THE COMPANY

1. Register of Members under sec 150.
2. Minutes Book of Meetings of Board and General Meetings
3. Register of Particulars of Contracts in which Directors are interested under Sec.301.
4. Register of Directors under Sec. 303.
5. Register of Directors' Shareholdings under section 307.

ANNEXURE B

Returns/ Documents/ Forms filed with the Registrar of Companies, Regional Director,
Central Government or other authorities during the period ended
30th June 2007

REGISTRAR OF COMPANIES

Sl. No	Form No.	Relevant Section	Description	Date of filing	Whether filed within the prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Sch VI	220	Balance Sheet as at 31.03.2006	27.09.2006	No	Yes
2	CC	383A	Secretarial Compliance-Certificate	06.10.2006	No	Yes
3	Sch V	159	Annual Return	09.01.2007	No	Yes
4	32	303(2)	Appointment of Mr.Thomas Kuruvilla and Mr.Bomi Kavina as Additional Directors and the resignation of Mr.Hariharan as Director	19.06.2006	Yes	Yes
5	32	303(2)	Appointment of Mr.P.K.Sankaranarayanan as Secretary	07.11.2006	Yes	Yes

REGIONAL DIRECTOR : NIL
CENTRAL GOVERNMENT & : NIL
OTHER AUTHORITIES

PLACE: CHENNAI
DATE : 16.08.2007

V.SURESH
PRACTISING COMPANY SECRETARY
C.P.NO: 6032



**AUDITOR'S REPORT TO THE MEMBERS OF M/S.MEDIAONE GLOBAL
ENTERTAINMENT LTD**

- 1) We have audited the attached Balance Sheet of M/s.MEDIAONE GLOBAL ENTERTAINMENT LTD (Formerly known as RAJAMATA INVESTMENTS AND FINANCE LIMITED)., as at 30th June 2007 for an extended period of 15 months, the Profit and Loss Account and the Cash Flow Statement of the Company for the period ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of sec.227 of the Companies Act, 1956, we enclose in the Annexure (2) a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books. The company does not have any branches. Hence branch audit and branch audit report is not applicable.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of sec.211 of the Companies Act, 1956.



-
- e) On the basis of written representations received from the directors, as on 30th June, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2007 from being appointed as a director in terms of clause (g) of sub-sec.(1) of sec.274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the companies act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June '07 and
- ii) In the case of the Profit and Loss Account, of the Profit of the Company for the period ended on that date and
- iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

**For R.P.MADHU & CO.,
CHARTERED ACCOUNTANTS**

Chennai
14.08.07

**R.P.MADHU
Partner**

ANNEXURE TO AUDIT REPORT

- i. (a) The Company is maintaining proper records showing full particulars , including quantitative details and situation of fixed Assets.
- (b) The fixed assets have been physically verified by the management during the year and there is a program of verification which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any major part of the plant and machinery.
- ii). The Company does not have any inventory, therefore the question of reporting does not arise.
- iii). The Company has not granted or taken any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv). In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size and the nature of the business for the purchase of plant and machinery equipment and other assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v). (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
- vi) The Company has not accepted any deposits as defined under sections 58A and 58AA of the Companies Act, 1956 and the Companies(Acceptance of Deposits) Rules, 1975.
- vii) In our opinion, the Company is having an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government has not prescribed the maintenance of cost records u/s. 209(1)(d) of the Companies Act,1956.
- ix) (a) There are no statutory dues payable including Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty and cess and other material statutory dues applicable to it.



- (b) According to the information and explanations given to us , no undisputed amount payable in respect of Income Tax, Wealth Tax , Sales Tax, Customs Duty, Excise Duty and cess were in arrears, at at June30, 2007 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and cess which have not been deposited on account of any dispute.
- x) The company has no accumulated and cash losses at the end of the financial year .
- xi) In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares , debentures and other securities.
- xiii) The special statutes applicable to chit fund is not applicable to the company since the company is not a chit fund company
- xiv) The Company does not deal or trade in shares , securities , debentures and other investments.
- xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the books of accounts and records of the company no term loans have been taken by the company.
- xvii) According to the information and explanations given to us no funds raised on short term basis and have been used for long term investments and vice-versa.
- xviii) During the Period the Company has not made any preferential allotment of shares to parties covered under section.301 of the Companies Act,1956.
- xix) The company has not issued any debentures to create the securities.
- xx) During the period the company has raised money by way Preferential allotment of shares.
- xxi) No fraud on or by the company has been noticed or reported during the year.

For R.P.MADHU & CO.,
CHARTERED ACCOUNTANTS

Chennai
14.08.07

R.P.MADHU
Partner

MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

BALANCE SHEET AS AT 30.06.2007

	<u>Schedules</u>	<u>30.06.2007</u>	<u>31.03.2006</u>
<u>SOURCES OF FUND</u>			
<u>Shareholder's Funds</u>			
Share Capital	1	4700000.00	2400000.00
Reserves & Surplus	2	26018789.95	602076.77
<u>Loan Funds</u>			
Unsecured Loans	3	2963500.00	—
Deferred Tax Liability		13685.89	13685.89
		<u>33695975.84</u>	<u>3015762.66</u>
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets</u>	4	707913.97	385466.51
<u>Investments</u>			
Media One Global Ltd., U.K (Wholly Owned Subsidiary Company) (1000 Shares of 1 Pound Each)		79000.00	79000.00
<u>Current Assets, Loans & Advances</u>			
Sundry debtors	5	16753261.93	10536847.00
Loans, Advances & Deposits	6	34391456.70	2258909.00
Cash & Bank Balances	7	5978000.37	818464.29
Work In Progress	8	28165537.67	2262008.00
		<u>85288256.67</u>	<u>15876228.29</u>
<u>Less:- Current Liabilities & Provisions</u>			
Sundry Creditors	9	46592032.51	12907741.00
Provisions & Outstanding Expenses	10	6703464.69	417191.14
		<u>53295497.20</u>	<u>13324932.14</u>
		31992759.47	2551296.15
<u>Net Current Assets</u>			
<u>Miscellaneous Expenditure</u>			
(to the extent not written off or adjusted)	11	916302.40	—
Deferred Revenue Expenditure		33695975.84	3015762.66
Notes forming part of the financial statements	16		

for MEDIAONE GLOBAL ENTERTAINMENT LIMITED

As per our report on even date
For R.P.MADHU & CO.,
CHARTERED ACCOUNTANTS

Chennai
14.08.07

(R.P.MADHU)
Partner

(SURLARAJ KUMAR)
Managing Director

(T.Venkateswara Rao)
Director



MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30.06.2007

	<u>Schedules</u>	<u>30.06.2007</u>	<u>31.03.2006</u>
<u>INCOME</u>			
Direct Income	12	118118603.00	28552657.00
Work in Progress		28165537.67	—
Other Income	13	9608169.14	138132.00
		<u>155892309.81</u>	<u>28690789.00</u>
<u>EXPENDITURE</u>			
Direct Expenses	14	127158199.52	22667678.00
Administrative Expenses	15	7191603.46	2696591.81
Pre-operative Expenses Written Off		229075.60	—
Depreciation		235383.05	18500.50
		<u>134814261.63</u>	<u>25382770.31</u>
PROFIT BEFORE TAX		21078048.18	3308018.69
<u>LESS:- PROVISIONS</u>			
Provision for Taxation		5804682.00	301580.14
Deferred Tax Liability		—	13685.89
Provision for Fringe Benefit Tax		34641.00	—
PROFIT AFTER TAX		<u>15238725.18</u>	<u>2992752.66</u>
Dividend @ 6%		147025.00	—
Provision for Dividend Tax @16.995%		24987.00	—
Amount Transferred to Reserves & Surplus		<u>15066713.18</u>	<u>2992752.66</u>
EARNING PER SHARE		32.06	12.47

for MEDIAONE GLOBAL ENTERTAINMENT LIMITED

As per our report on even date
For R.P. MADHU & CO.,
CHARTERED ACCOUNTANTS

Chennai
14.08.07

(R.P.MADHU)
Partner

(SURYARAJ KUMAR)
Managing Director

(T.Venkateswara Rao)
Director

Annual Report 2006 - 07

MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	<u>30.06.2007</u>	<u>31.03.2006</u>
<i>Schedule 1</i>		
<i>Authorised Share Capital</i>		
1000000 Equity Shares of 10/- Each	10000000.00	10000000.00
	<hr/>	<hr/>
	10000000.00	10000000.00
<i>Called up & Paid up Capital</i>		
470000 Equity Shares of 10/- Each	4700000.00	2400000.00
	<hr/>	<hr/>
	4700000.00	2400000.00
<i>Schedule 2</i>		
<i>Reserves & Surplus</i>		
Opening Balance	602076.77	(2390675.89)
Add: Transferred from Profit & Loss Account	15066713.18	2992752.66
Share Premium	10350000.00	
	<hr/>	<hr/>
	26018789.95	602076.77
<i>Schedule 3</i>		
<i>Unsecured Loans</i>		
Metro Films Private Limited	1320000.00	—
Mediaone Global, UK	1643500.00	—
	<hr/>	<hr/>
	2963500.00	
<i>Schedule 5</i>		
<i>Sundry Debtors</i>		
<i>Outstanding for Less than Six Months and considered good</i>		
Lotus Marketing	47190.00	—
Sony Pictures		612389.00
Eros International	—	2200000.00
Motion Pictures Partners International	—	1750000.00
Advance for Interior	—	306720.00
Bhagyalakshmi Films	6238380.10	—
Raj TV - Visswarupam	186686.00	—
Servex Agencies Ltd	—	867738.00
Mediacrop	73368.00	—
Speed Page Group Ltd	—	2700000.00
Time Code Films ETV	471257.00	—
Metro Films UK	2957090.83	—
Zee TV Kannada Swabhimana	65207.00	—
Euro Andhra Entertainment Limited	2100000.00	—
<i>Outstanding for More than Six Months and considered good</i>		
Provoked Limited - London	596019.00	—
Servex Agencies Ltd	1318064.00	—
Speed Page Group Ltd	2700000.00	—
	<hr/>	<hr/>
	16753261.93	10536847.00

Schedule - 4

DETAILS OF FIXED ASSETS & DEPRECIATION

Particulars	Rate	Gross Block			Depreciation			Net Block	
		As on 01.04.06	Additions	As on 30.6.2007	As on 01.04.06	For the year	As on 30.06.07	As on 30.06.07	As on 31.03.06
Air conditioner	0.14	73830.00	0	73830.00	1660.04	12548.55	14208.59	59621.41	72169.96
Office Equipment	0.18	39244.50	24180	63424.50	1806.83	9718.84	11525.67	51898.83	37437.67
Furnitures & Fittings	0.18	130130.40	463521	593650.91	5911.97	132975.50	138887.47	454763.44	124218.43
Electrical Fittings	0.18	35458.00	0	35458.00	838.56	7832.65	8671.21	26786.79	34619.44
Printer	0.40	8000.00	0	8000.00	341.92	3829.04	4170.96	3829.04	7658.08
Scanner	0.40	6900.00	0	6900.00	294.90	3302.55	3597.45	3302.55	6605.10
Computers	0.40	113350.00	70130	183480.00	10592.17	65175.92	75768.09	107711.91	102757.83
Total		406912.90	557831	964743.41	21446.39	235383.04	256829.43	707913.97	385466.52



MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

Schedule 6

Loans & Advances & Deposits

Deposit - Sun TV	134688.00	—
Tax Deducted at Source	567138.00	203542.00
Electricity Deposit	2540.00	—
Advance Tax	400000.00	300000.00
Advance Tax - Frienge Benefit Tax 2006 - 07	24511.00	—
Travelling Advance - SRK	17000.00	—
Kareem Advance	40000.00	—
Telephone Deposit	2000.00	2000.00
Fixed Deposit - Lakshmi Vilas Bank	—	1000000.00
FDR - Vijaya Bank Bangalore	15000000.00	—
Balaji Theatres	100000.00	—
Rent Advance - Office	190000.00	190000.00
Mayur Puri - Provoked	825000.00	—
Distribution Film - Partner	1500000.00	—
Advance Dhaam Dhoom	15308579.70	—
Advance - Panchayat	280000.00	—
Advances	—	563367.00
	<hr/>	<hr/>
	34391456.70	2258909.00

Schedule 7

Cash and Bank Balances

	<u>30.06.2007</u>	<u>31.03.2006</u>
Cash in hand	141419.11	21948.00
<u>Balances with Schedule Banks</u>		
Lakshmi Vilas Bank	66154.35	183400.10
UTI Bank	65526.21	613116.19
Vijaya Bank	5704900.70	—
	<hr/>	<hr/>
	5978000.37	818464.29

Schedule 8

Work In Process

- WIP - Kichchu Project	—	434504.00
WIP - Swabhimana Project	—	245000.00
WIP - Viswarupam Project	—	1582504.00
WIP - Kannamoochi	1411648.50	—
WIP - Dhaam Dhoom	23349417.17	—
WIP - Provoked	949323.50	—
WIP - Telling Lies	2455148.50	—
	<hr/>	<hr/>
	28165537.67	2262008.00



MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

<u>Schedule 9</u>	<u>30.06.07</u>	<u>31.03.06</u>
<u>Sundry Creditors</u>		
Advt. Thambi Payable	299633.00	299633.00
Centaniel Inc. UK	34399235.00	—
Space Design	23590.51	—
Pyramid Saimeera	100001.00	—
Gagan Ashok Khemka	3500000.00	—
Sunanda Murali Manohar	8269573.00	12021678.00
Jugsun Electricals	—	9327.00
Madras Glass & Plywood Depot	—	19036.00
P.S.Rao & Associates	—	15765.00
Saheli Interiors	—	45147.00
Supreme Marbles & Granites Co	—	6219.00
Viswarupam Creditors		
Daily Shooting Expenses Payable	—	99895.00
Raghunatha Reddy - Camera man	—	40000.00
Boovaraga Murthy M - Artist	—	7800.00
Expenses Payable - Title Song	—	14500.00
Mohan T.S - Artist	—	34050.00
Preethi - Artist	—	15000.00
Raghuraman - Artist	—	6750.00
Raja S - Artist	—	10000.00
Venkataraman A.R - Child Artist	—	9000.00
Times Codes Film - Kichchu	—	253941.00
	<u>46592032.51</u>	<u>12907741.00</u>
<u>Schedule 10</u>		
<u>Provisions & Outstanding Expenses</u>		
Provision For Taxation	5804682.00	301580.14
<u>Outstanding Expenses</u>		
TDS	335418.00	33272.00
FBT	34641.00	19279.00
Audit Fees	101561.00	63060.00
Internal Audit fees	32158.00	—
Service Tax	59779.19	—
Dividend	147025.00	—
Dividend Tax	24987.00	—
Gratuity	32307.00	—
Salary	87125.00	—
Other Outstanding Expenses	43781.50	—
	<u>6703464.69</u>	<u>417191.14</u>
<u>Schedule-11</u>		
<u>Deffered Revenue Expenditure</u>		
Share Issue Expenses	1145378.00	—
Less:1/5th Written off during the year	229075.60	—
	<u>916302.40</u>	<u>—</u>

MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

Schedule 12

<u>Direct Income</u>	<u>30.06.2007</u>	<u>31.03.2006</u>
Royalties - Geethanjali	7396080.00	—
Royalties - Swabhimana	6600000.00	—
Royalties - Kichchu	7290000.00	—
Royalties - Visswarupam	7735000.00	—
Media Crop Add	113050.00	—
Sceptre Concepts Add	33150.00	—
Sale of Film Rights	16500000.00	—
Distribution Income - Cheeni Kum	16055896.00	—
Distribution Income - Eklavya	16332345.00	—
Distribution Income - Namaesthe London	20813313.00	—
Distribution Income Salam Ishq	19207769.00	—
Lotus	42000.00	—
<u>Ramji Londonwale Income</u>		
Commission from Ramji Londonwale	—	1750000.00
Dvd Rights	—	2000000.00
Dvd Rights for USA	—	2200000.00
Satellite Rights Receivable	—	6000000.00
Theatre Collection	—	5226891.00
<u>Co ordination Income</u>		
Crew - Coordination	—	700000.00
Co-Ordination fee - Film Provoked	—	2000000.00
Post Production income -Film Provoked	—	1500000.00
Dubbing Charges	—	96322.00
Income from Lady Godiva film	—	7037952.00
Co-Ordination Income - Film Thambi	—	41492.00
	118118603.00	28552657.00

Schedule 13

Other Income

Income from Advertisement - Thambi Film	450326.00	0.00
Dividend from Subsidiary Company	9000000.00	0.00
Interest on Fixed Deposit	157843.14	107332.00
Sundry Balances Written Off	0.00	30800.00
	9608169.14	138132.00



MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

Schedule 14

	<u>30.06.07</u>	<u>31.03.06</u>
<u>Direct Expenses</u>		
Ramji Publicity Expenses	—	17521698.00
Lady Godiva Production Expenses	—	4874980.00
Vasantha Maligai Pilot Expenses	—	121000.00
Satellite Rights commission	—	150000.00
Project - Swabhiman	6180000.00	—
Project - Geethanjai	6306259.00	—
Project - Kichchu	6750000.00	—
Project - Visswarupam	7031818.50	—
Project - Joker	6264052.35	—
Project - Kannamoochi	1411648.50	—
Project - Cheeni Kum	2850000.00	—
Project - Dhaam Dhoom	23349417.17	—
Project - Provoked	949323.50	—
Project - Telling Lies	2455148.50	—
Purchase of Rights of Films	14770694.00	—
Distribution Expenses - for Film Cheeni Kum	11457719.00	—
Distribution Expenses - For Film Eklavya	10291316.00	—
Distribution Expenses - For Film		
Namesthe London	14753296.00	—
Distribution Expenses - For Film Salam Ishq	12337507.00	—
	<hr/>	<hr/>
	127158199.52	22667678.00

MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

Schedule 15

Administrative Expenses

	30.06.2007	31.03.2006
Audit Fees	101124.00	66120.00
Advertisement Expenses	158149.00	29957.00
Bank Charges	116196.76	18098.81
Bonus	8622.00	—
Books & Periodicals	11115.50	—
Business Promotion	35636.00	—
Board Meeting Expenses	—	8000.00
Commission	88000.00	—
Conveyance & Travelling Expenses	319063.00	130972.00
Corporate Advisory Fees	—	1102000.00
Donation	501.00	—
Electricity Charges	72462.00	2329.00
Exgratia	17961.00	—
Filing Fee	46407.00	19279.00
Food & Beverages	12408.00	—
Income Tax 05 - 07	384684.00	—
Insurance on Vechiles	15251.00	—
Interest on Loan	1361096.00	—
Interest on Service Tax	66292.00	—
Internal Audit Fees	78000.00	—
Legal Fees	3000.00	—
Listing Fee	20000.00	—
Logo Designing Charges	10000.00	—
Membership & Subscription	8052.00	—
Office Maintenance	39306.50	60225.50
Pooja Expenses	1020.00	—
Postage	17264.00	—
Printing & Stationery	174095.00	14852.50
Professional & Consultancy Charges	232700.00	78183.00
Rates & Taxes	3696.00	149121.00
Rent Payments	294692.00	114000.00
Repairs & Maintenance - Equipments	118800.00	—
Repairs & Maintenance - Building	10057.00	—
Salary	2121288.00	745265.00
Staff Welfare	47270.90	47645.00
Subscription Fee	1000.00	—
Telephone Expenses	148485.80	36971.00
Vechile Maintenance	223907.00	73573.00
Web Designing Charges	32000.00	—
	<hr/>	<hr/>
	7191602.46	2696591.81
	<hr/>	<hr/>



MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1) Significant Accounting Policies

1) Basis of Preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India

Accounting Period

For the Financial year the accounting period has been extended by 3 months. So the Financial Period for the Company begins from 01.04.06 to 30.06.07. The Necessary provisions for the same has been complied with.

2) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The Operating Revenue includes Entertainment Tax, Sales Tax, and Service Tax collected. Where the screens were on show hire, revenue is recognised at Gross Amount inclusive of taxes.

a) Sale of Tickets of Films

Revenue from sale of tickets of films is recognised as and when the film is exhibited.

b) Income from Distribution of films

Theatrical Revenue from the distribution of films is accounted for on the basis of box office collections received from various exhibitors at gross amount inclusive of taxes.

c) Advertisement Revenue

Advertisement revenue is recognised as and when advertisement is displayed.

d) Sharing of Revenue

Income from Revenue sharing is recognised in accordance with the terms of agreement with the party to operate and manage.

3) Fixed Assets

Fixed assets are stated at Cost of Acquisition less Depreciation, cost includes Inward Freight, Duties, Taxes and other attributable costs

4) Depreciation

Depreciation has been provided on the Fixed Assets on Written Down Value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956 on pro-rata basis

5) Investments

Total Investment in the Wholly owned Subsidiary Company has been valued as per Accounting Standard

- 13 ie., at Cost of Acquisition

MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

I) Significant Accounting Policies

6) Working In Progress

All the expenses in relation to the teleserials are transferred to their respective Work In Progress accounts since all the serials are at production stage and no income is accrued during the year on those serials

7) Provision for Tax

Provision for Current Tax has been made based on the liability computed in accordance with the relevant tax rates and tax laws.

8) Accounting Standards

The Accounting Standards prescribed by the Institute of Chartered Accountants of India have been complied with wherever applicable.

9) Other Accounting Policies

Accounting Policies are consistently followed throughout the period under audit and in consonance with the generally accepted accounting principles followed by the companies

SCHEDULE -16

II) NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

1) Income & Expenditure are accounted on accrual basis.

2) Payment to Auditors:-

	<u>2005-06</u>	<u>2006-07</u>
Statutory Audit fees	60000.00	90000.00
Service Tax	6120.00	11124.00
	<u>66120.00</u>	<u>101124.00</u>

3) There are no SSI Units to whom amount in excess of Rs.1.00 Lac is due for a period exceeding 30 days

4) The Balances of Sundry Debtors and Sundry Creditors are subject to Confirmation from the respective parties.

5) The provisions for Provident Fund & Gratuity Act are not applicable to the Company for this year

6) Number of employees of the company through out or for any part of the Financial who are in receipt of remuneration for the year, which in aggregate was not less than Rs.24,00,000/-p.a. or Rs.2,00,000/- p.m

NIL

7) Foreign Exchange difference debited/credited to Profit & Loss Account

NIL

8) Director's Remuneration

(in lacs)

Managing Director's Remuneration
(Including all Allowances)

11.15

Commission to Managing Director

Nil

Total

11.15

MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

9) Related Party Disclosures for the year ended 30.06.07

List of Related Parties:

- a) Subsidiary Companies
Media One Global Limited (U.K)
- b) Associate/Joint Venture Nil
- c) Key Management Personnel
Mr.Suryaraj Kumar - Managing Director

d) Transactions With Related Parties

	Amount (Rs. in Lacs)		
	<u>Subsidiary Companies</u>	<u>Associate/ Joint Venture</u>	<u>KMP</u>
<u>Income</u>			
Dividend Receipts	90.00	—	—
Loan Received from Media One Global Ltd - U K	58.52	—	—
Loan Repaid during to the period to Media one Global Ltd.UK	(42.09)	—	—
Mr.Suryaraj Kumar	—	—	11.15

10) Additional information pursuant to the provision paragraph 3,4C and 4D of Part II of Schedule VI of the Companies Act 1956 (to the extent applicable)

a) Expenditure in Foreign Currency

Amount (Rs.) in Lacs

Production Expenses of Dhaam Dhoom Project	124.53
Foreign Travel	—
Interest	—
	124.53

11) Other Income under schedule 10 includes a sum of Rs.90 Lakhs received from its wholly owned subsidiary company U.K towards Dividend on Investment made in the Shares.

12) Earnings in Foreign Exchange

Dividend Receipts from Subsidiary Company 9000000.00

13) Provision for Taxation under schedules includes Rs.15,29,550/- towards provision for Income Tax on dividend received from Subsidiary Comapnay at U.K

14) Deffered Revenue Expenditure

The Company has incurred Share issue Expenses of Rs. 11,45,378/- during the year under review and a sum of Rs.2,29,075.60(1/5th) has been written off during the year 2006 - 07

15) The Deffered Tax Liability of 13,658.89 /- represent the provision made till 31.03.2006 as per Accounting Standard 22, howeverthe company has not recognised Deffered Tax Asset of Rs 5482/- as matter of prudence



MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

11) Balance Sheet abstract and Company's general business profile as per Part IV to Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No	39833
State Code	1
Balance Sheet Date	30.06.2007

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousands)

Public issue	Nil	Bonus Issue	Nil
Rights issue	Nil	Private Placement	2300.00

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

(Amount in Rs. Thousands)

Total Liabilities	33695.98	Total Assets	33695.98
-------------------	----------	--------------	----------

SOURCES OF FUNDS

Paid-up Capital	4700.00	Secured Loans	—
Reserves & Surplus	26018.79	Unsecured Loans	2963.50
		Deferred Tax Liability	13.69

APPLICATION OF FUNDS

Net Fixed Assets	707.91	Pre-operative Expenses	916.30
Investments	79.00	Accumulated Losses	—
Net Current Assets	31992.76		

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover	155892.31	Profit/Loss before Tax	21078.05
Total Expenditure	134814.26	Profit/Loss After Tax	15238.73
Earnings per Share (in Rs.)	32.42	Dividend Rate (%)	6.00

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

(as per monetary terms)

Production Description

Television Software / serials / Feature Films

Item Code

NA

MEDIAONE GLOBAL ENTERTAINMENT LIMITED

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30-06-2007

A) Cash Flow from Operating Activities

Net Profit Before Tax		21078048.18
Adjustments for:		
Depreciation	235383.05	
Income Tax for Previous Year	384684.00	
Share issue Expenses W/off	229075.60	
		<u>849142.65</u>
Operating Profit Before Working Capital Changes		<u>21927190.83</u>

Adjustments for :

Increase in Work In Process	(25903529.67)	
Increase in Sundry Debtors	(6216414.93)	
Increase in Advances	(32636089.84)	
Increase in Creditors	33684291.51	
Increase in Other Liabilities	576518.69	
Share Issue Expenses	<u>(1145378.00)</u>	
		<u>(31640602.24)</u>

Cash Flow From Operating Activities before tax		<u>(9713411.41)</u>
Less: Income Tax Paid for the previous year		<u>(182722.00)</u>
Cash Flow From Operating Activities after tax		<u>(9896133.41)</u>

B) Cash Flow from Investing Activities

Purchase of Fixed Assets	(557830.51)	
Cash Flow from Investing Activities		<u>(557830.51)</u>

C) Cash Flow from Financing Activities

Share Capital Allotment Money	2300000.00	
Share Premium	10350000.00	
Increase In Unsecured loan	2963500.00	
Cash Flow from Financing Activities		<u>15613500.00</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)		5159536.08
Cash and Cash Equivalents as at 1st April 2006		818464.29
Cash and Cash Equivalents as at 30th June 2007		5978000.37



STATEMENT REGARDING SUBSIDIARY COMPANIES
Pursuant to Section 212(1) and (3) of the Companies Act, 1956

a. Name of the Subsidiary company	:	MEDIAONE GLOBAL LIMITED
b. Financial Year of the Subsidiary Company	:	June 30, 2007
c. Holding Company's interest	:	100%
Issued Share Capital of 1000 Ordinary Shares of 1 Pound each fully paid-up equivalent Rupee value Rupees	:	79,000/-
d. Net aggregate amount of Subsidiary's profit / losses(-) Not dealt with in Holding Company's accounts		
(i) for the Subsidiary's financial year ended 30 th June 2007		(Rupees in lakhs) 98.12
(ii) for the previous financial years 31 st March 2007.		42.26
e. Net aggregate amount of Subsidiary's Profit / losses(-) dealt with in the holding company's accounts		
(i) for the Subsidiary's financial year ended 30 th June 2007		Nil
(ii) for the previous financial years 31 st March 2006.		Nil
f. Changes in the interest of the holding company between the end of the subsidiary's financial year ended 30 th June 2007		Not Applicable
g. Material changes between the end of the subsidiary's Financial period ending 30 th June 2007		Not Applicable

For and on behalf of the Board of Directors
MEDIAONE GLOBAL ENTERTAINMENT LTD

Managing Director

Director

Vide my report of even date

Place: Chennai
Date : 14.08.2007

R.P. Madhu & Co,
Chartered Accountants



MEDIA ONE GLOBAL LIMITED
REPORT OF THE DIRECTOR
For the Period 01 April 2006 to 30 June 2007

The director presents his report with the financial statements of the company for the period 01 April 2006 to 30 June 2007.

INCORPORATION : The company was incorporated on 07 October 2005.

PRINCIPAL ACTIVITY : The principal activity of the company in the period under review was that of motion picture and video production.

DIRECTOR : Dr. J M Manohar was the sole director during the period under review. The director holding office at 30 June 2007 did not hold any beneficial interest in the issued share capital of the company during the period under review.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES : The director is responsible for preparing the financial statement in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the director 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 statement, the director is required to

- select suitable accounting policies and then apply them consistently:
- make judgments and estimates that are reasonable and prudent:
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the company and to enable him to ensure that the financial statements comply with the companies Act 1985. 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS : So far as the director is aware, there is no relevant audit information(as defined by Section 234ZA of the companies Act 1985)of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIVIDEND : Directors had recommend an interim dividend of \$ 1.11.110 for the financial year ended 30.06.2007 vide the Board Resolution dated 20 th June 2007.

AUDITORS :

The auditors R & C Associates, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD :

Dr. J M Manohar – Director
01 August 2007

**REPORT OF THE INDEPENDENT AUDITORS TO THE
MEMBERS OF MEDIA ONE GLOBAL LIMITED**

We have audited the financial statements of Media One Global Ltd for the period ended 30 June 2007 on pages four to seven. These financial statements have been prepared in accordance with the accounting policies set out there in and the requirements of the financial Reporting Standard for Smaller Entities (effective January 2005).

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 auditors' 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 director and auditor : As described on page two the company's director is responsible for the preparation of financial statement 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 statement give a true and fair view and are properly in accordance with the companies Act 1985. We also report to you if, in our opinion, the report of the Director 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director 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 test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the director 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 applicable to Smaller Entities, of the state of affairs of the company as at 30 June 2007 and of the profit of the company for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

R & C Associates
Chartered Accountants
29 West Hatch
Manor, Ruislip
Middlesex
HA4 8QU

01 August 2007

MEDIA ONE GLOBAL LIMITED, UK
(Wholly owned Subsidiary)

BALANCE SHEET FOR THE PERIOD ENDED 30.06.2007

	<u>Schedule</u> <u>No</u>	<u>As on 30.06.2007</u>		<u>As on 31.03.2006</u>
		<u>In £</u>	<u>In Rs</u>	<u>In Rs</u>
<u>SOURCES OF FUNDS</u>				
<u>Shareholder's Funds</u>				
Share Capital	1	1000	81000.00	77800.00
Reserves & Surplus	2	175457	14212017.00	4225785.00
Defered Tax Liability		52394	4243914.00	—
		<u>228851</u>	<u>18536931.00</u>	<u>4303585.00</u>
<u>APPLICATION OF FUNDS</u>				
<i><u>Current Assets, Loans & Advances</u></i>				
Inventories - Work in Progress		271658	22004298.00	—
Sundry debtors	3	713135	57763935.00	103154864.00
Cash & Bank Balances		132524	10734444.00	78345.00
		<u>1117317</u>	<u>90502677.00</u>	<u>103233209.00</u>
<i><u>Less:- Current Liabilities & Provisions</u></i>				
Sundry Creditors	4	876466	70993746.00	98929624.00
Provision for Liabilities		12000	972000.00	—
		<u>888466</u>	<u>71965746.00</u>	<u>98929624.00</u>
<i><u>Net Current Assets</u></i>		<u>228851</u>	<u>18536931.00</u>	<u>4303585.00</u>
		<u>228851</u>	<u>18536931.00</u>	<u>4303585.00</u>

R & C Associates
29 West Hatch, Manor
Ruislip, Middle Sex
UK

for MEDIA ONE GLOBAL LIMITED

Dr. J.M. Manohar
(Director)



MEDIAONE GLOBAL ENTERTAINMENT LIMITED

Status: Limited Company

(FORMERLY KNOWN AS RAJMATA INVESTMENTS AND FINANCE LIMITED)

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30.06.2007

	As on 30.06.2007		As on 30.06.2007
	In £	In Rs	In Rs
INCOME			
Sales	5371975	435129975.00	444926608.00
	5371975	435129975.00	444926608.00
EXPENDITURE			
Cost of Production	5070240	410689440.00	432489266.00
Administrative Expenses	17090	1384209.00	970555.00
Proposed Dividend	111110	9000000.00	—
Financial Expenses	—	—	6112902.00
	5198440	421073649.00	439572723.00
PROFIT BEFORE TAX	173535	14056326.00	5353885.00
LESS:- PROVISIONS	—	—	—
Provision for Taxation	52394	4243914.00	1128100.00
PROFIT AFTER TAX	121141	9812421.00	4225785.00
Amount transferred to Reserves & Surplus	121141	9812421.00	4225785.00

R & C Associates
29 West Hatch, Manor
Ruislip, Middle Sex
UK

for MEDIA ONE GLOBAL LIMITED

Dr. J.M. Manohar
(Director)



MEDIA ONE GLOBAL LIMITED, UK
(Wholly owned Subsidiary)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	<u>As on 30.06.2007</u>		<u>As on 31.06.2006</u>
	<u>In £</u>	<u>In Rs</u>	<u>In Rs</u>
<i>Schedule 1</i>			
<i>Authorised Share Capital</i>			
1000 Equity Shares of 1 Pound each	1000	81000.00	77800.00
	1000	81000.00	77800.00
<i>Called up & Paid up Capital</i>			
1000 Equity Shares of 1 Pound each is held by Mediaone Global Entertainment Limited incorporated in India	1000	81000.00	77800.00
	1000	81000.00	77800.00
<i>Schedule 2</i>			
<i>Reserves & Surplus</i>			
Opening Balance	54316	4399596.00	—
Add: Transferred from Profit & Loss Account	121141	9812421.00	4225785.00
	175457	14212017.00	4225785.00
<i>Schedule 3</i>			
<i>Sundry Debtors</i>			
Trade Debtors	50006	4050486.00	92010170.00
Amounts owed by group undertakings in which the company has participating interest	470765	38131965.00	—
Film - Dham Dhoom	171429	13885749.00	—
Other Debtors	20934	1695654.00	11144694.00
	713134	57763854.00	103154864.00
<i>Schedule 4</i>			
<i>Sundry Creditors</i>			
Trade Creditors	765355	61993755.00	6112902.00
Proposed Dividend Payable	111110	9000000.00	92816722.00
	876465.00	70993755.00	98929624.00



MEDIA ONE LIMITED
Notes to the Accounts
for the period ended 31 March 2007

1. Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Foreign currencies

Transactions in foreign currencies are recorded at the rate 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. All differences are taken to the profit and loss account.

Comparative Balance Sheet

Comparative figures for 2006 are as per Consolidated Balance Sheet of Media One Global Ltd as on 31 March 2006 i.e. including its subsidiary Provoked Ltd. Current Period accounts are for the Company Media One Global Limited.

2. Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

3. Taxation

	2007	2006
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	18,123	14,500
	18,123	14,500
Tax on profit on ordinary activities	18,123	14,500

4. Investments	Investments in Subsidiary Undertakings	
		£
Cost		
At 1 April 2006		100
Additions		-
Disposals		(100)
At 31 March 2007		<u>-</u>
5. Debtors	2007	2006
	£	£
Trade debtors	-	1,182,650
Amount owed by group undertakings and undertakings in which the company has a participating interest	141,780	142,887
Other debtors	875	361
	<u>142,655</u>	<u>1,325,898</u>
6. Creditors : amounts falling due within one year	2007	2006
	£	£
Bank loans and overdrafts	2,570	7,475
Trade creditors	-	78,572
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	-
Corporation tax	-	-
Other taxes and social security costs	-	730,678
Other creditors	-	454,864
Accruals and deferred income	-	-
Proposed dividend	-	-
	<u>2,570</u>	<u>1,271,589</u>
7. Share capital	2007	2006
	£	£
Authorised, allotted, issued and fully paid:		
Ordinary shares of £ 1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
8. Profit and loss account	2007	2006
	£	£
At 1 April	44,810	-
Profit for the financial year	64,253	54,316
Dividends	-	-
Transfer to capital redemption reserve	-	-
At 31 March	<u>109,063</u>	<u>54,316</u>



AUDITOR'S REPORT

TO
THE BOARD OF DIRECTORS
M/S. MEDIAONE GLOBAL ENTERTAINMENT LTD
ON THE CONSOLIDATED FINANCIAL STATEMENT OF
M/S.MEDIAONE GLOBAL ENTERTAINMENT LTD AND ITS SUBSIDIARY

We have examined the attached consolidated Balance Sheet of M/s. Mediaone Global Entertainment Ltd ("the company") and its subsidiary as at 30th June '07 and the consolidated Profit and Loss account for the period then ended and the cash flow statement for the period ended on that date.

These financial statements are the responsibility of the companies' management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance, whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the company's subsidiary, whose financial statements reflect total asset of Rs.905.03 (in lacs) as at 30th June 2007 and total revenue of Rs.4351.30 (in lacs) for the Period ended 30.06.07. These financial statements have been audited by other auditors whose report have been furnished to us, and our opinion, in so far as its relates to the amounts included of company's subsidiary, is based solely on the report of other auditors.

We report that the consolidated financial statement have been prepared by the company in accordance with the requirements of accounting standards (AS21), Consolidated financial statements issued by the institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the company and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the company and its subsidiary, we are of the opinion that;

- a) the consolidated balance sheet gives a true and fair view of the consolidated state of affairs of the company and its subsidiary as at 30th June 2007; and
- b) the consolidated Profit and Loss account gives a true and fair view of the consolidated results of operations of the company and its subsidiary for the period ended on that day.
- c) The consolidated cash flow statement gives a true and fair view of the consolidated cash flows of the company and its subsidiary for the period ended on that date.

For R.P.MADHU & CO.,
CHARTERED ACCOUNTANTS

Chennai
14.08.07

R.P.MADHU
Partner

Annual Report 2006 - 07



M/s. MEDIAONE GLOBAL ENTERTAINMENT LTD

CONSOLIDATED BALANCE SHEET AS ON 30.06.07

<u>SOURCES OF FUNDS</u>	<u>Schedule No</u>	<u>(Amount in Rs.)</u>	<u>(Amount in Rs.)</u>
<u>Shareholder's Funds</u>		<u>30.06.2007</u>	<u>31.03.2006</u>
Share Capital	1	4700000.00	2400000.00
Reserves & Surplus	2	40003458.12	4826661.57
Unsecured Loans		1320000.00	—
Defered Tax Liability		13685.89	13685.89
		<u>46037144.01</u>	<u>7240347.46</u>
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets</u>	3	707913.97	385466.51
<u>Current Assets, Loans & Advances</u>			
Inventories : WIP		50169835.67	—
Sundry debtors	4	63644357.10	111591711.40
Loans , Advances & Deposits	5	34391456.70	6620917.00
Cash & Bank Balances	6	16712444.37	896808.89
		<u>164918093.84</u>	<u>119109437.29</u>
<u>Less:- Current Liabilities & Provisions</u>			
Sundry Creditors	7	108585787.51	110709265.20
Provisions & Outstanding Expenses	8	11919378.69	1545291.14
		<u>120505166.20</u>	<u>112254556.34</u>
<u>Net Current Assets</u>		<u>44412927.64</u>	<u>6854880.95</u>
<u>Miscellaneous Expenditure (to the extent not written off)</u>			
Deffered Revenue Expenditure	9	916302.40	—
		<u>46037144.01</u>	<u>7240347.46</u>
Notes forming part of the consolidated financial statements	14		

As per our report on even date for MEDIAONE GLOBAL ENTERTAINMENT LTD
for R.P. MADHU & CO.,
CHARTERED ACCOUNTANTS

Chennai (R.P. MADHU) (SURYARAJ KUMAR) (T.VENKATESWARA RAO)
14.08.07 Partner Managing Director Director

Annual Report 2006 - 07



M/s. MEDIAONE GLOBAL ENTERTAINMENT LTD

**CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED 30.06.07**

	<u>Schedule No</u>	<u>(Amount in Rs.)</u>	<u>(Amount in Rs.)</u>
INCOME		30.06.2007	31.03.2006
Direct Income	10	553248578.00	471882942.80
Other Income		9608169.14	138132.00
Work In Process		28165535.67	—
	Total (A)	591022282.81	472021074.80
EXPENDITURE			
Direct Expenses	11	537847639.52	453560622.40
Administrative Expenses	12	17628139.09	3668346.81
Financial Costs	13	—	6112901.60
Share Issue Expenses Written off	9	229075.60	—
Depreciation	3	235383.05	18500.50
	Total (B)	555940237.26	463360371.31
PROFIT BEFORE TAX	(A)-(B)	35082045.55	8660703.49
LESS:- PROVISIONS			
Provision for Taxation		10048596.00	1429680.14
Provision for Fringe Benefit Tax		34641.00	—
Deferred Tax Liability		—	13685.89
PROFIT AFTER TAX		24998808.55	7217337.46
Dividend @ 6%		147025.00	—
Provision for Dividend tax @16.995%		24987.00	—
Amount transferred to Reserves & Surplus		24826796.55	7217337.46
EARNINGS PER SHARE		52.82	30.07

As per our report on even date for MEDIAONE GLOBAL ENTERTAINMENT LTD
for R.P. MADHU & CO.,
CHARTERED ACCOUNTANTS

Chennai
14.08.07

(R.P. MADHU)
Partner

(SURYARAJ KUMAR)
Managing Director

(T.VENKATESWARA RAO)
Director



M/s. MEDIAONE GLOBAL ENTERTAINMENT LTD

SCHEDULES FORMING PART OF THE CONSOLIDATED
FINANCIAL STATEMENTS

	<u>30.06.2007</u>	<u>31.03.2006</u>
<i>Schedule 1</i>		
<i>Authorised Share Capital</i>		
1000000 Equity Shares of 10/- Each	10000000.00	10000000.00
	<u>10000000.00</u>	<u>10000000.00</u>
<i>Called up & Paid up Capital</i>		
240000 Equity Shares of 10/- Each	2400000.00	2400000.00
230000 Equity shares of 10/- Each	2300000.00	—
(Allotment on Preferential Basis)	<u>4700000.00</u>	<u>2400000.00</u>
<i>Schedule 2</i>		
<i>Reserves & Surplus</i>		
Opening Balance	4826661.57	(2390675.89)
Add: Transferred from Profit & Loss Account	24826796.55	7217337.46
Add: Share Premium A/c	10350000.00	—
	<u>40003458.12</u>	<u>4826661.57</u>
<i>Schedule 4</i>		
<i>Sundry Debtors</i>		
Unsecured and considered good	—	8436847.00
Trade debtors	59848703.10	92010170.00
Other Debtors	3795654.00	11144694.40
	<u>63644357.10</u>	<u>111591711.40</u>
<i>Schedule 5</i>		
<i>Loans & Advances & Deposits</i>		
Deposits	137228.00	1192000.00
Advances to be received in cash or in kind	15937579.70	401359.00
Other advances considered good	3316649.00	2765550.00
Fixed Deposit with Vijaya Bank	15000000.00	—
Work In Progress	50169835.67	2262008.00
	<u>84561292.37</u>	<u>6620917.00</u>

M/s. MEDIAONE GLOBAL ENTERTAINMENT LTD

<u>Schedule 6</u>	<u>30.06.2007</u>	<u>31.03.2006</u>
<u>Cash and Bank Balances</u>		
<u>Balances in Current a/c with banks</u>		
Lakshmi Vilas Bank	66154.35	183400.10
Vijaya Bank	5704900.70	—
UTI Bank	65526.21	613116.19
Bank A/c at U.K	10734444.00	—
<u>Cash in hand</u>	141419.11	100292.60
	<u>16712444.37</u>	<u>896808.89</u>
 <u>Schedule 7</u>		
<u>Sundry Creditors</u>		
Due to Trade Creditors	08585787.51	18925148.60
Bank Over Draft	—	581555.00
Social Security and Other Creditors	—	91202561.60
	<u>108585787.51</u>	<u>110709265.20</u>
 <u>Schedule 8</u>		
<u>Provisions & Outstanding Expenses</u>		
Provision For Taxation	10048596.00	1429680.14
Tds Payable	335418.00	33272.00
FBT payable	34641.00	19279.00
Dividend Payable	147025.00	—
Tax on Dividend	24987.00	—
Other Provisions	1328711.69	63060.00
	<u>11919378.69</u>	<u>1545291.14</u>
 <u>Schedule 9</u>		
<u>Miscellaneous Expenses</u>		
<u>Deffered Revenue Expenditure</u>		
Share Issue Expenses	1145378.00	—
Less: 1/5th written off during the period	229075.60	—
	916302.40	—
 <u>Schedule 10</u>		
<u>Direct Income</u>		
Distribution Income	536748578.00	17176891.00
Co-ordination Income	—	11375766.00
Income from Film Production	16500000.00	444926607.80
Less: Inter company transaction* - Provoked Film		(1596322.00)
	<u>553248578.00</u>	<u>471882942.80</u>



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Schedule 11 30.06.2007 31.03.2006

Direct Expenses

Film Production Cost	474237107.52	432489266.40
Direct Expenses relating to distribution	63610532.00	22667678.00
Less: Inter company transactions - Provoked Film	—	(1596322.00)
	<u>537847639.52</u>	<u>453560622.40</u>

Schedule 12

Administrative Expenses

Bank Charges	116196.76	—
Accounting Charges	11745.00	116700.00
Auditors' Remuneration	989124.00	729365.00
Payments to and Provisions for Employees	2147871.00	792910.00
Formation Cost		190610.00
Other Expenses	5310956.70	1837561.81
Foreign Exchange Fluctuation	52245.63	1200.00
Dividend declared by subsidiary co	9000000.00	—
	<u>17628139.09</u>	<u>3668346.81</u>

Schedule 13

Financial Costs

Finance Costs	—	1111450.80
Commission Charges	—	5001450.80
	<u>—</u>	<u>6112901.60</u>



M/s. MEDIAONE GLOBAL ENTERTAINMENT LTD

Schedule 14

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- 1) These accounts comprise a consolidation of the Balance Sheet, Profit and Loss Account and Cash Flow Statement of Mediaone Global Entertainment Limited (Formerly known as Rajamata Investments), a company incorporated in India and its wholly owned Subsidiary Mediaone Global Limited, which is incorporated in the U.K. for a period of 15 months from 01.04.06 to 30.06.2007
- 2) **Significant Account Policies**
- A) **Basis of Accounting**
The financial statements of the parent have been prepared under the historical cost convention and comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India
- B) **Basis of Consolidation**
The consolidated financial statements incorporate the financial statements of the parent and its wholly owned subsidiary made upto 30 June,2007. All significant inter-company transactions and balances are eliminated on consolidation.
- C) **Fixed Assets**
Fixed assets are stated at Cost of Acquisition less Depreciation, cost includes Inward Freight , Duties , Taxes and other attributable costs
- D) **Depreciation**
Depreciation has been provided on the Fixed Assets on Written Down Value method as per the rates prescribed under Schedule XIV of the Companies Act , 1956 on pro-rata basis
- E) **Work In Progress**
All the expenses in relation to the teleserials are transferred to their respective Work In Progress account since all the serials are at production stage and no income is accrued during the year on those serials
- F) **Provision for Tax & Deferred Tax**
Provision for Current Tax has been made based on the liability computed in accordance with the relevant tax rates and respective tax laws.
- G) **Earning Per Share**
The earnings considered in ascertaining EPS comprise the net profit after tax.
- H) Other Income under Schedule 11 includes Rs.90,00,000/- received from Subsidiary company towards interim dividend declared by subsidiary company at U.K. A sum of Rs. 1529550/- is provided towards tax liability in the base of accounts of the company as per the procedures of the Income Tax Act.
- I) The Company has incurred share issue expenses of Rs. 1145378 during the year under request. A sum of Rs.229075.60 (1/5 of Rs.1145378) written off during the year under respect and balance is kept under Deffered revenue expenditure to be written off in future years.



M/s. MEDIAONE GLOBAL ENTERTAINMENT LTD

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

J) Related Party Disclosures for the year ended 30.06.07

List of Related Parties:

a) Subsidiary Companies

Media One Global Limited (U.K)

b) Associate/Joint Venture

NIL

C) Key Management Personnel

Mr.Suryaraj Kumar - Managing Director

d) Transactions With Related Parties Amount (Rs. In Lacs)

	<u>Subsidiary</u>	<u>Associate/</u>	<u>KMP</u>
	<u>Companies</u>	<u>Joint Venture</u>	
<u>Income</u>			
Dividend Received	90.00	—	—
Loan Received from Media One Global Ltd - U K	58.52	—	—
Loan Repaid during the period to Media one Global Ltd.UK	(42.09)	—	—
<u>Payments</u>			
Mr.Suryaraj Kumar	—	—	11.15



M/s. MEDIAONE GLOBAL ENTERTAINMENT LTD

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2007

A) Cash Flow from Operating Activities

Net Profit Before tax and Dividend		24998809
Adjustments for :		
Depreciation		235383.05

Operating Profit Before			
Working Capital Changes			25234192
Increase in WIP	(47907827.67)		
Decrease in Sundry Debtors	47947354.30		
Increase in Advances	(30032547.70)		
Increase in Creditors	(2295489.69)		
Increase in Other Liabilities	10374087.55	(21914423)	

Cash Flow From Operating Activities		<u>3319768</u>
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B) Cash Flow from Investing Activities

Purchase of Fixed Assets	(557830.51)	
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Cash Flow from Investing Activities		<u>(557831)</u>
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C) Cash Flow from Financing Activities

Increase in Share Capital	2300000.00	
Increase In Unsecured loan	1320000.00	
Share Premium Received	10350000.00	
Share Issue Expenses	(916302.40)	

Cash Flow from Financing Activities		<u>13053698</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)		15815635.48
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Cash and Cash Equivalents as at 1st April 2006		896808.89
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Cash and Cash Equivalents as at 30 June 2007		16712444.37
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MEDIAONE GLOBAL ENTERTAINMENT LIMITED

Regd. Office : 1-D, Parkway, 122 Marshall's Road, Egmore, Chennai - 600 008.

Name of the Shareholder / Proxy

Admission Slip	
Please hand over this admission slip at the entrance of the meeting hall	
Folio	Holding

26th Annual General Meeting
28th September, 2007 at 12.15 a.m.
Hotel Guru, 69, Marshalls' Road, Egmore, Chennai - 600 008.

<input type="checkbox"/> Member	<input type="checkbox"/> Proxy

I hereby register my presence at the meeting
Signature of the member / proxy

MEDIAONE GLOBAL ENTERTAINMENT LIMITED

Regd. Office : 1-D, Parkway, 122 Marshall's Road, Egmore, Chennai - 600 008.

PROXY FORM

I / We.....
.....

Folio	Holding
-------	---------

of.....

in the district of.....being a member / members of
MEDIAONE GLOBAL ENTERTAINMENT LIMITED hereby appoint.....

of.....in the district of.....or
failing him.....of..... in the

district of.....as my / our proxy to vote for me / us and on my / our behalf at the 17th
Annual General Meeting of the Company to be held on Friday, the 28th September, 2007 and at any adjournment thereof.

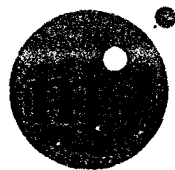
Signed this.....day of.....2007.

Proxy form must reach company's registered office not later than 48
hours before the commencement of the meeting.

For office use only	
Proxy No.	Date of receipt

Re.1/-
Revenue
Stamp

Signature



MEDIAONE™

GLOBAL ENTERTAINMENT LIMITED

ZING OF VIBRANCY

1-D, 'Parkway', #122, Marshall's Road, Egmore, Chennai - 600 008.
Ph: 91-44-4214 8005, 2852 1424. Fax: 4214 6321. Email: mediaone@airtelbroadband.in

www.mediaoneglobal.net