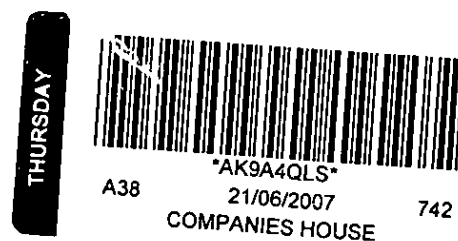


**First Independent Films (formerly First
Independent Films Limited)**

**Directors' report and financial statements
for the year ended 31 December 2006**

Registered number: 2461537



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Directors, Officers and Advisers

Directors:

Granada Nominees Limited (appointed 20 March 2007)
ITV Productions Limited (appointed 20 March 2007)

Bankers

Barclays Bank plc
27 Soho Square
London
W1A 4WA

Registered Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Secretary:

Granada Nominees Limited (appointed 20 March 2007)

Registered Office

200 Grays Inn Road
London
WC1X 8HF

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006
The comparatives are for the year ended 31 December 2005

Principal activities and business review

The principal activity of First Independent Films ("the Company") continues to be the theatrical distribution of feature films, pre-recorded video cassette distribution and the sale of television rights

The results for the Company show a profit of £67,000 for the year and sales of £66,000 (2005 profit of £97,000 and sales of £121,000)

The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review

Re-registration as an unlimited company

On 22 March 2007 shareholders passed a special resolution approving the re-registration of the Company as an unlimited company. The re-registration was registered by the Company Registrar on 23 March 2007 and the Company is now called First Independent Films

Principal transactions and post balance sheet events

During the year the ITV plc group continued the operational and legal restructuring programme, commenced in 2004, to simplify the corporate structure. The group programme will continue throughout 2007

On 1 January 2007, the Company transferred its trade and related assets and liabilities to Granada International Media Limited for consideration which generated neither gain nor loss

On 30 March 2007, being the date of registration at Companies House, a reduction of the Company's authorised ordinary share capital from 5,000,000 ordinary shares with a nominal value of £1.00 to 5,000,000 ordinary shares with a nominal value of £0.00000022221 each was effected

A reduction of the issued ordinary share capital from 4,500,100 ordinary shares with a nominal value of £1.00 to 4,500,100 ordinary shares with a nominal value of £0.00000022221 each was also effected. The capital contribution reserve was reduced from £6,782,165 to £nil. The resulting credits have been applied to the profit and loss account

Dividends

The directors do not recommend the payment of a dividend (year to 31 December 2005 £nil)

Directors' report (continued)

Directors

The following were directors of the Company during the year ended 31 December 2006

	Appointment Date	Resignation Date
Granada Nominees Limited	20 March 2007	
ITV Productions Limited	20 March 2007	
H Tautz		20 March 2007
J B Tibbitts		20 March 2007

Donations

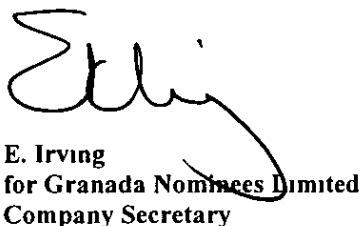
Grants and charitable donations made during the year amounted to £nil (year ended 31 December 2005 £nil) There were £nil political contributions (year ended 31 December 2005 £nil)

Auditors and disclosure of information to auditors

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Financial Statements before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985

By order of the board



E. Irving
for Granada Nominees Limited
Company Secretary

200 Grays Inn Road,
London
WC1X 8HF

13 June 2007

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of First Independent Films

We have audited the financial statements of First Independent Films the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Date 19 June 2007

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

First Independent Films (formerly First Independent Films Limited)
Directors' report and financial statements
Year ended 31 December 2006

Profit and loss account

	Note	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Turnover		66	121
Cost of sales		-	-
Gross profit		66	121
Net operating expenses	2	(8)	(161)
Operating profit / (loss)		58	(40)
Interest receivable		9	-
Income from investments		-	199
Profit on ordinary activities before taxation	3	67	159
Taxation on ordinary activities	4	-	(62)
Profit on ordinary activities after taxation	8	67	97

As noted in the Directors' Report, the results stated above are all derived from discontinuing activities

The Company has no recognised gains and losses other than the results disclosed above

There is no difference between the profit on ordinary activities before taxation and the retained results for the year stated above, and their historical cost equivalents

The notes on pages 8 to 12 form an integral part of these financial statements

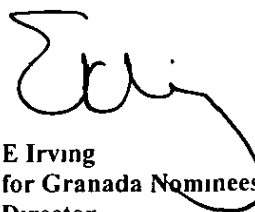
First Independent Films (formerly First Independent Films Limited)
Directors' report and financial statements
Year ended 31 December 2006

Balance sheet

	Note	31 December 2006 £'000	31 December 2005 £'000
Current assets			
Cash at bank		296	108
Debtors amounts falling due within one year	5	71	246
		<u>367</u>	<u>354</u>
Current liabilities			
Creditors amounts falling due within one year	6	(354)	(408)
		<u>13</u>	<u>(54)</u>
Net current assets / (liabilities)			
		<u>13</u>	<u>(54)</u>
Total assets less current liabilities			
		<u>13</u>	<u>(54)</u>
Net assets / (liabilities)			
		<u>13</u>	<u>(54)</u>
Capital and reserves			
Called up share capital	7	4,500	4,500
Capital contribution reserve	8	6,782	6,782
Profit and loss account	8	(11,269)	(11,336)
Total equity shareholders' funds / (deficit)	9	<u>13</u>	<u>(54)</u>

The notes on pages 8 to 12 form an integral part of these financial statements

The financial statements were approved by the board of directors on 13 June 2007 and signed on its behalf by



E Irving
for Granada Nominees Limited
Director

Notes to the financial statements

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the significant accounting policies is set out below.

Basis of preparation

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

Cash flow statement

Under FRS 1 'Cash Flow Statement' the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Related party transactions

The Company is a wholly owned subsidiary of ITV plc. Therefore it has taken advantage of the exemption in Financial Reporting Standard No 8 not to disclose any transactions or balances with entities that are part of the group.

Turnover

Turnover in respect of theatrical and video income consists of the net amounts invoiced to customers including inter-group sales. Income from the sale of television rights is recognised as the cash amounts become due and receivable.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised and computed without discounting. Full provision is made in respect of all timing differences between the treatment of certain items in the financial statements and their treatment for taxation purposes at the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that the asset will be removed.

Foreign Currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year, or where forward currency rates have been arranged at the contracted rate. Profit and loss items are converted at the rate ruling at the transaction date, or contracted rate where applicable.

Dividends

Dividends are recognised in the period in which they are declared.

First Independent Films (formerly First Independent Films Limited)
Directors' report and financial statements
Year ended 31 December 2006

Notes to the financial statements (continued)

2 Net Operating Expenses

Total net operating expenses for the year were as follows

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Administrative expenses	8	161
Net operating expenses	8	161

3. Staff costs and directors' and auditor's remuneration

No director received any emoluments for their services to this Company (2005 £nil) There were no employees and hence no staff costs during the year (2005 nil)

In the current and prior year the auditors' remuneration of £500 was borne by another group company. Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent ITV plc

Notes to the financial statements (continued)

4. Taxation

Analysis of charge in year

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
<i>Current tax:</i>		
UK corporation tax on profit for the year	-	(13)
Adjustment in respect of previous periods	-	75
Total current tax (see below)	-	62
 Tax on profit on ordinary activities	 -	 62

The current tax charge for the year is lower (year ended 31 December 2005 higher) than the standard rate of corporation tax in the UK (year ended 31 December 2006 30%, year ended 31 December 2005 30%). The differences are explained below

Current tax reconciliation

Profit on ordinary activities before tax	67	159
Current tax charge at 30% (2005 30%)	20	48
<i>Effects of</i>		
Capital allowances for the period in excess of depreciation	-	(1)
Permanent differences and group relief	(20)	(60)
Adjustment in respect of previous periods	-	75
Total current tax charge (see above)	-	62

First Independent Films (formerly First Independent Films Limited)
Directors' report and financial statements
Year ended 31 December 2006

Notes to the financial statements (continued)

5. Debtors amounts falling due within one year

	31 December 2006 £'000	31 December 2005 £'000
Amounts due from group undertakings	70	246
Accrued income	1	-
	<u>71</u>	<u>246</u>

6. Creditors: amounts falling due within one year

	31 December 2006 £'000	31 December 2005 £'000
Amounts due to group undertakings	284	66
Corporation tax	-	263
Other creditors	70	79
	<u>354</u>	<u>408</u>

7 Share capital

	31 December 2006 £'000	31 December 2005 £'000
a) Authorised		
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
b) Allotted, called up and fully paid		
4,500,100 ordinary shares of £1 each	<u>4,500</u>	<u>4,500</u>

First Independent Films (formerly First Independent Films Limited)
Directors' report and financial statements
Year ended 31 December 2006

Notes to the financial statements (continued)

8. Reserves

	Profit and loss account £'000	Capital Contribution reserve £'000
At 1 January 2006	(11,336)	6,782
Retained profit for the year	67	-
At 31 December 2006	<u>(11,269)</u>	<u>6,782</u>

9. Reconciliation of movement in shareholders' funds/(deficit)

	£'000
At 1 January 2006	(54)
Retained profit for the year	67
At 31 December 2006	<u>13</u>

10. Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2006 of £29 million (31 December 2005 £37 million)

The Company and certain other group companies have entered into an arrangement for a joint bank account with Barclays Bank PLC and are jointly and severally liable in respect of any overdraft arising on the group joint bank account. At 31 December 2006 this contingent liability amounted to £nil (31 December 2005 £nil)

In the opinion of the directors, adequate allowance has been made in respect of these matters

11. Ultimate parent company

At 31 December 2006 the Company's immediate parent company was United Broadcasting & Entertainment Limited, a company incorporated and registered in England and Wales and the Company's ultimate parent company was ITV plc, a company incorporated and registered in England and Wales

The largest and smallest group in which the results of the Company were consolidated was that headed by ITV plc. The consolidated accounts of ITV plc are available to the public and may be obtained from the Company Secretary, 200 Gray's Inn Road, London, WC1X 8HF