

INGENIOUS FILM PARTNERS LLP

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 6 APRIL 2009 TO 31 JANUARY 2010

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Limited Liability Partnership Number OC 308659

REPORT AND FINANCIAL STATEMENTS 31 JANUARY 2010

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MEMBERS' REPORT

Period ended 31 January 2010

The members submit the Report and Financial Statements for the period 6 April 2009 to 31 January 2010

Principal activities

Ingenious Film Partners LLP ("the Partnership") was formed to conduct an integrated film business. Based in the UK, it draws on a deep pool of talent, both on and off screen, to produce and deliver a 'slate' of theatrical films in association with a mix of leading independent producers and studios. It has adopted a sophisticated project selection procedure to manage risks from the outset and will only produce films where there is a strong likelihood of distribution and where it is able to secure a participation in gross sales receipts arising from that distribution. The Partnership also operates in other aspects of the film production and distribution value chain thereby deploying capital across activities with differing risk profiles.

Review of the period

Waterloo Film Partner 1 Limited and Waterloo Film Partner 2 Limited ("the Designated Members") served as designated members during the period.

The Partnership's Executive Committee consisted of Duncan M. Reid, a director of the Designated Members, and Patrick A. McKenna, Richard B. Rosenberg, Charles E. W. Peel and Denise O'Donoghue, who are all ordinary members of the Partnership. The membership of the Executive Committee was unchanged throughout the period.

During the period, the Partnership delivered two further films to a commissioning distributor. The Partnership also entered into contracts to produce one further film on behalf of a major studio. All of this further investment was funded by Ingenious Film Partners Limited ("the Corporate Member", a member of the Partnership). The Partnership continues to receive distribution income as remuneration for previous film production activities.

In addition, the Partnership completed three co-marketing deals with a Hollywood studio in respect of major film releases that the Partnership is producing.

Future developments

The Partnership is well positioned to benefit from its ongoing activities and relationship with the Ingenious Media group.

Policy regarding members' drawings and capital

The Designated Members are not entitled to drawings. In accordance with the members' agreement, no ordinary member shall be entitled to make any drawings on account of profits to which they are entitled unless permitted under that agreement.

Members' capital is subscribed in accordance with the current members' agreement, and retained by the Partnership until such time as the members agree to repay that capital. There were no transfers of members' capital to debt during the period.

The operating cash requirements of the Partnership shall be met out of the members' initial contributions and no member shall be required to make any further funding available after his or her admission as a member.

INGENIOUS FILM PARTNERS LLP

MEMBERS' REPORT (Continued)

Period ended 31 January 2010

Statement of members' responsibilities

The members are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial period. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. The members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the members are aware

- there is no relevant audit information of which the Partnership's auditor is unaware, and
- the members have taken all steps they should have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information


Auditors

The Designated Members will reappoint Shipleys LLP as auditors in accordance with the members' agreement

This report was approved by the Designated Members on 14/9/2010 and signed on their behalf by



WATERLOO FILM PARTNER 1 LIMITED
Designated Member



WATERLOO FILM PARTNER 2 LIMITED
Designated Member

Registered Office
15 Golden Square
London W1F 9JG

INGENIOUS FILM PARTNERS LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS LLP

We have audited the financial statements of Ingenious Film Partners LLP for the period ended 31 January 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, Notes to the Cash Flow Statement and the related notes 1 to 11. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Partnership's members, as a body, in accordance with section 495 of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Partnership'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 Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Partnership's affairs as at 31 January 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

Opinion on other matters prescribed by the Companies Act 2006 as modified by the Limited Liability Partnership Regulations 2008

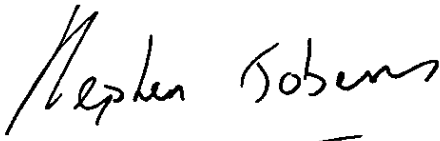
In our opinion the information given in the Members' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS LLP (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of members' remuneration specified by law are not made, or we have not received all the information and explanations we require for our audit



Stephen Joberns (Senior Statutory Auditor)

for and on behalf of Shipleys LLP (Statutory Auditor)
10 Orange Street, Haymarket, London, WC2H 7DQ

Date 14/9/2010

Limited Liability Partnership Number OC 308659

INGENIOUS FILM PARTNERS LLP

PROFIT AND LOSS ACCOUNT

Period ended 31 January 2010

	Notes	Period ended 31 January 2010 £'000s	Year ended 5 April 2009 £ '000s
Turnover	1	28,604	51,339
Cost of sales		<u>(28,785)</u>	<u>(73,073)</u>
GROSS LOSS		(181)	(21,734)
Operating expenses		<u>-</u>	<u>(24)</u>
OPERATING LOSS	2	(181)	(21,758)
Interest receivable and similar income	3	<u>-</u>	<u>69</u>
LOSS FOR THE PERIOD/YEAR AVAILABLE FOR DIVISION AMONG THE MEMBERS	8	(181)	(21,689)

All results are derived from continuing operations during the current period and prior year

The Partnership has no recognised gains and losses other than those shown above and therefore no separate Statement of Total Recognised Gains and Losses has been presented

The notes on pages 9 to 12 form an integral part of the financial statements

INGENIOUS FILM PARTNERS LLP

BALANCE SHEET

As at 31 January 2010

	Notes	31 January 2010 £'000s	5 April 2009 £'000s
CURRENT ASSETS			
Stock	1 & 5	264	6,095
Debtors	6	271,603	312,768
Cash at bank		10,478	2,426
		<u>282,345</u>	<u>321,289</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	<u>(2,995)</u>	<u>(41,951)</u>
NET ASSETS		<u>279,350</u>	<u>279,338</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>279,350</u>	<u>279,338</u>
REPRESENTED BY:			
MEMBERS' OTHER INTERESTS			
Members' capital accounts	8	715,331	714,671
Other reserves	8	<u>(435,981)</u>	<u>(435,333)</u>
TOTAL MEMBERS' OTHER INTERESTS		<u>279,350</u>	<u>279,338</u>
MEMORANDUM OF MEMBERS' TOTAL INTERESTS			
Members' other interest	8	<u>279,350</u>	<u>279,338</u>
TOTAL MEMBERS' INTERESTS		<u>279,350</u>	<u>279,338</u>

The notes on pages 9 to 12 form an integral part of the financial statements

The financial statements were approved by the members and authorised for issue on
and signed on their behalf by

14/9/2010

WATERLOO FILM PARTNER 1 LIMITED
Designated Member

WATERLOO FILM PARTNER 2 LIMITED
Designated Member

Limited Liability Partnership Number OC 308659

INGENIOUS FILM PARTNERS LLP

CASH FLOW STATEMENT

Period ended 31 January 2010

	Notes	31 January 2010 £'000s	5 April 2009 £'000s
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	A	7,859	(23,054)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received	B	-	69
TRANSACTIONS WITH MEMBERS	C	193	22,389
INCREASE/(DECREASE) IN CASH IN THE PERIOD/YEAR	D & E	8,052	(596)

NOTES TO THE CASH FLOW STATEMENT

Period ended 31 January 2010

	31 January 2010 £'000s	5 April 2009 £'000s	
A) RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES			
Operating loss	(181)	(21,758)	
Decrease in stock	5,831	556	
Decrease in debtors	41,165	9,521	
Decrease in creditors	(38,956)	(11,373)	
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	7,859	(23,054)	
B) RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received	-	69	
C) TRANSACTIONS WITH MEMBERS			
Members' drawings	(467)	(349)	
Contribution by members	660	22,738	
NET CASH INFLOW FROM TRANSACTIONS WITH MEMBERS	193	22,389	
D) ANALYSIS OF NET FUNDS			
	At 6 April 2009 £'000s	Cash flow £'000s	At 31 January 2010 £'000s
Cash at bank	2,426	8,052	10,478
E) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
	31 January 2010 £'000s	5 April 2009 £'000s	
Increase/(decrease) in cash in the period/year	8,052	(596)	
MOVEMENT IN NET FUNDS RESULTING FROM CASH FLOWS	8,052	(596)	
Net funds at start of period/year	2,426	3,022	
NET FUNDS AT END OF PERIOD/YEAR	10,478	2,426	

INGENIOUS FILM PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 January 2010

1. ACCOUNTING POLICIES

The Partnership is incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2001

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. The financial statements are prepared in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and Statement of Recommended Practice 'Accounting by Limited Liability Partnerships 2006'. The particular accounting policies adopted are described below.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of VAT.

Taxation

No current or deferred taxation is provided in the financial statements as the liability for taxation falls on the members.

Stock

Stock and work-in-progress, other than long-term contracts, are stated at the lower of cost and net realisable value. Cost comprises contractual expenditure in respect of the films being produced on behalf of commissioning distributors and producers. Net realisable value is based on the estimated future receipts from film sales less all further costs to completion and all relevant marketing, selling and distribution costs.

Long-term contracts

Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Provision is made for the full amount of foreseeable losses on contracts.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the Profit and Loss Account.

Joint Arrangement Not an Entity ("JANE")

In a prior period the Partnership entered into a film services agreement with Ingenious Media Services Limited, to source and undertake various film-related activities on its behalf. The Partnership maintains a right of approval over any such transactions entered into on its behalf and also over the uses of such funds advanced until such opportunities arise.

In the view of the members the above arrangement constitutes a JANE, as defined by FRS 9, Associates and Joint Ventures. Accordingly, all transactions entered into by Ingenious Media Services Limited under the film services agreement are recorded in the Partnership's financial statements to correctly reflect the substance of those transactions.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Period ended 31 January 2010

2. OPERATING LOSS

	Period ended 31 January 2010 £'000s	Year ended 5 April 2009 £'000s
Operating loss is stated after charging/(crediting)		
Auditors' remuneration for audit services	10	23
Adjustment for over provision in prior year	(10)	-
	-	23

3. BANK INTEREST RECEIVABLE

	Period ended 31 January 2010 £'000s	Year ended 5 April 2009 £'000s
Interest received	-	69

4. INFORMATION RELATING TO MEMBERS

No members received remuneration from the Partnership during the period (year ended 5 April 2009 £nil)

The average number of members in the period was 697 (year ended 5 April 2009 697). The average allocation of loss was therefore £259 (year ended 5 April 2009 loss of £31,118) and the largest allocation of loss to any single member was £1,000 (year ended 5 April 2009 loss of £21,757,733)

5. STOCK

	31 January 2010 £'000s	5 April 2009 £'000s
Work-in-progress	264	6,095

6. DEBTORS

	31 January 2010 £'000s	5 April 2009 £'000s
Trade debtors	4,743	3,723
Amounts owed by group companies	266,860	309,045
	271,603	312,768

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 January 2010 £'000s	5 April 2009 £'000s
Trade creditors	1,768	39,464
Amounts owed to group companies	1,171	1,572
Other creditors	-	785
VAT payable	46	107
Accruals	10	23
	2,995	41,951

INGENIOUS FILM PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Period ended 31 January 2010

8. RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS

	Members' capital	Other reserves	Total members' other interests	Loans and other debts due to members	Total members' interests
	£'000s	£'000s	£'000s	£'000s	£'000s
Balance at 6 April 2009	714,671	(435,333)	279,338	-	279,338
Loss for the period	-	(181)	(181)	-	(181)
Members' interests after loss for the period	714,671	(435,514)	279,157	-	279,157
Capital introduced by members	660	-	660	-	660
Members' drawings	-	(467)	(467)	-	(467)
Members' interests at 31 January 2010	715,331	(435,981)	279,350	-	279,350

In the event of a winding up the Partnership's creditors are paid from any surplus assets prior to their distribution to the members

9. RELATED PARTY DISCLOSURES

The Corporate Member, Ingenious Media Investments Limited, Ingenious Media Services Limited, Ingenious Resources Limited, Ingenious Treasury Services Limited, Ingenious Distribution Services Limited, and the Designated Members are all wholly-owned subsidiaries of Ingenious Media Limited which is itself a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company of the Ingenious Media group

J L Boyton and D M Reid are members of the Partnership and were directors of the above companies during all or part of the period P A McKenna is a member of the Partnership and was a director of the above companies during all or part of the period with the exception of the Designated Members P A McKenna, J L Boyton and D M Reid are also directors and beneficial shareholders of Ingenious Media Holdings plc

During the period, the Corporate Member made an investment of £1m (year ended 5 April 2009 £23m) into the Partnership As at the period end, capital of £72m (year ended 5 April 2009 £84m) remains unpaid

During a prior period, Ingenious Resources Limited has made loans to the ordinary members of the Partnership of £204m These loans fall due for repayment after more than one year The outstanding balance as at the balance sheet date was £195m (year ended 5 April 2009 £204m)

During a prior period, the Partnership entered into a film services agreement with Ingenious Media Services Limited Any unspent funds awaiting expenditure under this agreement are invested with Ingenious Treasury Services Limited the balance of which at the period end is £195m (year ended 5 April 2009 £199m) No fees were charged by Ingenious Media Services Limited during the period (year ended 5 April 2009 £nil)

During the period, Ingenious Media Services Limited undertook certain transactions under the film services agreement with Ingenious Distribution Services Limited Gross profit from these transactions in the period was £0.5m (year ended 5 April 2009 £nil) At the period end no amounts were owing to the Partnership (year ended 5 April 2009 £4m)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Period ended 31 January 2010

10. RELATED PARTY DISCLOSURES (Continued)

During the previous financial year, Ingenious Media Services Limited undertook certain transactions under the film services agreement with Ingenious (Jersey) Film Sales Limited, which is a wholly-owned subsidiary of Ingenious Media Services Limited. Gross profit from these transactions during the period was £nil (year ended 5 April 2009: £nil). At the period end no amounts were owing to the Partnership (year ended 5 April 2009: £26m).

11. CONTROLLING PARTY

The Corporate Member controls the financial and operating policies of the Partnership. The ultimate parent company of the Corporate Member is Ingenious Media Holdings plc. The results of the Partnership have been consolidated in the accounts of Ingenious Media Holdings plc.

The consolidated financial statements of Ingenious Media Holdings plc can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The controlling shareholder of Ingenious Media Holdings plc in the period was P A McKenna.