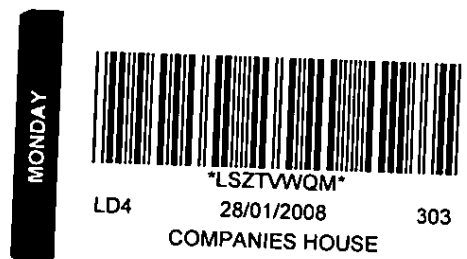


Chelmer Films LLP

Report and Financial Statements

Year Ended 5th April 2007



Limited Liability Partnership Number OC310366

Chelmer Films LLP

REPORT AND FINANCIAL STATEMENTS 2007

CONTENTS	Page
Report of the Members	1
Statement of Members' responsibilities	2
Independent Auditors' report to the Members	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 9

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REPORT OF THE MEMBERS Year Ended 5th April 2007

Principal Activities

The Partnership was formed in order to develop commercial film opportunities through a combination of sale and leaseback transactions and film development projects

Review of the Year

The Partnership was formed on 3rd December 2004

The Designated Members serving during the year and subsequently were Fleet Film Partners 1 Limited and Fleet Film Partners 2 Limited

During the year to 5th April 2007 the partnership did not acquire any further films for sale and leaseback purposes. Details of the films previously acquired are outlined in note 6

Future Developments

The Partnership will continue to consider opportunities to acquire film rights and other lease opportunities. Due to the phasing out of the film reliefs that supported sale and leaseback and the introduction of the new regime under which film production companies will be entitled to claim tax credits, there will be fewer opportunities available. Lower budget films that commenced principal photography prior to 1st April 2006 and were completed before 1st January 2007, will qualify if acquired by 30th September 2007. Higher budget films will continue to qualify even though incomplete at 1st January 2007, provided that they are acquired by 31st March 2008

Chelmer Films LLP

STATEMENT OF MEMBERS' RESPONSIBILITIES

Under the Members' Agreement, the Partnership is obliged to produce financial statements on an annual basis. The Designated Members organise the preparation of financial statements which give a true and fair view of the state of affairs of the Partnership as at the end of the financial year and of the profit or loss of the Partnership for that year.

In so doing, the Designated Members are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the accounts on the going concern basis, unless that is deemed to be inappropriate.

The Designated Members are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Partnership, and enable the Members to ensure that the financial statements comply with the Members' Agreement. They are also responsible for the system of internal control, for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

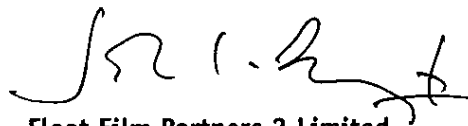
Policy regarding Members' Drawings and Capital

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 unanimously agreed by the Ordinary Members, or unless permitted under that Agreement. There were no transfers of Members' capital to debt during the period. 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. The operating cash requirements of the Partnership shall be met out of the Members' initial contributions, no Member shall be required to make any further funding available after his admission as a Member.

This report was approved by the Designated Members and signed on their behalf on 21 May 2007



Fleet Film Partners 1 Limited
Designated Member



Fleet Film Partners 2 Limited
Designated Member

Chelmer Films LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELMER FILMS LLP

We have audited the financial statements of Chelmer Films LLP for the year ended 5 April 2007 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 6. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the LLP's members, as a body, in accordance with Section 235 of the Companies Act 1985, as applicable to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP'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 described 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). Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Accounting (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 relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985, as applicable to limited liability partnerships. We also report if, in our opinion, the LLP has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of Audit Opinion

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

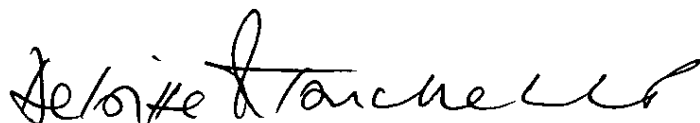
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Chelmer Films LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELMEER FILMS LLP

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the LLP's affairs as at 5th April 2007 and of its profit for the year ended 5th April 2007 and the financial statements have been properly prepared in accordance with the Companies Act 1985, as applicable to limited liability partnership

A handwritten signature in black ink, appearing to read 'Deloitte & Touche', with a stylized flourish at the end.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

Date **29** May 2007

Chelmer Films LLP

PROFIT AND LOSS ACCOUNT Year Ended 5th April 2007

	Notes	6 April 2006 - 5 April 2007 £	3 December 2004-5 April 2006 £
Turnover	1, 2	6,123,329	5,069
Cost of Sales		<u>(5,804,845)</u>	<u>-</u>
GROSS PROFIT		318,484	5,069
Operating Expenses			
Agency fees		(237,250)	1,038,681
Audit and accountancy		3,645	4,500
Legal fees		17,637	-
Bank charges		<u>1,236</u>	<u>204</u>
		214,732	(1,043,385)
OPERATING PROFIT/(LOSS)		<u>533,216</u>	<u>(1,038,316)</u>
Interest receivable and similar income	3	<u>74,928</u>	<u>3,696</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		608,144	(1,034,620)
Salaried Members' Remuneration		<u>-</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	4	<u>608,144</u>	<u>(1,034,620)</u>

All results are derived from continuing operations

There are no recognised gains or losses during the current and prior year other than as stated in the profit and loss account above, and accordingly no separate statement of total recognised gains and losses is presented

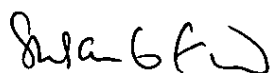
Chelmer Films LLP

BALANCE SHEET

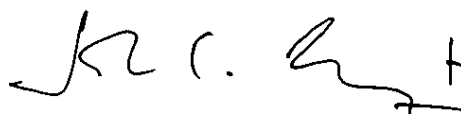
At 5th April 2007

	Notes	2007 £	2006 £
CURRENT ASSETS			
Amounts falling due within one year:			
Net investment in film finance leases	6	652,054	51,626
Accrued finance lease income		296,738	5,069
Films acquired for leasing	6	-	22,654,166
Other debtors		5,056	19,399,926
VAT receivable		13,125	-
Cash at bank		18,887	4,294,594
		<u>985,860</u>	<u>46,405,381</u>
Amounts falling due after more than one year:			
Net investment in film finance leases	6	<u>17,171,275</u>	<u>1,376,654</u>
		<u>18,157,135</u>	<u>47,782,035</u>
CREDITORS			
Amounts falling due within one year:			
Trade creditors		-	22,654,166
Sundry Creditors		33,423	-
VAT payable		-	30,882
Rentals received in advance		611,251	67,900
Accruals		<u>3,645</u>	<u>985,667</u>
		<u>(648,319)</u>	<u>(23,738,615)</u>
NET ASSETS		<u><u>17,508,816</u></u>	<u><u>24,043,420</u></u>
MEMBERS' INTERESTS			
Members' Capital	4	19,090,651	25,159,955
Other Reserves	4	<u>(1,581,835)</u>	<u>(1,116,535)</u>
TOTAL MEMBERS' INTERESTS		<u><u>17,508,816</u></u>	<u><u>24,043,420</u></u>

The financial statements were approved by the Designated Members and signed on their behalf on
29 May 2007



Fleet Film Partners 1 Limited
Designated Member



Fleet Film Partners 2 Limited
Designated Member

Chelmer Films LLP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 5th April 2007

1. ACCOUNTING POLICIES

The Partnership is incorporated in Great Britain as a Limited Liability Partnership under the Limited Liability Partnership Act 2000

These financial statements are prepared under the historical cost convention, in accordance with applicable United Kingdom Accounting Standards in compliance with the Statement of Recommended Practice on Accounting for Limited Liability Partnerships. The particular accounting policies adopted, which have been applied consistently throughout the current and preceding year, are described below

Turnover

Turnover, excluding VAT, is recognised on the following basis

(i) Finance lease income

The recognition of finance lease income is calculated to reflect a constant periodic rate of return on the net cash investment in the lease

(ii) Participation in film net revenues

The Partnership's participation in film net revenues in excess of net investment in film finance leases, development and production expenditure, is recognised in turnover when notified by the relevant collection agent

The members do not consider any one part of the worldwide market to be significantly different from any other

Film finance leases

In accordance with SSAP 21 'Leases and Hire Purchase Contracts', the amount due from the lessee under finance leases is recorded in the balance sheet of the Partnership as a debtor at the amount of the net investment in the lease, less provision for any items such as bad and doubtful rentals receivable

Cashflow

The financial statements do not include a cash flow statement as the Partnership is exempt from the requirement to prepare such a statement under Paragraph 5(g) Financial Reporting Standard 1 Cash flow statements

Taxation

No current or deferred taxation is provided on the losses attributable to the members as the liability for taxation falls on the individual members

Chelmer Films LLP

NOTES TO THE FINANCIAL STATEMENTS Year Ended 5th April 2007

2. TURNOVER

Turnover is derived from charges arising from the servicing of finance lease debtors on a receivable basis

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	6 April 2006 - 5 April 2007 £	3 December 2004-5 April 2006 £
Bank interest received	<u>74,928</u>	<u>3,696</u>

4. RECONCILIATION OF MOVEMENTS IN MEMBERS' OTHER INTERESTS

	Members' Other Interests				
	Members' Capital £	Other Reserves £	Total £	Loans and other amounts due to Members £	Total Members' Interests £
Balance at 6th April 2006	25,159,955	(1,116,535)	24,043,420	-	24,043,420
Profit for the financial year available for discretionary division among Members	-	608,144	608,144	-	608,144
Members' interests after profit for the year	25,159,955	(508,390)	24,651,564	-	24,651,564
Other division of profits	-	(1,073,445)	(1,073,445)	1,073,445	-
Capital withdrawn	(6,069,304)	-	(6,069,304)	-	(6,069,304)
Drawings	-	-	-	(1,073,445)	(1,073,445)
Balance at 5th April 2007	<u>19,090,651</u>	<u>(1,581,835)</u>	<u>17,508,815</u>	<u>-</u>	<u>17,508,815</u>

Chelmer Films LLP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 5th April 2007

5. INFORMATION RELATING TO MEMBERS

No Member received any salaried remuneration from the Partnership during the period

The average number of Members in the period was 21. The average allocation of profit was therefore £28,478 and the largest allocation of profit to any single member was £154,318

6. NET INVESTMENT IN FILM FINANCE LEASES

Name of film	Gross Rentals £	Finance Charge £	2007 Net Investment £	2006 Net Investment £
Films purchased previously:				
Game Over	1,671,843	(233,986)	1,437,857	1,437,857
History Boys	3,893,385	(672,474)	3,220,911	-
Fated	646,980	(119,787)	527,193	-
Too Much Too Young	602,015	(107,787)	494,228	-
The Backwoods	4,204,273	(726,113)	3,478,160	-
Fade To Black	7,231,269	(1,213,603)	6,017,666	-
Intergalactic Combat	680,205	(121,039)	559,166	-
The Lives of The Saints	1,205,880	(214,537)	991,343	-
Popcorn	638,799	(110,326)	528,473	-
Outlanders	632,615	(109,258)	523,357	-
Crossing Bridges	273,322	(47,205)	226,117	-
Displaced	341,726	(59,019)	282,707	-
	<u>22,022,312</u>	<u>(3,735,134)</u>	<u>18,287,178</u>	<u>1,437,857</u>
Rentals accrued previously	(14,646)	5,069	(9,577)	(9,577)
Rental accrued to 5th April 2007	<u>(772,756)</u>	<u>318,484</u>	<u>(454,272)</u>	<u>-</u>
	<u>21,234,910</u>	<u>(3,411,581)</u>	<u>17,823,329</u>	<u>1,428,280</u>
Amounts falling due within one year			652,054	51,626
Amounts falling due after more than one year				
(of this, £13,828,578 (2006 - £1,117,185) falls due after more than five years)			17,171,275	1,376,654
			<u>17,823,329</u>	<u>1,428,280</u>

Certain of the films acquired for leasing in 2006 subsequently failed to obtain DCMS certification and were therefore sold back at cost to the original seller of the film