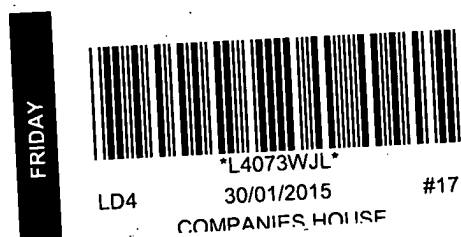


INGENIOUS FILM PARTNERS 2 LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2014



Limited Liability Partnership Number: OC 314069

ANNUAL REPORT AND FINANCIAL STATEMENTS

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MEMBERS' REPORT
30 APRIL 2014

The members submit the Annual Report and Financial Statements of Ingenious Film Partners 2 LLP ("the Partnership") for the year ended 30 April 2014.

Principal activities

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.

The Partnership 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 has also operated in other aspects of the film production and distribution value chain thereby deploying capital across activities with differing risk profiles.

Review of the year

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

During the year the Partnership completed and delivered the film *Black Nativity* to Twentieth Century Fox. The Partnership continues to receive distribution income as remuneration for previous film production activities.

Future developments

The Partnership is well placed to benefit from its ongoing production activities and from its relationship with Ingenious Media Holdings plc and its subsidiaries ("the 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 the Members' Agreement.

The capital of the remaining six ordinary members who elected not to retire from the Partnership is retained by the Partnership until such time as they retire.

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 their admission as a member (save to the extent of their liability on a winding up).

MEMBERS' REPORT (CONTINUED)
30 APRIL 2014

Statement of members' responsibilities

The members are responsible for preparing the Annual 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 the 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 modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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.

These responsibilities are exercised by the Designated Members on behalf of the Partnership.

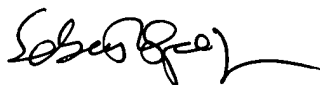
Auditor

Shipleys LLP are deemed to be re-appointed under s487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

This report was approved by the Designated Members on 30/01/ 2015 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

Limited Liability Partnership Number: OC 314069

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS 2 LLP

We have audited the financial statements of Ingenious Film Partners 2 LLP for the year ended 30 April 2014 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 9. 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 Chapter 3 of Part 16 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 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 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 auditor

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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 April 2014 and of its profit for the year 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 modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Opinion on other matters prescribed by the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

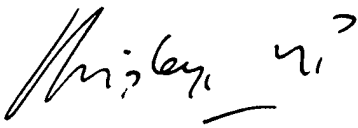
In our opinion the information given in the Members' Report for the year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS FILM PARTNERS 2 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: 30/01/2015

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 APRIL 2014

	Notes	Year ended 30 April 2014 £ '000s	Year ended 30 April 2013 £ '000s
Turnover	1	32,129	25,495
Cost of sales		<u>(1,605)</u>	<u>(6,566)</u>
Gross profit		30,524	18,929
Operating expenses		<u>(495)</u>	<u>(297)</u>
Operating profit	2	30,029	18,632
Interest receivable and similar income	3	<u>-</u>	<u>4</u>
Profit for the financial year	7	30,029	18,636

All of the Partnership's results are derived from continuing operations during the current 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.

BALANCE SHEET
AS AT 30 APRIL 2014

	Notes	30 April 2014 £ '000s	30 April 2013 £ '000s
Current assets			
Debtors	5	181,543	192,392
Cash at bank		3,374	9,014
		184,917	201,406
Creditors: Amounts falling due within one year	6	(3,584)	(12,036)
Net assets		181,333	189,370
Net assets attributable to members		181,333	189,370
Represented by:			
Members' interests			
Members' capital accounts	7	1,330,212	1,328,897
Other reserves	7	(1,148,879)	(1,139,527)
Total members' interests		181,333	189,370
Memorandum of members' total interests			
Members' other interest	7	181,333	189,370
Total members' interests		181,333	189,370

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

The financial statements were approved by the Designated Members and authorised for issue on 30/01/2015 and signed on their behalf by:

Waterloo Film Partner 1 Limited
Designated Member

Waterloo Film Partner 2 Limited
Designated Member

Limited Liability Partnership Number: OC 314069

CASH FLOW STATEMENT
YEAR ENDED 30 APRIL 2014

	Notes	Year ended 30 April 2014 £ '000s	Year ended 30 April 2013 £ '000s
Net cash flow from operating activities	A	32,426	38,487
Returns on investment and servicing of finance			
Interest received	B	-	4
Transactions with members	C	(38,066)	(33,766)
(Decrease)/increase in cash in the year	D,E	(5,640)	4,725

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

**NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED 30 APRIL 2014**

A) Reconciliation of operating profit to net cash flow from operating activities

	Year ended 30 April 2014 £ '000s	Year ended 30 April 2013 £ '000s
Operating profit	30,029	18,632
Decrease in stock	-	6,808
Decrease in debtors	10,849	4,708
(Decrease)/increase in creditors	(8,452)	8,339
Net cash flow from operating activities	32,426	38,487

B) Returns on investment and servicing of finance

	Year ended 30 April 2014 £ '000s	Year ended 30 April 2013 £ '000s
Interest received	-	4

C) Transactions with members

	Year ended 30 April 2014 £ '000s	Year ended 30 April 2013 £ '000s
Members' drawings	(39,381)	(33,766)
Contribution by members	1,315	-
Net cash flow from transactions with members	(38,066)	(33,766)

D) Analysis of net funds

	At 1 May 2013 £ '000s	Cash flow £ '000s	At 30 April 2014 £ '000s
Cash at bank	9,014	(5,640)	3,374

E) Reconciliation of net cash flow to movement in net funds

	Year ended 30 April 2014 £ '000s	Year ended 30 April 2013 £ '000s
(Decrease)/increase in cash in the year	(5,640)	4,725
Movement in net funds resulting from cash flows	(5,640)	4,725
Net funds at start of year	9,014	4,289
Net funds at end of year	3,374	9,014

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2014**1. Accounting policies**

The Partnership was incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000.

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 on Accounting for Limited Liability Partnerships. 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.

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)
30 APRIL 2014

2. Operating profit	Year ended 30 April 2014 £ '000s	Year ended 30 April 2013 £ '000s
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The operating profit is stated after charging:

Auditor's remuneration for audit services	11	11
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3. Interest receivable	Year ended 30 April 2014 £ '000s	Year ended 30 April 2013 £ '000s
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Bank interest received	-	4
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4. Information relating to members

No members received remuneration from the Partnership during the current or prior year.

The average number of members in the year was 10 (year ended 30 April 2013: 10). The average allocation of profit was therefore £3,002,919 (year ended 30 April 2013: £1,863,541) and the largest allocation of profit to any single member was £29,728,896 (year ended 30 April 2013: £18,449,057).

5. Debtors	30 April 2014 £ '000s	30 April 2013 £ '000s
Trade debtors	1,192	9,213
Accrued income receivable	4,549	129
Amounts owed by Group companies	175,802	183,050
	181,543	192,392

6. Creditors: Amounts falling due within one year	30 April 2014 £ '000s	30 April 2013 £ '000s
Trade creditors	19	19
Amounts owed to Group companies	2,338	11,892
Other creditors	1,218	117
Accruals	9	8
	3,584	12,036

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2014

7. Reconciliation of movement in members' interests

	Members' capital	Other reserves	Total members' other interests	Loans and other debts due to members	Total members' interests 2014	Total members' interests 2013
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Balance at the start of the year	1,328,897	(1,139,527)	189,370	-	189,370	204,500
Profit for the financial year	-	30,029	30,029	-	30,029	18,636
Members' interests after profit for the financial year	1,328,897	(1,109,498)	219,399	-	219,399	223,136
Capital introduced by members	1,315	-	1,315	-	1,315	-
Members' drawings	-	(39,381)	(39,381)	-	(39,381)	(33,766)
Members' interests at the end of the year	1,330,212	(1,148,879)	181,333	-	181,333	189,370

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

8. Related party disclosures

Ingenious Film Partners 2 Limited ("the First Corporate Member"), IFP2 Corporate Partner Limited ("the Second Corporate Member"), Ingenious Media Investments Limited, Ingenious Media Services Limited, Ingenious Resources Limited, Ingenious Treasury 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 Group.

During the year, the First Corporate Member made a further investment of £1,315k (year ended 30 April 2013: £nil) into the Partnership. As at the year end, capital of £178m (year ended 30 April 2013: £178m) remains unpaid by the Second Corporate Member.

During the year, operator fees charged by Ingenious Media Investments Limited of £470k (year ended 30 April 2013: £147k) were included in operating expenses. As at the year end, an amount of £3m due from Ingenious Media Investments Limited was included in debtors (year ended 30 April 2013: £1m receivable included in debtors).

During a prior period, Ingenious Resources Limited made loans totalling £510m to the ordinary members of the Partnership. These loans fall due for repayment after more than one year. As at the year end £2m (year ended 30 April 2013: £2m) remained outstanding.

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 year end is £2m (year ended 30 April 2013: £2m). No fees were charged by Ingenious Media Services Limited during the year (year ended 30 April 2013: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2014

9. Controlling party

The First Corporate Member controls the financial and operating policies of the Partnership. The ultimate parent company of the First Corporate Member is Ingenious Media Holdings plc. The results of the Partnership have been consolidated in the financial statements 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 year was Patrick A. McKenna.