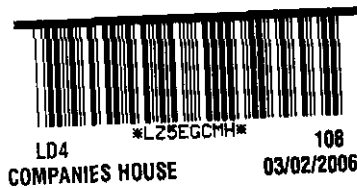


**THE AQUARIUS FILM COMPANY
LIMITED LIABILITY PARTNERSHIP**

**REPORT OF THE MEMBERS AND
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 5 APRIL 2005**



THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2005

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THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

PARTNERSHIP INFORMATION

DESIGNATED MEMBERS

IFG Investment Managers
Aquarius Film Finance Limited
Aquarius Motion Pictures Limited

REGISTERED OFFICE

Temple Court
Cathedral Road
Cardiff
CF11 9HA
Wales

AUDITOR

Ashton Hart David Lee
Sterling House
Langston Road
Loughton
Essex, IG10 3FA
England

BANKERS

Bank of Scotland
One Kingsway
Cardiff
CF10 3YB
Wales

SOLICITORS

Addleshaw Goddard
150 Aldersgate Street
London
EC1A 4EJ
England

REGISTERED NUMBER

OC 302855 (England and Wales)

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

REPORT OF THE MEMBERS FOR THE YEAR ENDED 5 APRIL 2005

The members present their report with the financial statements for the year from 6 April 2004 to 5 April 2005.

Activities

The principal activity of the LLP in the year under review was that of acquisition, co-production, production and exploitation of films with a view to profit.

Review of the business

The results for the year and financial position of the LLP are as shown in the annexed financial statements.

The progress of the LLP during the year accorded with expectations and the position at the end of the year is regarded as satisfactory.

No significant changes in the future development of the LLP are proposed nor has there occurred since the end of the year any event of such significance that reference to it should be made in this report.

Results for the year and allocation to members

The loss of the LLP for the year available for division among members was £767,244. (2004 - £1,055,180 loss)

Designated Members

The designated members during the period under review were:

IFG Investment Managers
Aquarius Film Finance Limited
Aquarius Motion Pictures Limited

Policy with respect to members' drawings and subscription and repayment of members' capital

Members are not permitted to make drawings in anticipation of profits which will be allocated to them.

No new members may be admitted to the LLP after 5 April 2003.

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

REPORT OF THE MEMBERS FOR THE YEAR ENDED 5 APRIL 2005

Statement of Members' Responsibilities

Company law (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001) requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing those financial statements, the members are required to:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. Prepare the accounts on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001).

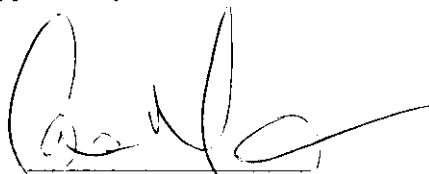
They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Ashton Hart David Lee as auditors will be proposed at the next members' meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001) and the FRSSE (effective June 2002).

Approved by the members on and signed on their behalf by :



Designated Member



Designated Member

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

We have audited the financial statements of The Aquarius Film Company Limited Liability Partnership for the year ended 5 April 2005 on pages 7 to 12. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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 applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001). 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 MEMBERS AND AUDITORS

As described on page 4 the LLP's members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 (as applied to the limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001). We also report to you if, in our opinion, the Report of the Members is not consistent with the financial statements, if the LLP 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 members' remuneration and transactions with the LLP is not disclosed.

We read the Members' 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 United Kingdom Auditing Standards 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.

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF
THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP**

OPINION

In our opinion the financial statements give a true and fair view of the state of the LLP's affairs as at 5 April 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001).



**Registered Auditors
Sterling House
Langston Road
Loughton
Essex, IG10 3FA
England**

Date: 27 January 2006

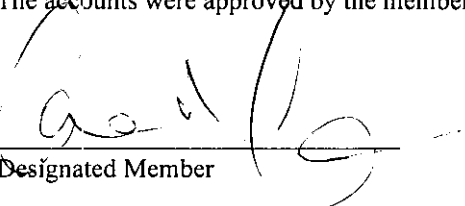
THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 5 APRIL 2005

	Notes	2005 £	2004 £
TURNOVER		92,525	-
ADMINISTRATIVE EXPENSES		(213,002)	(213,226)
OPERATING LOSS	2	(120,477)	(213,226)
INTEREST RECEIVABLE AND SIMILAR INCOME		2,095	1,302
INTEREST PAYABLE AND SIMILAR CHARGES	3	(648,862)	(843,256)
LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		(767,244)	(1,055,180)
SALARIED REMUNERATION OF MEMBERS		-	-
LOSS FOR THE FINANCIAL YEAR AVAILABLE FOR DIVISION AMONG MEMBERS		(767,244)	(1,055,180)
DEFICIT AT BEGINNING OF YEAR		(21,947,704)	(20,892,524)
DEFICIT AT END OF YEAR		(22,714,948)	(21,947,704)

All of the LLP's operations are classed as continuing. There were no gains or losses in the period other than those included in the above profit and loss account.

The accounts were approved by the members on and signed on their behalf by :


Designated Member


Designated Member

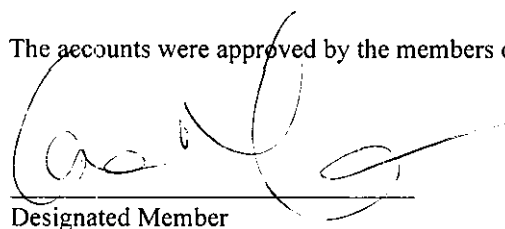
THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

BALANCE SHEET AS AT 5 APRIL 2005

	Notes	2005 £	2004 £
CURRENT ASSETS			
Debtors	6	29,117	29,117
Cash at bank and in hand		92,860	7,565
		<u>121,977</u>	<u>36,682</u>
CREDITORS (Amounts falling due within one year)	7	<u>(445,860)</u>	<u>(242,086)</u>
NET CURRENT ASSETS		<u>(323,883)</u>	<u>(205,404)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(323,883)</u>	<u>(205,404)</u>
CREDITORS (Amounts falling due after more than one year)	8	<u>(15,735,765)</u>	<u>(15,087,000)</u>
TOTAL NET LIABILITIES		<u>(16,059,648)</u>	<u>(15,292,404)</u>
MEMBERS' OTHER INTERESTS			
Members capital	10	6,655,300	6,655,300
Profit and loss account	11	<u>(22,714,948)</u>	<u>(21,947,704)</u>
TOTAL MEMBERS' INTERESTS		<u>(16,059,648)</u>	<u>(15,292,404)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001) relating to small LLP's and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The accounts were approved by the members on and signed on their behalf by :



Designated Member



Designated Member

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Sales revenues are accounted for as earned on the basis of realisable contracted income, net of value added tax.

Film production costs

Film production costs are stated at the lower of cost and market value. Cost includes all expenditure which has been incurred in the normal course of business in bringing the films to their present location and condition.

Market value of the films is the current value based on anticipated future exploitation receipts for each film.

2. OPERATING LOSS

The operating loss is stated after charging :

	2005	2004
	£	£
Members' emoluments and other benefits etc	-	-

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
On bank overdrafts payable within one year	97	-
On bank loans and overdrafts repayable from two to five years otherwise by instalments	648,765	843,256
	<u>648,862</u>	<u>843,256</u>

4. FILM PRODUCTION COSTS

	2005	2004
	£	£
Production cost of films	20,172,582	20,172,582
less provision against cost	<u>(20,172,582)</u>	<u>(20,172,582)</u>
Market value	-	-

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2005

5. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is deemed to be the members, by the virtue of their respective interest in the capital of the LLP.

6. DEBTORS (amounts falling due within one year)

	2005	2004
	£	£
Value Added Tax	29,117	29,117

7. CREDITORS (amounts falling due within one year)

	2005	2004
	£	£
Bank overdrafts (Note 9)	9,343	-
Trade creditors	74,636	-
Accruals and deferred income	361,881	242,086
	445,860	242,086

8. CREDITORS (amounts falling due after more than one year)

	2005	2004
	£	£
Bank loans (Note 9)	15,735,765	15,087,000

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2005

9. BANK LOANS AND OVERDRAFTS

The bank loans and overdrafts are repayable as follows :

	2005 £	2004 £
Bank overdrafts within one year	9,343	-
Term loans from two to five years	15,735,765	15,087,000
	<u>15,745,108</u>	<u>15,087,000</u>

The bank loans and overdrafts are secured by a Mortgage Debenture dated 26 November 2002 in the Bank of Scotland's standard form providing a fixed and floating charge over the LLP's assets together with a fixed charge over book debts. A Deed of Priority has been executed by all parties who have the benefit of or who require any Encumbrance over a film.

The bank loans and overdrafts are repayable from the revenues generated from the films from specific territories and to the extent not so repaid by a bullet payment on 30 April 2008 inclusive of interest which is capitalised.

10. MEMBERS CAPITAL

	2005 £	2004 £
Members' Capital subscribed	<u>6,655,300</u>	<u>6,655,300</u>

11. RESERVES

	Profit and loss account 2005 £	Profit and loss account 2004 £
At beginning of the year	(21,947,704)	(20,892,524)
Deficit for the year	<u>(767,244)</u>	<u>(1,055,180)</u>
At end of the year	<u>(22,714,948)</u>	<u>(21,947,704)</u>

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2005

12. RELATED PARTY DISCLOSURES

In accordance with the LLP's terms of agreement the designated members, Aquarius Film Finance Limited and Retirement Strategies Limited t/a IFG Investment Managers, were paid or are payable the following fees:

	Aquarius Film Finance Limited	Retirement Strategies Limited	Total
	£	£	£
Balance owing at beginning of the year	195,499	46,587	242,086
Annual fee	166,382	46,587	212,969
VAT on annual fee	29,117	-	29,117
Payments during the year	(29,117)	(18,538)	(47,655)
Balance owing at end of the year	<u>361,881</u>	<u>74,636</u>	<u>436,517</u>

13. ACCOUNTING PERIOD

The accounting period is from 6 April 2004 to 5 April 2005.

14. CURRENCY

The financial statements are denominated in sterling.

15. INFORMATION IN RELATION TO MEMBERS

	2005	2004
The average number of members during the period was	<u>64</u>	<u>64</u>

THE AQUARIUS FILM COMPANY LIMITED LIABILITY PARTNERSHIP
SUPPLEMENTARY INFORMATION:
DETAILED COST OF SALES AND OVERHEADS SCHEDULES
FOR THE YEAR ENDED 5 APRIL 2005
(not covered by the report of the auditors)

	2005	2004
	£	£
ADMINISTRATIVE EXPENSES		
Annual fees payable to IFG and AFFL	212,969	212,969
Bank charges	33	233
General expenses	-	24
	<u>213,002</u>	<u>213,226</u>