

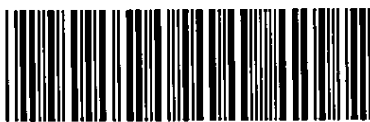
Blyth Films LLP

Report and Financial Statements

Year Ended 5th April 2007

Limited Liability Partnership Number OC313273

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Blyth Films LLP

REPORT AND FINANCIAL STATEMENTS 2007

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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 16th May 2005

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

During the year to 5th April 2007, 1 film, costing some £15 million was acquired and leased back to their producers. Details of this film is set out in note 6 to the accounts

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.

Blyth 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, safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

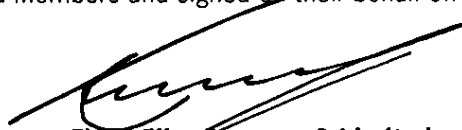
Policy regarding Members' Drawings and Capital

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 10 July 2007



Fleet Film Partners 1 Limited
Designated Member



Fleet Film Partners 2 Limited
Designated Member

Blyth Films LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLYTH FILMS LLP

We have audited the financial statements of Blyth Films LLP for the year ended 5th 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

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' Responsibilities. 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.

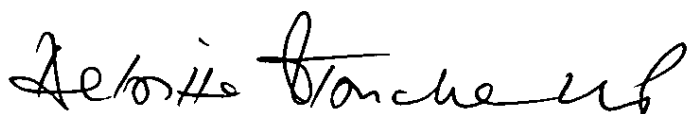
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Blyth Films LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLYTH 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 Partnership's affairs as at 5th April 2007 and of its profit for the year ended 5th April 2007 and have been properly prepared in accordance with the Companies Act 1985, as applicable to limited liability partnerships

A handwritten signature in black ink, appearing to read 'Deloitte & Touche LLP', is written over the printed name of the firm.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

Date 10 July 2007

Blyth Films LLP

PROFIT AND LOSS ACCOUNT Year Ended 5th April 2007

	Notes	6 April 2006 5 April 2007 £	16 May 2005- 5 April 2006 £
Turnover	1, 2	3,164,186	23,326
Cost of Sales		<u>(2,847,737)</u>	<u>-</u>
GROSS PROFIT		316,449	23,326
Operating Expenses			
Agency fees		237,349	412,386
Audit and accountancy		4,445	4,500
Legal fees		8,813	-
Bank charges		<u>669</u>	<u>354</u>
		<u>(251,276)</u>	<u>(417,240)</u>
OPERATING PROFIT/(LOSS)		65,173	(393,914)
Interest receivable and similar income	3	<u>16,481</u>	<u>4,662</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		81,654	(389,252)
Members' remuneration charged as an expense		<u>-</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	4	<u>81,654</u>	<u>(389,252)</u>

All results are derived from continuing operations

There are no recognised gains or losses during the current year 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

Blyth Films LLP

BALANCE SHEET At 5th April 2007

	Notes	£	£
CURRENT ASSETS			
Amounts falling due within one year:			
Net investment in film finance leases	6	886,244	186,638
Accrued finance lease income		225,020	23,326
Films acquired for leasing	6	-	7,525,289
Other debtors		2	6,299,451
VAT receivable		5,539	-
Cash at bank		3,672	1,503,060
		<u>1,120,477</u>	<u>15,537,764</u>
Amounts falling due after more than one year:			
Net investment in film finance leases	6	<u>23,519,005</u>	<u>5,184,877</u>
		<u>24,639,482</u>	<u>20,722,641</u>
CREDITORS			
Amounts falling due within one year:			
Trade creditors		-	7,551,623
Other creditors		5,538	-
VAT payable		-	41,702
Rentals received in advance		1,071,479	259,577
Accruals		<u>4,445</u>	<u>200,512</u>
		<u>(1,081,462)</u>	<u>(8,053,414)</u>
NET ASSETS		<u><u>23,558,019</u></u>	<u><u>12,669,227</u></u>
MEMBERS' INTERESTS			
Members' capital	4	25,589,194	13,364,849
Other Reserves	4	<u>(2,031,174)</u>	<u>(695,622)</u>
TOTAL MEMBERS' INTERESTS		<u><u>23,558,019</u></u>	<u><u>12,669,227</u></u>

The financial statements were approved by the Designated Members and signed on their behalf on 10 July 2007



Fleet Film Partners 1 Limited
Designated Member



Fleet Film Partners 2 Limited
Designated Member

Blyth 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 law and 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

Blyth 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 £	16 May 2005- 5 April 2006 £
Bank interest received	<u>16,481</u>	<u>4,662</u>

4. RECONCILIATION OF MOVEMENTS IN MEMBERS' INTERESTS

Members' Other Interests

	Members' Capital £	Other Reserves £	Total £	Loans and other amounts due to Members £	Total Members' Interests £
Balance at 6th April 2006	13,364,849	(695,622)	12,669,227	-	12,669,227
Profit for the financial year available for discretionary division among Members	-	81,654	81,654	-	81,654
Members' interests after profit for the year	13,364,849	(613,968)	12,750,881	-	12,750,881
Other division of profits	-	(1,417,207)	(1,417,207)	1,417,207	-
Capital introduced	14,608,274	-	14,608,274	-	14,608,274
Capital withdrawn	(2,383,929)	-	(2,383,929)	-	(2,383,929)
Drawings	-	-	-	(1,417,207)	(1,417,207)
Balance at 5th April 2007	<u>25,589,194</u>	<u>(2,031,175)</u>	<u>23,558,019</u>	<u>-</u>	<u>23,558,019</u>

Blyth 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 3. The average allocation of profit was therefore £27,218 (2006 - loss £129,751), and the largest allocation of profit to any single member was £81,440 (2006 - loss £387,293)

6. NET INVESTMENT IN FILM FINANCE LEASES

Name of film	Gross Rentals £	Finance Charge £	2007 Net Investment £	2006 Net Investment £	2006 Films Acquired For Leasing £
Films purchased previously:					
The Business	2,485,940	(401,379)	2,084,561	2,084,561	-
Confetti	2,167,108	(310,356)	1,856,752	1,856,752	-
Cashback	882,209	(139,289)	742,920	742,920	-
Kidulthood	882,862	(157,726)	725,136	725,136	-
Four Last Songs	4,614,636	(854,069)	3,760,567	-	3,760,567
The New World	1,123,274	(206,289)	916,985	-	916,985
Jigar Baaz	-	-	-	-	1,265,091
Samba Salsa	-	-	-	-	1,582,646
Films purchased during the period:					
The Magic Flute	17,625,769	(2,801,216)	14,824,553	-	-
	<u>29,781,798</u>	<u>(4,870,324)</u>	<u>24,911,474</u>	<u>5,409,369</u>	<u>7,525,289</u>
Rental accrued previously	(61,180)	23,326	(37,854)	(37,854)	
Rental accrued to 5th April 2007	<u>(784,820)</u>	<u>316,449</u>	<u>(468,371)</u>	<u>-</u>	
	<u>28,935,798</u>	<u>(4,530,549)</u>	<u>24,405,249</u>	<u>5,371,515</u>	
Amounts falling due within one year			886,244	186,638	
Amounts falling due after more than one year					
(of this, £19,104,426 falls due after more than five years)			23,519,005	5,184,877	
			<u>24,405,249</u>	<u>5,371,515</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