

DIRECTORS

R Arnold (Germany)
W Stahl (Germany)
D C Ross
M S N Leone
R Louka

SECRETARY

M S N Leone

REGISTERED OFFICE

The Movie House
1 - 3 Airlinks,
Spitfire Way
Heston, Middlesex
Company Reg. No. 1688620

AUDITORS

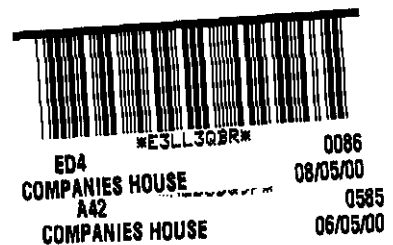
Maurice Apple
1 Hyde Park Place,
London, W2 2LH

BANKERS

Barclays Bank PLC

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ARRI (GB) LIMITED

NOTICE is given that the ANNUAL GENERAL MEETING of the company will be held at The Movie House, 1-3 Airlinks, Spitfire Way, Heston, Middlesex at 24th March 2000 for the following purposes:

1. To consider the report of the directors and statement of accounts for the year ended 31st December 1999 together with the report of the auditors.
2. To re-appoint Maurice Apple as auditors and to authorise the directors to fix their remuneration for the ensuing year.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company.

By order of the Board



M S N Leone

Secretary

Dated: 24th March 2000

ARRI (GB) LIMITEDREPORT OF THE DIRECTORS

The Directors submit their annual report and the audited accounts of the group for the year ended 31st December 1999.

DIRECTORS

The directors and their interests in the share capital of the company throughout the year were as follows:-

	<u>1999</u>	<u>1998</u>
R Arnold (Germany)	-	-
Dr. W Stahl (Germany)	-	-
D C Ross	Nil	100,000
M S N Leone	-	-
N C E Shapley (Resigned 30th June 1999)	-	-
R Louka	-	-

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclose and explain in the accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

REVIEW OF THE BUSINESS

The group's principal activity during the year was the supply of camera and lighting equipment to the film and television industries.

The directors are of the opinion that future prospects are satisfactory.

RESULTS AND DIVIDENDS

The profit and loss account for the year is set out on page 4.

The directors do not recommend the payment of a dividend.

FIXED ASSETS

Changes in the company's fixed assets appear in the notes to the accounts.

CLOSE COMPANY PROVISIONS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

ARRI (GB) LIMITED

REPORT OF THE DIRECTORS Cont.

AUDITORS

A resolution proposing the reappointment of Maurice Apple as auditors will be put to the annual general meeting.

Signed on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'M S N Leone'.

M S N Leone
Secretary

Approved by the Board of Directors on: 24th March 2000

ARRI (GB) LIMITEDAUDIT REPORT TO THE SHAREHOLDERS

We have audited the accounts on pages 4 to 19 which have been prepared under historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company'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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's and the group's affairs at 31st December 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

24th March 2000
1 Hyde Park Place,
London, W2 2LH

Maurice Apple
MAURICE APPLE
CHARTERED ACCOUNTANTS
and REGISTERED AUDITORS

ARRI (GB) LIMITED
GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER, 1999

	<u>NOTE</u>	<u>1999</u>	<u>1998</u>
TURNOVER	2	26,767,397	27,381,096
Cost of sales		16,666,633	17,287,548
Gross Profit		<u>10,100,764</u>	<u>10,093,548</u>
Distribution Costs	3,087,398		2,823,039
Administration Expenses	3,214,181		3,317,257
		<u>6,301,579</u>	<u>6,140,296</u>
		3,799,185	3,953,252
Other Operating Income		149,033	119,595
OPERATING PROFIT		<u>3,948,218</u>	<u>4,072,847</u>
Investment Income	6	180,179	124,118
Interest Payable and Similar Charges	7	<u>(262,937)</u>	<u>(248,818)</u>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		3,865,460	3,948,147
Taxation	8	1,133,352	1,258,620
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>AFTER TAXATION</u>		<u>2,732,108</u>	<u>2,689,527</u>
Minority Interest		(2,191)	861
<u>PROFIT FOR THE FINANCIAL YEAR</u>		<u><u>2,729,917</u></u>	<u><u>2,690,388</u></u>

CONTINUING OPERATIONS

None of the group's activities commenced or were discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has made no recognised gains or losses for the above two financial years, other than as shown above.

ARRI (GB) LIMITED AND IT'S SUBSIDIARY COMPANIES
NOTE OF HISTORICAL COST AND PROFITS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER, 1999

	<u>1999</u>	<u>1998</u>
Reported profit on ordinary activities before taxation	3,865,460	3,948,147
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	21,707	18,949
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>3,887,167</u>	<u>3,967,096</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>2,753,815</u>	<u>2,708,476</u>

ARRI (GB) LIMITEDGROUP BALANCE SHEET AT 31ST DECEMBER, 1999

	<u>NOTE</u>	<u>1999</u>	<u>1998</u>
<u>FIXED ASSETS</u>			
Tangible Assets	10	13,133,322	11,874,952
Investments	11	4,643	4,643
		<u>13,137,965</u>	<u>11,879,595</u>
<u>CURRENT ASSETS</u>			
Stock	1	4,108,590	3,481,505
Debtors	12	5,738,442	5,788,653
Cash and Bank Balances		3,575,729	2,377,081
		<u>13,422,761</u>	<u>11,647,239</u>
<u>CREDITORS</u>			
Amounts due within one year	14	<u>7,121,181</u>	<u>6,923,789</u>
<u>NET CURRENT ASSETS</u>		6,301,580	4,723,450
<u>ASSETS LESS CURRENT LIABILITIES</u>		<u>19,439,545</u>	<u>16,603,045</u>
CREDITORS: Amount falling due after more than one year	15	1,656,147	1,653,519
<u>PROVISION FOR LIABILITIES AND CHARGES</u>	17	1,348,778	1,247,015
		<u>16,434,620</u>	<u>13,702,511</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	18	2,000,000	2,000,000
Capital Reserves	19	70,435	70,435
Revaluation Reserve	19	81,194	102,803
Profit and Loss Account	19	14,276,961	11,525,337
Sub Total	20	<u>16,428,590</u>	<u>13,698,575</u>
Minority Interests		6,030	3,936
		<u>16,434,620</u>	<u>13,702,511</u>

Approved by the Board on: 24th March 2000

Signed on behalf of the Board

D.C.Ross

Director

M S N Leone

Director

ARRI (GB) LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1999

	<u>NOTE</u>	<u>1999</u>	<u>1998</u>
<u>FIXED ASSETS</u>			
Tangible Assets	10	304,432	291,238
Investments	11	<u>3,152,104</u>	<u>3,152,104</u>
		3,456,536	3,443,342
<u>CURRENT ASSETS</u>			
Stock	1	3,492,198	3,013,607
Debtors	12	5,301,494	5,852,073
Cash and Bank Balances		3,569,978	2,339,455
		<u>12,363,670</u>	<u>11,205,135</u>
<u>CREDITORS</u>			
Amounts due within one year	14	<u>3,509,341</u>	<u>3,837,006</u>
<u>NET CURRENT ASSETS</u>		8,854,329	7,368,129
<u>ASSETS LESS CURRENT LIABILITIES</u>		<u>12,310,865</u>	<u>10,811,471</u>
CREDITORS: Amount falling due after more than one year	15	15,006	
<u>PROVISION FOR LIABILITIES AND CHARGES</u>	17	5,658	5,658
		<u>12,290,201</u>	<u>10,805,813</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	18	2,000,000	2,000,000
Profit and Loss Account	19	10,290,201	8,805,813
		<u>12,290,201</u>	<u>10,805,813</u>

Approved by the Board on: 24th March 2000

Signed on behalf of the Board

D.C.Ross

Director

M S N Leone

Director

GROUP CASH FLOW STATEMENTFOR THE YEAR ENDED 31ST DECEMBER 1999

	NOTE	<u>1999</u> £	<u>1998</u> £
Net cash flow from operating activities (Note 24)	24a	5,978,614	5,764,493
Return on investment and servicing of finance	24b	(82,758)	(124,701)
Taxation		(1,478,205)	(927,365)
Capital Expenditure	24c	(3,486,691)	(3,377,208)
		<u>930,960</u>	<u>1,335,219</u>
Financing	24d	181,321	(256,484)
Increase/(Decrease) in cash		<u>1,112,281</u>	<u>1,078,735</u>
Reconciliation of net cashflow to movement in net debt		1,112,281	1,078,735
Increase in cash in the period			
Cash outflow(inflow) from decrease/ (increase) in debt and lease financing		(181,321)	(423,545)
Change in net debt resulting from cashflows		<u>930,960</u>	<u>655,190</u>
Movement in net debt in the period		930,960	655,190
Net debt at 1st January 1999		(1,042,918)	(1,698,108)
Net debt at 31st December 1999		<u>(111,958)</u>	<u>(1,042,918)</u>

ARRI (GB) LIMITEDNOTES ON AND FORMING PART OF THE ACCOUNTS TO 31ST DECEMBER 1999**1. ACCOUNTING POLICIES****a. Accounting convention**

These accounts are prepared under the historical cost convention, except that certain fixed assets are included at valuation, and in accordance with applicable Accounts Standards.

b. Basis of Consolidation

The group accounts consolidate the accounts of Arri (GB) Limited and its subsidiaries undertakings made up to 31st December 1999. As permitted by section 230(4) of the Companies Act 1985, the company's Profit and Loss Account has not been included in these accounts.

Subsidiary Undertakings excluded from consolidation:

The company owns the entire share capital of Arri Rental Limited, Imagination Technology Limited and Arri Ireland Limited. Arri Rental Limited, Imagination Technology Limited, Arri Ireland Limited and Cinequip Lighting Company Limited did not trade during the year and as they have remained dormant, they have been excluded from the group accounts.

c. Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, at the following rates:

<u>Asset</u>	<u>Method</u>
Short Leasehold Improvements	Evenly over term of lease <u>% on written down value</u>
Motor Vehicles	25%
Plant and Machinery	10% - 20%
Furniture and Fittings	15%
Office Equipment	20%
	<u>% on straight line basis</u>
Computer Equipment	25% or 14.25%
Video Equipment	33.3%

d. Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first-in-first-out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business. Provision is made where necessary for obsolescence, slow moving and defective stocks.

e. Research and development

Expenditure on all research and development is written off as incurred.

f. Taxation

Corporation Tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Deferred taxation is provided under the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

g. Foreign Currencies

Assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date or the actual rate for assets and liabilities converted after the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken in to the profit and loss.

ARRI (GB) LIMITEDNOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 19991. ACCOUNTING POLICIES Cont'dh. Goodwill

This is the excess of the cost of a business over the fair value of the net assets on the date of acquisition. This has been fully written off against reserves in the year of purchase.

i. Leasing and Hire Purchase Commitments

Assets obtained under hire purchase contracts and finance leases are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the Profit and Loss account over the period of the hire purchase contract and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income as incurred.

j. Lease Rental Income

Rental under operating leases are credited to income as received.

The finance charge element of finance lease income is allocated to accounting periods over the lease term using the sum of the year digit method. The total net investment in finance leases included in the balance sheet represents total lease payments receivable net of finance charges relating to future accounting periods.

Defined Contribution Scheme:

The contributions payable by the group are charged to the profit and loss account as they arise.

Defined Benefits Scheme:

Contributions are made to the pension scheme in accordance with actuarial advice where appropriate, and are charged to the Profit and Loss Account so as to spread the pension cost over the anticipated period of service of the pension scheme members (Note 23).

2. TURNOVER AND PROFIT

Turnover represents the invoiced amount of goods sold and services provided stated net of Value Added Tax.

	<u>PHOTOGRAPHIC LIGHTING AND</u>		<u>LEASING AND RENTAL OF</u>			
	<u>ACCESSORIES</u>		<u>EQUIPMENT</u>		<u>TOTAL</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
a) <u>Group Turnover</u>	<u>17,282,228</u>	<u>19,220,689</u>	<u>9,485,170</u>	<u>8,160,407</u>	<u>26,767,397</u>	<u>27,381,096</u>
b) <u>Group Profit</u> <u>before tax</u>	<u>2,137,640</u>	<u>2,916,057</u>	<u>1,727,820</u>	<u>1,032,090</u>	<u>3,865,460</u>	<u>3,948,147</u>

3. HOLDING COMPANY

The ultimate holding company of the group is A & R Beteiligungsgesellschaft MbH, a company incorporated in Germany.

ARRI (GB) LIMITEDNOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 1999**4. OPERATING PROFIT**a) This is stated after charging :

	<u>31.12.99</u>	<u>31.12.98</u>
	£	£
Directors' Remuneration	242,579	271,630
Directors' Pension Contributions	52,832	37,485
Auditors Remuneration	47,555	38,250
Depreciation - owned assets	871,733	798,521
Depreciation - under hire purchase	1,448,201	1,325,497
Research and Development	6,238	(8,180)
Lease Rentals - Plant and Equipment	50,587	48,589
- Other	597,878	534,803
	<u> </u>	<u> </u>

b) Directors Remuneration:

The remuneration of the highest paid Director, excluding pension contributions, was £90,505 (1998 - £72,112).

5. STAFF COSTS

	<u>31.12.99</u>	<u>31.12.98</u>
	£	£
Wages and Salaries	3,506,434	3,146,337
Social security costs	341,658	258,486
Other pension costs	243,389	230,570
	<u>4,091,481</u>	<u>3,635,393</u>

The average weekly number of employees during the period was made up as follows:

	<u>NO.</u>	<u>NO.</u>
Office and management	42	41
Sales	22	22
Service	38	35
Electricians and Warehouse	33	30
	<u>135</u>	<u>128</u>

6. INVESTMENT INCOME

Income from listed Investments	12	10
Income from current asset Investment	-	124,108
	<u>12</u>	<u>124,118</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

Bank Overdraft	854	1,585
Lease Purchase Arrangements	253,932	236,481
Holding Company	-	10,632
Other	8,151	120
	<u>262,937</u>	<u>248,818</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:

Corporation tax at 31%	1,031,589	1,149,745
Transfer (from) to deferred Taxation (Note 17)	101,763	108,875
	<u>1,133,352</u>	<u>1,258,620</u>

ARRI (GB) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 1999

9. PROFIT ATTRIBUTION TO THE MEMBERS OF THE HOLDING COMPANY

Profit after tax of £1,484,388 (1998 - £1,967,040) has been dealt with in the accounts of Arri (GB) Limited.

10. TANGIBLE FIXED ASSETS

<u>GROUP</u>	<u>Short Lease Premises & Improvements</u>	<u>Motor Vehicles</u>	<u>Plant & Equipment</u>	<u>Fixtures & Fittings, computer and office Equipment</u>	<u>Total</u>
	£	£	£	£	£
a) <u>Cost/Valuation</u>					
At 1.1.99	588,460	770,989	18,970,496	1,569,780	21,899,725
Additions	17,338	153,352	3,633,968	114,554	3,919,212
Disposals	0	(95,550)	(935,756)	0	(1,031,306)
At 31.12.99	605,798	828,791	21,668,708	1,684,334	24,787,631
<u>Depreciation</u>					
At 1.1.99	197,786	339,012	8,225,999	1,261,976	10,024,773
For the year	39,146	116,687	2,039,857	124,244	2,319,934
Disposals	0	(65,399)	(624,999)	0	(690,398)
At 31.12.99	236,932	390,300	9,640,857	1,386,220	11,654,309
<u>NET BOOK VALUES</u>					
At 31.12.99	368,866	438,491	12,027,851	298,114	13,133,322
At 31.12.98	390,674	431,977	10,744,497	307,804	11,874,952

Assets acquired under finance leases and lease purchase contracts included above are as follows:

<u>Cost</u>	<u>Motor Vehicles</u>	<u>Plant And Equipment</u>
At 1.1.99	407,694	6,136,998
Additions	91,589	2,395,196
Transferred to Ownership	(178,976)	(1,866,149)
At 31.12.99	320,307	6,666,045
<u>Depreciation</u>		
At at 1.1.99	145,836	1,200,159
Charge for the year	68,335	936,924
Tranferred to ownership	(102,772)	(800,281)
At 31.12.99	111,399	1,336,802
<u>NET BOOK VALUE</u>		
At 31.12.99	208,908	5,329,243
At 31.12.98	261,858	4,936,839

b) Revalued Assets

On the 31st December 1990 certain plant and equipment was revalued at £ 823,520.

If the plant and equipment had not been revalued it would have been included at the following amounts :

	<u>31.12.99</u>	<u>31.12.98</u>
<u>Cost</u>	524,882	629,791
<u>Aggregate Depreciation</u>	431,655	516,103

ARRI (GB) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 1999

10. TANGIBLE FIXED ASSETS Continued

<u>COMPANY</u>	<u>Short Lease Premises & Improvements</u>	<u>Motor Vehicles</u>	<u>Plant & Equipment</u>	<u>Fixtures & Fittings, computer and office Equipment</u>	<u>Total</u>
<u>c) Cost/Valuation</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1.1.99	139,502	81,398	321,145	930,116	1,472,161
Additions	-	47,280	2,310	64,911	114,501
Disposals	-	(81,158)	-	-	(81,158)
At 31.12.99	139,502	47,520	323,455	995,027	1,505,504
<u>Depreciation</u>					
At 1.1.99	50,402	49,615	277,984	802,920	1,180,921
For the year	7,128	10,130	8,940	49,317	75,515
Disposals	-	(55,364)	-	0	(55,364)
At 31.12.99	57,530	4,381	286,924	852,237	1,201,072
<u>NET BOOK VALUES</u>					
At 31.12.99	81,972	43,139	36,531	142,790	304,432
At 31.12.98	89,100	31,783	43,161	127,196	291,240

Assets acquired under finance leases and lease purchase contracts included above are as follows:

<u>Cost</u>	<u>Motor Vehicles</u>
At 1.1.99	-
Additions	32,285
At 31.12.99	32,285
<u>Depreciation</u>	
At 1.1.99	-
Charge for the year	673
At 31.12.99	673

11. INVESTMENTS

<u>GROUP</u>	<u>Subsidiary Undertakings</u>	<u>Other Investments</u>	<u>Total</u>
<u>Cost</u>	<u>£</u>		<u>£</u>
At 1.1.99	9,104	-	9,104
Additions	-	493	493
At 31.12.99	9,104	493	9,104
<u>Amount Written-Off</u>			
At 1.1.99	4,954	-	4,954
Disposal	-	-	-
Subsidiary Undertaking	-	-	-
At 31.12.99	4,954	-	4,954
<u>Net Book Value</u>			
At 31.12.99	4,150	493	4,643
At 31.12.98	4,150	493	4,643

ARRI (GB) LIMITEDNOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 199911. INVESTMENTS Cont'dCOMPANY

<u>Cost</u>	<u>Shares in</u> <u>Subsidiary</u> <u>Undertakings</u>	<u>Loans to</u> <u>Subsidiary</u> <u>Undertakings</u> £	<u>Other</u> <u>Investments</u> £	<u>Total</u> £
At 1.1.99	2,220,878	930,733	493	3,152,104
At 31.12.99	<u>2,220,878</u>	<u>930,733</u>	<u>493</u>	<u>3,152,104</u>
<u>Net Book Values</u>				
At 1.1.99	<u>2,220,878</u>	<u>930,733</u>	<u>493</u>	<u>3,152,104</u>
At 31.12.99	<u>2,220,878</u>	<u>930,733</u>	<u>493</u>	<u>3,152,104</u>

SUBSIDIARY UNDERTAKINGS

<u>Subsidiary</u> <u>Undertakings</u>	<u>Country of</u> <u>Incorporation</u>	<u>Holding</u>	<u>Proportion</u> <u>Held</u>	<u>Nature of</u> <u>Business</u>
Arri Rental Limited	England	Ordinary Share	100%	Dormant
Imagination Technology Limited	England	Ordinary Share	100%	Dormant
Arri Lighting Rental Limited	England	Ordinary Share	99.55%	Hire of Equipment
Media Film Service Limited	England	Ordinary Share	100%	Hire of Equipment
Cinequip Lighting Company Limited	England	Ordinary Share	99.55%	Dormant
Arri Ireland Limited	Ireland	Ordinary Share	100%	Hire of Equipment
Arri (I.O.M) Limited	Isle of Man	Ordinary Share	100%	Hire of Equipment

ARRI (GB) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 1999

12. <u>DEBTORS</u>	<u>Group</u> <u>31.12.99</u>	<u>Company</u> <u>31.12.99</u>	<u>Group</u> <u>31.12.98</u>	<u>Company</u> <u>31.12.98</u>
<u>Amounts falling due within one year</u>				
	£	£	£	£
Trade debtors	4,997,742	2,815,820	5,375,230	3,506,655
Amounts due from Group Companies	85,280	347,242	32,247	170,160
Other debtors	106,486	19,598	53,229	44,407
Net Investments in Finance Leases	204,132	204,132	84,251	84,251
Prepayments	237,343	81,664	226,020	82,138
	<u>5,630,983</u>	<u>3,468,456</u>	<u>5,770,977</u>	<u>3,887,611</u>
<u>Amounts falling due after one year</u>				
Subsidiary undertaking	-	1,725,579	-	1,946,786
Net Investments in Finance Leases	107,459	107,459	17,676	17,676
	<u>5,738,442</u>	<u>5,301,494</u>	<u>5,788,653</u>	<u>5,852,073</u>
 13. <u>NET INVESTMENTS UNDER FINANCE LEASES</u>				
Total Lease Payment Receivable	404,097	404,097	142,436	142,436
Less Finance Charges allocated to futur	(92,506)	(92,506)	(40,509)	(40,509)
	<u>311,591</u>	<u>311,591</u>	<u>101,927</u>	<u>101,927</u>
 14. <u>CREDITORS</u>				
<u>Amounts falling due within one year</u>				
Obligations under finance leases and lease purchase contracts(Note 16)	1,945,173	7,845	1,766,480	
Bank Loans and Overdrafts	86,367	-	-	
Trade creditors	1,301,624	585,105	1,306,498	503,388
Amounts due to Group Companies	2,125,426	2,130,660	1,520,396	1,668,641
Corporation Tax	703,125	459,759	1,149,743	869,993
Other taxes and social security costs	503,365	182,920	431,210	279,656
Other Creditors	16,645	5,624	62,289	26,366
Accruals	439,456	137,428	687,173	488,962
	<u>7,121,181</u>	<u>3,509,341</u>	<u>6,923,789</u>	<u>3,837,006</u>

ARRI (GB) LIMITEDNOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 1999

<u>15. CREDITORS</u>	<u>Group</u> <u>31.12.99</u>	<u>Company</u> <u>31.12.99</u>	<u>Group</u> <u>31.12.98</u>	<u>Company</u> <u>31.12.98</u>
<u>Amounts falling due after more than one year</u>				
Obligations under finance leases and lease purchase contracts (Note 16)	1,656,147	15,006	1,653,519	-
	<u>1,656,147</u>	<u>15,006</u>	<u>1,653,519</u>	<u>-</u>
<u>16. FINANCE LEASE AND LEASE PURCHASE CREDITORS</u>				
Amounts maturing as follows:				
Within one year	2,135,141	7,845	1,779,887	-
In second to fifth year	1,779,177	15,006	1,708,557	-
	<u>3,914,318</u>	<u>22,851</u>	<u>3,488,444</u>	<u>-</u>
Less finance charges	312,998	-	378,210	-
	<u>3,601,320</u>	<u>22,851</u>	<u>3,110,234</u>	<u>-</u>
Hire purchase contracts shown as:				
Current obligations	1,945,174	7,845	1,626,696	-
Non-current obligations	1,656,146	15,006	1,483,538	-
	<u>3,601,320</u>	<u>22,851</u>	<u>3,110,234</u>	<u>-</u>

17. PROVISIONS FOR LIABILITIES AND CHARGESDeferred Taxation:

The Provision has been made at the rate of 31% and the main components of the provision are as follows:

Deferred Taxation	<u>1,348,778</u>	<u>5,658</u>	<u>1,247,015</u>	<u>5,658</u>
Balance at 1st January 1999	1,247,015	5,658		
Accerelated Capital Allowance	108,082	-		
On Revaluation Reserve	(6,512)	-		
Other timing differences	193	-		
	<u>1,348,778</u>	<u>5,658</u>		

ARRI (GB) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 199918. CALLED UP SHARE CAPITAL

Ordinary Shares of £1 each:

	<u>1999</u>	<u>1998</u>
Authorised	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid	<u>2,000,000</u>	<u>2,000,000</u>

19. RESERVES

<u>Group</u>	<u>Capital Reserve</u>	<u>Revaluation Reserve</u>	<u>Profit & Loss Account</u>
Balances At 1st January 1999	70,435	102,803	11,525,337
Change in Minority Interest	-	98	-
Transfer relating to purchase of own shares	-	-	-
Purchase of own shares	-	-	-
Bonus Issue	-	-	-
Transfer relating to revalued assets	-	(21,707)	21,707
Retained Profit for the financial year	-	-	2,729,917
Balances At 31st December 1999	<u>70,435</u>	<u>81,194</u>	<u>14,276,961</u>

Company

	<u>Profit & Loss Account</u>
Balances At 1st January 1999	8,805,813
Retained Profit for the financial year	1,484,388
Balances At 31st December 1999	<u>10,290,201</u>

20. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS FUNDSGROUP

PROFIT FOR THE FINANCIAL YEAR	2,729,917	2,690,388
Purchase of Own Shares	-	(680,029)
Movement in Reserves	98	77
NET ADDITIONS TO SHAREHOLDERS' FUNDS	<u>2,730,015</u>	<u>2,010,436</u>
Opening Shareholders' Funds	13,698,575	11,688,139
CLOSING SHAREHOLDERS' FUNDS	<u>16,428,590</u>	<u>13,698,575</u>

21. CONTINGENT LIABILITIES

There are contingent liabilities in respect of cross guarantees given to the bank for facilities granted to the group.

ARRI (GB) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 199822. OPERATING LEASE COMMITMENTS

The group has entered into non-cancellable leases in respect of plant and equipment, the payments for which extend over a period of up to four years. The total annual rentals for 1999 was £648,465 (1998 - £583,392), of which £183,007 (1998 - £190,921) was applicable to the company.

The minimum annual rentals under the foregoing leases are as follows:

	<u>1999</u>		<u>1998</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Operating leases which expire:				
- within 1 year	9,201	685	31,829	9,889
- within 2-5 years	85,665	26,402	72,422	18,091
- over 5 years	528,914	148,943	463,049	151,593
	<u>623,780</u>	<u>176,029</u>	<u>567,300</u>	<u>179,573</u>

23. PENSION COSTS

The group operates a mix of both defined contribution schemes and a defined scheme. The assets of the schemes, which are held separately from those of the group, are invested with insurance companies.

The scheme provides benefits based on final pensionable pay and the pension contributions are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. The most recent valuation was at 1st January 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increasing salaries. It was assumed that the investment return would be 8% per annum, that salary increases would average 6% per annum and the Retail Price Index increases at 4% per annum compound.

The most recent actuarial valuation showed that the market value of the Scheme's assets was £1,304,000 the actuarial value of those assets represented 96% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

ARRI (GB) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS TO 31 DECEMBER 1999

24. NOTES ON CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities

	1999	1998
Operating profit	3,948,218	4,072,847
Depreciation	2,319,933	2,124,017
Profit on Disposals of Fixed Assets	(91,612)	(35,528)
(Increase)/Decrease in stocks	(627,085)	1,353,206
(Increase)/Decrease in debtors	50,211	(968,033)
Increase(Decrease) in creditors	378,949	(782,016)
Net cash inflow from operating activities	<u>5,978,614</u>	<u>5,764,493</u>

b) Returns on investments and servicing of finance

Interest and Similar Income	180,167	124,107
Interest Paid (Note 7)	(262,937)	(248,818)
Dividends Received	12	10
	<u>(82,758)</u>	<u>(124,701)</u>

c) Capital Expenditure

Purchase of Investments	-	(494)
Payment to acquire Tangible Assets	(3,919,212)	(3,491,597)
Receipts from sales of Tangible Assets	432,521	114,883
	<u>(3,486,691)</u>	<u>(3,377,208)</u>

d) Financing

Purchase of own shares	-	(680,029)
New Finance Lease Purchase rentals	2,505,349	2,379,464
Capital repayment of finance lease purchase rentals	(2,324,028)	(1,955,919)
(Increase) Repayment of Bank Loans		
Cash inflow from increase in debt and leasing financing	<u>181,321</u>	<u>423,545</u>
Net cash (outflow) inflow from Financing	<u>181,321</u>	<u>(256,484)</u>

e) Analysis of changes in net debt

	At 01/01/99	Cash Flow	At 31/12/99
Cash in hand, at bank	2,377,081	1,198,648	3,575,729
Overdrafts		(86,367)	(86,367)
	<u>2,377,081</u>	<u>1,112,281</u>	<u>3,489,362</u>
Debt:			
Hire Purchase	(3,419,999)	(181,321)	(3,601,320)
	<u>(3,419,999)</u>	<u>(181,321)</u>	<u>(3,601,320)</u>
Total	<u>(1,042,918)</u>	<u>930,960</u>	<u>(111,958)</u>
Analysed in Balance Sheet			
Cash at bank and in hand	2,377,081		3,575,729
Bank Overdrafts			(86,367)
Obligation under hire purchase and finance leases	(3,419,999)		(3,601,320)
	<u>(1,042,918)</u>		<u>(111,958)</u>