

# INTANDEM

## **Report and Accounts 2013**

Intandem Films plc  
Avanta Media Village  
131-151 Great Titchfield Street  
London W1W 5BB

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# Directors, Advisers and Officers

## Directors

Robert Mitchell	<i>Chief Executive Officer</i>
Andrew Brown	<i>Executive Director</i>
William Hurman	<i>Executive Director</i>
Gary Smith	<i>Chairman and Chief Executive (resigned 25 February 2013)</i>
John James	<i>Non-executive Director (resigned 5 April 2013)</i>
Alan Bowen	<i>Non-executive Director (appointed 11 July 2013)</i>
Corinne Lambert	<i>Non-executive Director (appointed 5 April 2013)</i>
Chris Sykes	<i>Non-executive Director (appointed 5 April 2013)</i>

## Secretary

Rinkle Shah

## Registered Office

35 Vine Street  
London, EC3N 2AA

## Bankers

Royal Bank of Scotland  
49 Charing Cross  
London, SW1A 2DX

## Auditors

Shipleys LLP  
10 Orange Street, Haymarket  
London, WC2H 7DQ

## Solicitors

Field Fisher Waterhouse  
35 Vine Street  
London, EC3N 2AA

## Stockbrokers and Nominated Advisers

finnCap  
60 New Broad Street  
London, EC2M 1JJ

Peterhouse Corporate Finance  
31 Lombard Street  
London, EC2V 9BQ

## Registrars

Share Registrars Limited  
Suite E, 1st Floor  
9 Lion & Lamb Yard  
Farnham, Surrey  
GU9 7LL

## Company's registered number

5360907

## Chief Executive Officer's statement

The financial year to 30 June 2013 was a transitional period for Intandem Films and I would like to thank shareholders for their continued support and patience through this time.

### Financials

Turnover for the period under review was £285,839 (2012: £363,087) and the loss before tax was £1,304,229 (2012: £1,129,945) with a loss per share of 0.89p (2012: loss per share of 0.85p). The loss increased mainly as a result of the Company's high cost base – which has now been addressed and is discussed in more detail below.

### The Board

It was a busy period for the Company at a corporate level. We significantly strengthened the Board, which now comprises me, Alan Bowen – an experienced finance director in the media sector; Corinne Lambert, previously a broker in the US and the UK ; and Chris Sykes, previously a partner at Clyde & Co. to complement Andrew Brown and Billy Hurman, who have been directors of the Company since it came to the market in April 2005.

### Strategy

The focus since I took over as CEO on 26 February 2013 has firmly been on growing our film slate – which now stands at 20 and ensuring that the Company has a platform from which to grow.

As touched upon in our interims, due to high running costs, the Company would need to raise funds and has addressed this since the year end. We have also significantly cut our cost base and refined our focus – with international sales driving revenue via executive producer fees and commissions.

A proportion of the losses incurred during the period were created by the cinema release of Grassroots (in November 2012) and the costs relating to the development of the campaign for Jadoo (in September 2013). However, as discussed, the Company has since refocused its business strategy and since the year end has raised £1,184,768 which is expected to see the Company through until the revenues from September to December 2013 are paid to us in early 2014.

During the period a number of sales from the current slate were signed with distributors from territories across the globe for 2013/14 release. At the Berlin Film Festival in February 2013 we signed sales agreements with distributors for Believe (formerly known as Theatre of Dreams) and The Laureate.

Since the year end we have been busy growing our slate and we now have eight fully funded films in our portfolio. In October 2013 we announced that the Company had been appointed as exclusive sales agent on three fully financed feature films – Vendetta (which was released in November 2013), Assassin and Reign of the General, all produced by Jonathan Sothcott of Richwater Films.

We announced further additions to the slate in November with Gagarin First in Space and Top Dog, which we introduced at the American Film Market ("AFM") at the beginning of November 2013 along with Vendetta. We had a successful AFM, achieving contracted total sales, on behalf of and to be recognised by third parties, of approximately US\$1.8 million. These sales are expected to result in commissions (Intandem revenue) of approximately US\$266,000 and gross profit of approximately US\$220,000 after AFM expenses, and are expected to be reflected in the results for the year ended 30 June 2014. Please see our trading update released separately this morning for further details about the AFM and our growing slate of films.

# Chief Executive Officer's statement

continued

## Outlook

There are several exciting plans in the pipeline aimed at boosting revenue generation. We have a film library in place to exploit and are also focused on growing our digital marketing division, which we expect to become even more integral over the coming months.

There is no doubting that Intandem has had a difficult time and needed to rebuild during the period. The losses are clearly disappointing, however, we have been working hard to turn things around and I would like to thank the Board and shareholders for their continued support. We look forward to building on today's positive trading update.

**Robert Mitchell**

*Chief Executive Officer*

20 December 2013

# Operating and Financial Review

for the year ended 30 June 2013

## Business objectives and strategies

Intandem's objective is to become a respected and highly profitable feature film sales and distribution company. Our strategy for achieving this objective is as follows:

- To create strong and innovative marketing campaigns in order to maintain a reputation that attracts the most commercial film projects to the Group.
- To maintain the strongest relationships with international distributors, our clients, in order to achieve strong sales of those films.
- To attract production finance to our films through our marketing and sales efforts, and by giving financiers the confidence that they will achieve excellent returns through the international sales achieved by the Group.
- Intandem has a clear policy of controlling the overhead cost to enable the scalability of the Group's business model to result in strong profit growth and future cash flow.
- To increase control over production and distribution of its films in the future

## Executive production

Intandem earns fees for providing the service of organising financing for the production of films on behalf of the producer. Executive Producer fees are recognised only when the film's finance is completed. Intandem does not use its own funds for production finance.

## International sales

Intandem earns commission on sales to film distributors around the world. Distributors pay a minimum guaranteed sum ahead of the film's release, therefore Intandem's commission is not dependent on the box office success of the film. Sales commission is only recognised on sales of films which have been completed and delivered during the financial period.

The international film business is very competitive and the Board takes pride in its marketing campaigns for each of Intandem's films in order to increase the chances of its success.

## Current and future development and performance

### Revenue

	2013 £	2012 £
Executive producer fees	165,000	–
Commissions and other income	40,688	90,371
Recoverable project costs	80,151	272,716
Revenue	285,839	363,087

From 1 July 2013, Intandem earns revenue from two main sources; executive producer fees for organising the financing for films and sales commission on international sales as the sales company for films.

The Group's revenue for the year includes a fee for 10 Things I Hate About Life and commissions earned from new projects such as 'K-11', 'Believe' and commissions on collections from the film library sold last year.

It is the Board's intention to increase the number of films represented by the Company to a minimum of six per annum which in the future will be included under 'Commissions' with the objective of generating significant levels of commission.

# Operating and Financial Review

continued

## Operating Profit/(Loss)

	2013 £	2012 £
Operating Profit/(Loss) before tax	(1,304,229)	(1,129,945)

### Resources, risks and relationships

The Company aims to safeguard the assets that give it competitive advantage, being its reputation for quality, its intellectual capital and its people.

#### Reputation

Codes of conduct operate across the Group to provide a framework for responsible yet innovative and ethical commercial business practices. Structures for accountability to the Board are clearly defined.

#### Employment policy

The Board places considerable value on the involvement of its employees and has effective arrangements for communicating the Group's strategy, results and significant business issues to them.

The directors recognise that continued and sustained improvement of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore the Board believes that the Group's ability to sustain their competitive advantage in the long term depends on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all its employees through appropriate development, experience and training.

Share ownership is at the heart of the Group's remuneration philosophy and the directors believe that the key to the Group's future success lies in a motivated workforce holding a stake in the Company. For this reason the Board has implemented an approved share option scheme which is available to all Group employees and directors subject to meeting certain qualifying rules. All options carry a performance condition linked to the profitability of the Group.

The Group is an equal opportunity employer. Entry into and progression within the Group is solely determined on the basis of work criteria and individual merit.

The Group gives full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

#### Health, safety and the environment

Intandem operates responsibly with regard to its shareholders, employees, other stakeholders, the environment and the wider community. The Group and Company is committed to the wellbeing of all employees and ensure that their health, safety and general welfare is paramount at all times. We also maintain open and fair relationships with all clients and suppliers while ensuring that all transactions are operated on an arms-length, commercial basis. As part of this culture, the Group ensures that all suppliers are paid in a timely fashion, unless there are sound commercial reasons why payment should not be made.

### Financial position

#### Loss per share

Basic loss per share for the year is 0.89p compared to a loss per share of 0.85p for the previous year. Details of the loss and number of shares used in calculating these numbers are given in note 9 to the accounts.

# Operating and Financial Review

continued

## **Cash flow**

Operating activities used £647,887 (2012: £980,051) of cash and cash equivalents. The net cash outflow from investing activities was £19,243 compared with an outflow of £2,317 in 2012. The £167,000 increase in cash from financing activities reflects the issue of new loans in the year. The overall result is a net decrease in cash and cash equivalents of £500,130 (2012: increase £505,018).

## **Capital structure**

The Group's capital structure is as follows:

	2013 £	2012 £
Deferred income	–	6,731
Company shareholders' equity	(884,756)	464,727
Capital employed	(884,756)	471,458

## **Going concern**

After reviewing budgets and forecasts, the directors have a reasonable expectation that the Group has adequate resources to continue as an operational business for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

By order of the Board

Rinkle Shah  
*Company Secretary*

20 December 2013



# Directors' Report

for the year ended 30 June 2013

The directors present their report and the audited financial statements of the Group for the year ending 30 June 2013.

## Results and dividends

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.

The statements have been prepared under International Financial Reporting Standards (IFRS).

Revenue for the year to 30 June 2013 was £285,839 (year to 30 June 2012: £363,087) and the loss before tax for the year was £1,304,229 (year to 30 June 2012: £1,129,945 loss).

The directors do not recommend the payment of a dividend.

## Principal activities

The principal activity of the Group during the year was the executive production and international sales and marketing of feature films.

## Business review and future developments

A review of the business and future developments of the Group is presented in the Chairman's statement and the Operating and Financial Review.

## Operating risk review

In delivering long-term returns to shareholders the identification and monitoring of risk is important. The principle operating risks as identified by the board relate primarily to economic uncertainties and its particular sphere of activity of investing in media and production rights.

The film industry is a potentially volatile industry susceptible to changes in the global economy, as well as changes in legislation, regulation and government policy. Any of these factors may affect the industry and could affect consumer demand for films or the ability to successfully finance or market films.

There is no certainty that any one film, by itself, will generate significant revenue. The Group is conscious that it needs to build a diverse portfolio of films in different genres, and with a range of budgets to minimise the risk and increase the chance of achieving high levels of profitability.

## Financial risk management

The Group's exposure to financial risk is set out in note 2 to the financial statements.

## Political and charitable contributions

No political or charitable donations were made during the period.

## Directors

The following directors have held office during the year:

Robert Mitchell  
Andrew Brown  
William Hurman  
Gary Smith  
John James  
Chris Sykes  
Corinne Lambert

# Directors' Report

continued

## Directors Remuneration

The remuneration of directors to 30 June 2013 were as follows:

	Fees and Salaries £	Benefits £	Share-based payment £	Total to:	
				30 June 2013 £	30 June 2012 £
R Mitchell	60,000	–	–	60,000	60,000
A Brown	60,000	–	33,053	93,053	93,748
W Hurman	60,000	–	33,053	93,053	93,748
G Smith	75,000	–	(76,493)	(1,493)	192,714
J James	15,000	–	(9,607)	5,393	21,487
A Bowen	20,000	–	–	20,000	–
C Lambert	–	–	–	–	–
C Sykes	–	–	–	–	–

## Directors' interest in shares

Directors' interests in the share capital of the Company, including family and pension scheme interests were as follows:

	Ordinary shares of £0.001 each	
	30 June 2013	30 June 2012
Gary Smith	21,800,000	21,800,000
Andrew Brown	4,930,000	4,930,000
William Hurman	3,190,000	3,190,000
John James	1,000,000	1,000,000

The interests of directors in share options as at 30 June 2013 were as follows:

Date of grant	Exercise/Vesting date		Exercise price (pence)	Number at 1 July 2012	Granted in year	Exercised in year	Forfeited in year	Number at 30 June 2013
	From	To						
<b>G Smith</b>								
01.05.09	01.05.12	01.05.19	0.84	10,000,000	–	–	10,000,000	–
28.01.11	28.01.14	28.01.21	6.00	3,000,000	–	–	3,000,000	–
<b>A Brown</b>								
01.05.09	01.05.12	01.05.19	0.84	2,000,000	–	–	–	2,000,000
28.01.11	28.01.14	28.01.21	6.00	2,000,000	–	–	–	2,000,000
<b>W Hurman</b>								
01.05.09	01.05.12	01.05.19	0.84	2,000,000	–	–	–	2,000,000
28.01.11	28.01.14	28.01.21	6.00	2,000,000	–	–	–	2,000,000
<b>J James</b>								
01.05.09	01.05.12	01.05.19	0.84	500,000	–	–	–	500,000
28.01.11	28.01.14	28.01.21	6.00	500,000	–	–	500,000	–

## Policy on payments to suppliers

It is the policy of the Group in respect of all its suppliers, where reasonably practicable, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by these terms.

At 30 June 2013, the Company had an average of 126 days purchases owed to trade creditors.

# Directors' Report

continued

## Corporate governance

Intandem Films Plc is an AIM listed company and is therefore not required to comply with the Principle of Good Governance and Code of Best Practice ("the Combined Code") published by the London Stock Exchange. The following disclosures are made voluntarily.

The Company seeks to ensure that all shareholders are kept informed about the Company and its activities. A comprehensive annual report and accounts is sent to shareholders and an interim report is published. All this information is available on the Company's website and we are also establishing a social media network which will provide a greater flow of information.

The Annual General Meeting is a forum for shareholders' participation with the opportunity to meet and question board members including the non-executive members and the chairmen of the Board committees.

The audit committee comprises of Mr Alan Bowen and Mr Robert Mitchell and is chaired by Mr Alan Bowen. The committee's duties include a comprehensive review of the annual and interim financial statements before they are presented to the Board for approval. The audit committee meets at least twice a year to review the findings of the external auditors, key accounting policies and judgemental issues. It has unrestricted access to the Company's auditors.

The remuneration committee comprises Mr Chris Sykes, Mr Alan Bowen and Mr Robert Mitchell and is chaired by Mr Chris Sykes. Its duties include considering the annual salaries of the executive directors and the need to ensure executive directors' continued commitment to the success of the Group by means of incentive schemes. The committee is also responsible for the implementation and subsequent monitoring of the share option scheme, which is available to all Group employees and directors subject to meeting certain qualifying rules.

## Independent auditor

A resolution to re-appoint Shipleys LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the Board,

Rinkle Shah  
*Company Secretary*

20 December 2013

# Statement of Directors' Responsibilities

for the year ended 30 June 2013

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. In preparing those financial statements the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the 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 of the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# Independent Auditors' Report to the members of Intandem Films Plc

We have audited the financial statements on pages 13 to 33 for the year ended 30 June 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated and company cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements 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 (APB'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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 consolidated financial statements:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006

## Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made within the Accounting Policies on page 17 concerning the company and group's ability to continue as a going concern.

The company and group is predominantly dependent on exploiting its current and future catalogue of film titles, and the financial statements have been prepared on a going concern basis. The validity of this depends on the ability of the

# Independent Auditors' Report to the members of Intandem Films Plc

continued

group to receive, on a timely basis, the payments included in its cash flow projections or to obtain alternative financial arrangements. The financial statements do not include the adjustments that would result if the company and group was unable to continue as a going concern as a result of the company and group not being able to achieve its projections or meet its financial obligations.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the parent company financial statements are not in agreement with the accounting records and returns; or
- adequate accounting records have not been kept by the parent company or returns adequate for our audit have not been received from branches not visited by us.

## **Joseph Kinton (Senior Statutory Auditor)**

For and on behalf of Shipleys LLP

### **Shipleys LLP**

*Chartered Accountants*

*Statutory Auditors*

10 Orange Street  
Haymarket  
London WC2H 7DQ

23 December 2013

# Consolidated and Company Statement of Financial Position

as at 30 June 2013

		Group		Company	
	Notes	2013 £	2012 £	2013 £	2012 £
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	16,291	10,058	–	–
Investment in subsidiaries	11	–	–	223,152	223,152
Financial assets	12	100	100	–	–
Intercompany loan		–	–	–	–
		16,391	10,158	223,152	223,152
<b>Current assets</b>					
Trade receivables	13	46,181	214,679	–	–
Other receivables	13	94,211	351,232	474	20,408
Cash and cash equivalents		15,115	515,245	–	–
		155,507	1,081,156	474	20,408
<b>Total assets</b>		<b>171,898</b>	<b>1,091,314</b>	<b>223,626</b>	<b>243,560</b>
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	14	146,715	146,715	146,715	146,715
Share premium	14	3,898,139	3,898,139	3,898,139	3,898,139
Merger reserve		252,506	252,506	–	–
Foreign exchange reserve		(288,821)	(324,721)	–	–
Retained earnings		(4,893,295)	(3,507,912)	(4,144,884)	(3,959,170)
		(884,756)	464,727	(100,030)	85,684
<b>Non-current liabilities</b>					
Deferred income		–	6,731	–	–
Intercompany loan		–	–	322,656	157,876
Convertible loan notes		–	–	–	–
		–	6,731	322,656	157,876
<b>Current liabilities</b>					
Trade and other payables	16	1,056,654	619,856	1,000	–
		1,056,654	619,856	1,000	–
<b>Total liabilities</b>		<b>1,056,654</b>	<b>626,587</b>	<b>323,656</b>	<b>157,876</b>
<b>Total equity and liabilities</b>		<b>171,898</b>	<b>1,091,314</b>	<b>223,626</b>	<b>243,560</b>

The financial statements were approved by the Board of Directors and signed on its behalf on 20 December 2013.

**Robert Mitchell**  
Director

**William Hurman**  
Director

# Consolidated Income Statement

for the year ended 30 June 2013

	Notes	2013 £	Group 2012 £
<b>Revenue</b>			
Executive producer fees		165,000	–
Commissions and other income		40,688	90,371
Recoverable project costs		80,151	272,716
		285,839	363,087
<b>Cost of sales</b>			
Recoverable expenses		(80,151)	(272,716)
Amortisation of film asset		–	–
Gross profit		205,688	90,371
<b>Overheads</b>			
Staff costs	4	(283,150)	(484,202)
Depreciation	5	(13,010)	(7,503)
Other external charges		(1,207,537)	(725,415)
(Loss) from operations	5	(1,298,009)	(1,126,749)
Finance costs	6	(6,220)	(3,217)
Interest income	7	–	21
(Loss)/Profit before tax		(1,304,229)	(1,129,945)
Income tax expense	8	–	–
(Loss)/Profit for the year from continuing operations	9	(1,304,229)	(1,129,945)
<b>(Loss)/Profit per share</b>			
Basic		(0.89) pence	(0.85) pence
Diluted		(0.89) pence	(0.85) pence

All the amounts derive from continuing operations.

## Consolidated statement of comprehensive income

	2013 £	2012 £
(Loss)/Profit for the year	(1,304,229)	(1,129,945)
Foreign currency translation differences	35,900	34,451
Total comprehensive (loss)/income for the year	(1,268,329)	(1,095,494)



# Consolidated and Company Statement of Changes in Equity

for the year ended 30 June 2013

## Group

	Share Capital £	Share Premium £	Merger Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
Balance as at 1 July 2011	117,075	2,440,414	252,506	(359,172)	(2,545,029)	(94,205)
<b>Changes in equity for the year to 30 June 2012</b>						
Issue of new shares	29,640	1,548,760	–	–	–	1,578,400
Issue costs	–	(91,035)	–	–	–	(91,035)
Exchange differences on translation of foreign currency balances	–	–	–	34,451	–	34,451
Credit on issue of share options	–	–	–	–	167,062	167,062
Loss for the year	–	–	–	–	(1,129,945)	(1,129,945)
Total recognised income and expense for the year	29,640	1,457,725	–	34,451	(962,883)	558,933
Balance as at 30 June 2012	146,715	3,898,139	252,506	(324,721)	(3,507,912)	464,727

## Changes in equity for the year to 30 June 2013

Issue of new shares	–	–	–	–	–	–
Issue costs	–	–	–	–	–	–
Exchange differences on translation of foreign currency balances	–	–	–	35,900	–	35,900
Credit on issue of share options	–	–	–	–	(81,154)	(81,154)
Loss for the year	–	–	–	–	(1,304,229)	(1,304,229)
Total recognised income and expense for the year	–	–	–	35,900	(1,385,383)	(1,349,483)
Balance as at 30 June 2013	146,715	3,898,139	252,506	(288,821)	(4,893,295)	884,756

## Company

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance as at 1 July 2011	117,075	2,440,414	(533,163)	2,024,326
<b>Changes in equity for the year to 30 June 2012</b>				
Issue of new shares	29,640	1,548,760	–	1,578,400
Issue costs	–	(91,035)	–	(91,035)
Loss for the year	–	–	(3,426,007)	(3,426,007)
Total recognised income and expense for the year	29,640	1,457,725	(3,426,007)	(1,938,642)
Balance as at 30 June 2012	146,715	3,898,139	(3,959,170)	85,684
<b>Changes in equity for the year to 30 June 2013</b>				
Issue of new shares	–	–	–	–
Issue costs	–	–	–	–
Loss for the year	–	–	(185,714)	(185,714)
Total recognised income and expense for the year	–	–	(185,714)	(185,714)
Balance as at 30 June 2013	146,715	3,898,139	(4,144,884)	(100,030)

# Consolidated and Company Cash Flow Statement

for the year ended 30 June 2013

	Notes	Group		Company	
		2013 £	2012 £	2013 £	2012 £
<b>Cash flows from operating activities</b>					
Cash (used in)/from operating activities	19	(641,667)	(976,834)	–	(1,487,365)
Interest paid		(6,220)	(3,217)	–	–
		(647,887)	(980,051)	–	(1,487,365)
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment		(19,243)	(2,317)	–	–
Investment in associate company		–	–	–	–
Interest received		–	21	–	–
<b>Net cash (used in)/from investing activities</b>		(19,243)	(2,296)	–	–
<b>Cash flows from financing activities</b>					
Net Proceeds from issue of new ordinary shares		–	1,487,365	–	1,487,365
Issue/Repayment of loans		167,000	–	–	–
Proceeds on issue of convertible loan notes		–	–	–	–
<b>Net cash from financing activities</b>		167,000	1,487,365	–	1,487,365
Effects of exchange rate changes on cash balances		–	–	–	–
<b>Net increase/(decrease) in cash and cash equivalents</b>		(500,130)	505,018	–	–
<b>Cash and cash equivalents at beginning of year</b>		515,245	10,227	–	–
<b>Cash and cash equivalents at end of year</b>		15,115	515,245	–	–
<b>Bank balances and cash</b>		15,115	515,245	–	–

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

## 1. Presentation of financial statements

Financial statements present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with definitions and recognition criteria for assets, liabilities, income and expenses set out in the '*Framework for preparation and presentation of financial statements (framework)*'. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS. The financial reports have been prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Accordingly, the directors wish to draw attention to the nature of the production of feature films, which is a project related business, and are therefore prone to postponements and cancellations of planned projects. The cash forecast of the Group builds upon the premise of a certain number of production starts in the upcoming 12 months and therefore the ability of the Group to generate income and cash flows is dependant on these projects coming to fruition. Similarly, the future income streams of recently completed films cannot be always be reliably ascertained at the Balance Sheet date, but management has a reasonable expectation that the Group will have adequate resources to continue its operations for the foreseeable future and therefore provide the necessary support to the Company. For this reason, the Directors have determined that the financial statements should continue to be prepared on the going concern basis.

## 2. Accounting policies

The principal accounting policies adopted are set out below.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (and its subsidiaries) and are made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The financial statements of Intandem Films Plc have been prepared in accordance with the International Financial Reporting Standards (IFRS). These financial reports have been prepared under the historical cost convention.

The financial statements have been prepared under the rules of IFRS 3 – Business Combinations.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

# Notes to the Consolidated Financial Statements

continued

## 2. Accounting policies (continued)

### *Critical accounting estimates and judgements*

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### *Revenue recognition*

Revenue, which excludes value added tax, represents executive producer fees, commissions and recoverable expenses. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Company's activities. Revenue derived from the Company's principal activities is recognised as follows:

Executive producer fees are recognised upon the completion of the financing for each film and are normally receivable on the first day of principal photography. Recoverable expenses are recognised, only where a contract has been signed, and those amounts have been recouped.

All costs which are incurred in relation to Executive Producer fees are written off as they are incurred as there is no guarantee a film will enter into production.

Sales commission is only recognised upon delivery of the film to the Company. If receipt of the revenue is dependent on the fulfilment of future contractual obligations, then revenue is not recognised until those future obligations have been fulfilled.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### *Impairment*

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. However, impairment losses relating to goodwill may not be reversed.

# Notes to the Consolidated Financial Statements

continued

## 2. Accounting policies (continued)

### *Foreign currencies*

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the period.

### *Taxation*

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### *Property, plant and equipment*

Fixtures and fittings and office equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures and fittings	25%
Office equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

### *Leasing*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

# Notes to the Consolidated Financial Statements

continued

## 2. Accounting policies (continued)

### *Investments*

The Group classifies its investments depending on the purpose for which the investments were acquired. Management determines the classification of its investment at initial recognition and re-evaluates this designation at every reporting date.

The fair value of unquoted investments is based on valuation techniques. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

### *Capital Management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In addition to the above, the directors closely monitor the Group's cost base making reductions where possible whilst maintaining efficiency and skill levels within the Group.

### *Financial instruments*

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial instrument was acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each financial year end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets are carried in the balance sheet at fair value with gains or losses on financial assets at fair value through profit or loss recognised in the income statement.

#### *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit or loss or available-for-sale. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### *Held to maturity investments*

Non derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest rate method. Gains or losses are recognised in income when the investment is derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification.

#### *Available-for-sale financial assets*

After initial recognition available-for-sale financial assets are measured at fair value with gains and losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of unquoted investments is based on appropriate valuation techniques. These include using recent arm's length transactions, discounted cash flow analysis and pricing models. Otherwise assets will be carried at cost.

# Notes to the Consolidated Financial Statements

continued

## 2. Accounting policies (continued)

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

### *Impairment of non-financial assets*

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

### *Impairment of financial assets*

#### *Available-for-sale financial assets*

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost and its fair value is transferred from equity to the income statement. Any reversal of an impairment of an equity instrument classified as available-for-sale is not recognised in the income statement.

#### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment charge was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

### *Trade receivables*

Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

### *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

### *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

# Notes to the Consolidated Financial Statements

continued

## 2. Accounting policies (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

### *Trade payables*

Trade payables are stated at their nominal value.

### *Equity instruments*

Equity instruments are recorded at the proceeds received, net of direct issue costs.

### *Provisions*

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

### *Share based compensation*

The fair value of employee share option schemes is measured by a Black-Scholes pricing model. Further details are set out in note 14. In accordance with IFRS 2 'Share-based Payments', the resulting cost is charged to the income statement over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

The Group operates an equity-settled, long term incentive plan designed to align management interests with those of shareholders. The fair value of the employee's services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### *Financial risk management*

The Group uses a limited number of financial instruments, comprising cash, short-term deposits, bank loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Group does not trade in financial instruments.

### *Financial risk factors*

The Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### *a) Currency risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound and US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

#### *b) Credit risk*

The Group has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history.



# Notes to the Consolidated Financial Statements

continued

## 2. Accounting policies (continued)

### c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Group ensures it has adequate cover through the availability of bank overdraft and loan facilities and carefully monitors cash to maintain control over its working capital requirements.

### d) *Cash flow interest rate risk*

The Group finances its operations through a mix of cash flow from current operations together with cash on deposit and bank and other borrowings. Borrowings are generally at floating rates of interest and no use of interest rate swaps has been made.

### *Fair value estimation*

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### *Changes in accounting policy*

Adoption of new and revised International Accounting Standards (IAS/IFRS) and interpretations affecting current or prior periods:

IAS 1 Presentation of Items of Other Comprehensive Income (effective 1 July 2012)

IFRS 10 Consolidated Financial Statements (effective 1 January 2013)

IFRS 11 Joint Arrangements (effective 1 January 2013)

IFRS 12 Disclosures of Interest in Other Entities (effective 1 January 2013)

IFRS 13 Fair Value Measurement (effective 1 January 2013)

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013)

IAS 19 Employee Benefits (effective 1 January 2013)

IAS 27 Separate Financial Statements (effective 1 January 2013)

IAS 28 Investment in Associates and Joint Ventures (effective 1 January 2013)

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective;

IAS 32 Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)

IFRS 10 Consolidated Financial Statements – Investment Entities (effective 1 January 2014)

IFRS 12 Disclosures of Interest in Other Entities – Investment Entities (effective 1 January 2014)

IAS 27 Consolidated and Separate Financial Statements – Investment Entities (effective 1 January 2014)

IAS 36 Impairment of Assets – Recoverable Disclosures for Non-Financial Assets (effective 1 January 2014)

IFRS 9 Financial Instruments (effective 1 January 2015)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the company.

# Notes to the Consolidated Financial Statements

continued

## 3. Segmental reporting

The Group is organised into three main business segments: Executive producer fees, Sales commission and Recoverable project costs.

### Primary reporting format – business segments

2013

	Executive producer fees £	Sales commissions £	Recoverable project cost £	Total Group £
Revenue	165,000	40,688	80,151	285,839
Operating profit/(loss)	165,000	40,688	(1,503,697)	(1,298,009)
Other operating income	–	–	–	–
Profit on investment	–	–	–	–
Interest expense	–	–	(6,220)	(6,220)
Interest income	–	–	–	–
Profit/(loss) before tax	165,000	40,688	(1,509,917)	(1,304,229)
Income tax	–	–	–	–
Profit/(loss) for the year from continuing operations	165,000	40,688	(1,509,917)	(1,304,229)
Segment assets				171,898
Segment liabilities				1,056,654
<b>Other segment items:</b>				
Capital expenditure				(19,243)
Depreciation				13,010
Other non cash expenses				(81,154)

# Notes to the Consolidated Financial Statements

continued

## 3. Segmental reporting (continued)

### Primary reporting format – business segments

2012

	Executive producer fees £	Sales commissions £	Recoverable project cost £	Total Group £
Revenue	–	90,371	272,716	363,087
Operating profit/(loss)	–	90,371	(1,217,120)	(1,126,749)
Other operating income	–	–	–	–
Profit on investment	–	–	–	–
Interest expense	–	–	(3,217)	(3,217)
Interest income	–	–	21	21
Profit/(loss) before tax	–	90,371	(1,220,316)	(1,129,945)
Income tax	–	–	–	–
Profit/(loss) for the year from continuing operations	–	90,371	(1,220,316)	(1,129,945)
Segment assets				1,091,314
Segment liabilities				619,856
<b>Other segment items:</b>				
Capital expenditure				(2,317)
Depreciation				7,503
Other non cash expenses				167,062

Unallocated costs represent corporate expenses.

Segment assets include property, plant and equipment, receivables and operating cash.

Segment liabilities comprise operating liabilities and exclude corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment.

### Secondary reporting format – geographic segments

The Group manages its geographic segments on a global basis. The UK is the home country of the parent.

	2013 £	2012 £
Revenue	285,839	363,087
Assets	171,898	1,091,314
Capital expenditure	19,243	2,317

# Notes to the Consolidated Financial Statements

continued

## 4. Staff costs

Staff costs (including directors) for the Group during the year consists of:

	2013 £	2012 £
Wages and salaries	334,532	285,133
Social security costs	29,772	32,007
Cost of employee share schemes	(81,154)	167,062
Total staff costs	283,150	484,202

The following amounts are included above in relation to directors:

	2013 £	2012 £
Wages and salaries	164,000	184,800
Social security costs	14,925	21,869
Cost of employee share schemes	86,968	141,146
Total staff costs	265,893	347,815

A detailed breakdown of the remuneration of the directors is shown on page 9

The average number of people (including executive directors) employed by the Group during the year was:

	2013 No.	2012 No.
Head office and administration	10	8

## 5. Profit/(Loss) from operations

Profit/(Loss) from operations has been arrived at after charging:

	2013 £	2012 £
Depreciation	13,010	7,503
Auditors' remuneration		
Audit services	14,000	950
Other services	16,500	950

The other services comprises tax compliance work for both 2013 and 2012.

## 6. Finance costs

	2013 £	2012 £
Interest paid on bank overdrafts and loans	6,220	3,217

## 7. Interest income

	2013 £	2012 £
Interest on bank deposits	–	21

# Notes to the Consolidated Financial Statements

continued

## 8. Corporation tax expense

	2013 £	2012 £
Current tax	–	–
Deferred tax (note 15)	–	–
Taxation attributable to the Company and its subsidiaries	–	–

Domestic corporation tax is calculated at 23 per cent of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows.

Group	2013 £	%	2012 £	%
Profit/(Loss) before tax	(1,304,229)		(1,129,945)	
Tax on the domestic income tax rate of 23% (2012:24%)	(299,973)	23	(271,187)	24
Tax effect of:				
– expenses that are not deductible in determining taxable profit	10,833	23	6,402	24
– Deductions allowable for tax purposes	–	23	–	24
– charge in respect of options and warrants issued during the year	(18,665)	23	40,095	24
– losses carried forward to future years	307,805		224,690	
Tax expense and effective tax rate for the year	–	23	–	24

## 9. Profit/(Loss) per share

	2013 £	2012 £
Profit/(Loss) for the purpose of basic loss per share	(1,304,229)	(1,129,945)
Profit/(Loss) for the purpose of diluted loss per share	(1,304,229)	(1,129,945)

## Number of shares

	2013 No.	2012 No.
Weighted average number of ordinary shares:		
– for the purposes of basic profit/(loss) per share	146,715,000	132,003,534
– for the purposes of diluted profit/(loss) per share	146,715,000	132,003,534

# Notes to the Consolidated Financial Statements

continued

## 10. Property, plant and equipment

Group	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>			
At 1 July 2012	55,392	27,435	82,827
Additions	952	20,303	21,255
Disposals	–	(2,080)	(2,080)
At 30 June 2013	56,344	45,658	102,002
<b>Accumulated depreciation</b>			
At 1 July 2012	51,501	21,270	72,771
Charge for the year	4,843	8,165	13,008
Disposals	–	(68)	(68)
At 30 June 2013	56,344	29,367	85,711
<b>Carrying amount</b>			
At 30 June 2013	–	16,291	16,291
At 1 July 2012	3,890	6,165	10,055

## 11. Investments in subsidiaries

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
<b>Shares in subsidiary undertakings</b>				
At 1 July 2012	–	–	223,152	223,152
Additions	–	–	–	–
At 30 June 2013	–	–	223,152	223,152

Details of the Company's subsidiaries at 30 June 2013 are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Intandem Pictures Ltd	England & Wales	100	100	Film sales & marketing
Intandem Film Distribution Ltd	England & Wales	100	100	Film distribution
Intandem Entertainment Ltd	England & Wales	100	100	Dormant Company
Intandem Film Fund 1 LLC	USA	100	100	Dormant Company

## 12. Financial Assets

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Available-for-sale	100	100	–	–
At fair value through profit and loss	–	–	–	–
	100	100	–	–

Available-for-sale financial assets consist of investment in unquoted shares, which by their nature have no fixed maturity date or coupon rate.

# Notes to the Consolidated Financial Statements

continued

## 13. Other financial assets

	2013 £	Group 2012 £
Trade receivables	46,181	214,679
Other receivables:		
Recoverable sales and marketing expenses	54,610	260,259
Pre production advances	–	–
Rent deposit	–	34,045
Prepayments	8,741	42,791
Other debtors	30,860	14,137
	94,211	351,232

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

**Bank balances and cash** comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates their fair value.

### Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of any allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

## 14. Shares

### Share Capital

	2013 £	2012 £
Balance at 1 July 2012	146,715	117,075
Issued during year	–	29,640
Balance at 30 June 2013	146,715	146,715

### Share Premium

	2013 £	2012 £
Balance at 1 July 2012	3,898,139	2,440,414
Issued during year	–	1,548,760
Issue costs	–	(91,035)
Balance at 30 June 2013	3,898,139	3,898,139

All shares have been called up and fully paid. Each ordinary share has the right to receive dividends and repayment of capital, and represents one vote at the shareholders' meetings of the Company.

# Notes to the Consolidated Financial Statements

continued

## 14. Shares (continued)

### Share-based payment

At 30 June 2013, options over 10,250,000 ordinary shares under the Intandem Enterprise Management Incentive (EMI) Plan were outstanding.

Date of grant	At 1 July 2012	Granted	Exercised/ vested	Forfeits	At 30 June 2013	Exercise/ Share price	Exercise/Vesting date From	To
Options								
01.05.09	15,600,000	–	–	10,100,000	5,500,000	0.84p	01.05.12	01.05.19
28.01.11	9,250,000	–	–	4,500,000	4,750,000	6.00p	28.01.14	28.01.21
	24,850,000	–	–	14,600,000	10,250,000			

### Employee share options

Options over shares in the Company are awarded to eligible employees and directors of the Group. There are no employees of the Company, Intandem Films Plc, and any share option cost is charged to Intandem Pictures Limited.

The options exercise period commences on the third anniversary of the date of the grant of the option and ends on the day which is the day before the tenth such anniversary. Exceptionally, and subject to the discretion of the Board, options may be exercised earlier than three years following grant on the cessation of the option holder's employment.

For options granted on 01 May 2009 no option may be exercised unless the profit before tax as disclosed in the published consolidated accounts for any one of the financial years ending 30 June 2010, 30 June 2011, 30 June 2012, 30 June 2013 is greater than £NIL. This condition has been fulfilled and the options will therefore be exercisable from 1 May 2012.

For options granted on 28 January 2011 no option may be exercised unless the profit before tax as disclosed in the published consolidated accounts for any one of the financial years ending 30 June 2011, 30 June 2012, 30 June 2013, 30 June 2014 is greater than £500,000.

The estimated fair value of each option granted in the EMI share option plan was calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as follows:

Date of grant	1 May 2009	28 January 2011
Share price at grant date	£0.0084	£0.0550
Exercise price	£0.0084	£0.0600
Number of employees	9	7
Shares under option	16,100,000	9,250,000
Expected volatility	169%	82%
Expected dividend	Nil	Nil
Contractual life	10 years	10 years
Risk free rate	1%	1%
Estimated fair value of each option	£0.008339	£0.044367



# Notes to the Consolidated Financial Statements

continued

## 14. Shares (continued)

Further details of the share option plan are as follows:

Group	Number of options	2013	Number of options	2012
		Weighted average price £		Weighted average price £
Outstanding at the start of the period	9,250,000	0.0600	25,350,000	0.0271
Exercisable at the start of the period	15,600,000	0.0084	–	–
Granted during the period	–	–	–	–
Forfeited	10,100,000	0.0084	500,000	0.0084
Forfeited	4,500,000	0.0600	–	–
Exercised	–	–	–	–
Outstanding at the end of the period	4,750,000	0.0600	9,250,000	0.0600
Exercisable at the end of the period	5,500,000	0.0084	15,600,000	0.0084

Expenses charged to the profit and loss in the year in respect of share based payments using Black-Scholes method of calculation are as follows:

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Expenses arising from:				
– share option plans	(81,154)	167,062	–	–
– Reversal of lapsed share options	–	–	–	–
– issue of share option warrants	–	–	–	–

## 15. Deferred tax

At the balance sheet date, the Group has unused tax losses of £1,218,029 (2012: £910,224) available for offset against future profits. No deferred tax assets have been recognised in respect of this amount due to the unpredictability of future profit streams.

## 16. Other financial liabilities

Trade and other payables principally comprise amounts outstanding for purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates to their fair value.

# Notes to the Consolidated Financial Statements

continued

## 17. Operating lease commitments

### Lessee activity

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Minimum lease payments under operating leases recognised in loss for the period	44,996	34,784	–	–

At the balance sheet date, the Group had outstanding commitments under non-cancellable leases, which fall due as follows.

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Within one year	3,653	37,060	–	–
In the second to fifth years inclusive	1,218	51,053	–	–
After five years	–	–	–	–
	4,871	88,113	–	–

Operating lease payments represent rentals payable by the Group for its office property and equipment.

The property rental lease is for a five year term and rentals are fixed for the term of the lease. The initial rent free period of 8 months from 13 November 2009 is amortised on a straight line basis over the full term of the lease. The lease was ended earlier than the full term on 30 April 2013.

The lease terms on office equipment is for three years and rentals are fixed for the term of the lease.

## 18. Related party transactions

### Directors' consultancy fees

Consultancy fees paid to directors and other members of key management during the year was as follows:

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Consultancy fees	126,000	135,750	71,000	8,250

Robert Mitchell, a director of the Company, supplied services to the business. The total value of his services charged to the profit and loss account for the period ended 30 June 2013 amounted to £60,000 (year ended 30 June 2012: £60,000).

Gary Smith, a director of the Company supplied services to the business through his company, Edge Venture Capital Limited. The total value of his services charged to the profit and loss account for the period ended 30 June 2013 amounted to £35,000 (year ended 30 June 2012: £67,500).

Alan Bowen, a non-executive director of the Company, supplied services to the business through a company called Secantor Limited. The total value of his services charged to the profit and loss account for the period ended 30 June 2013 amounted to £20,000 (year ended 30 June 2012: £NIL).

John James, a non-executive director of the Company, supplied services to the business. The total value of his services charged to the profit and loss account for the period ended 30 June 2013 amounted to £11,000 (year ended 30 June 2012: £8,250).

During the year ended 30 June 2013, William Hurman, a director of the Company, loaned the Company £7,000 which was subsequently repaid after the year end (year ended 30 June 2012: £NIL).

All intergroup transactions between Group enterprises were eliminated on consolidation.

Further details of share-based payments are provided in the directors' report and note 14.

# Notes to the Consolidated Financial Statements

continued

## 19. Note to the cash flow statement

Group	2013 £	2012 £
Profit/(Loss) for the year	(1,304,229)	(1,129,945)
Adjustments for:		
– Finance expense/(income)	6,220	3,196
– Depreciation	13,010	7,503
– Amortisation of financial asset held for resale	–	–
– Other operating income	–	–
– Foreign exchange movements	35,900	34,451
Changes in working capital:		
– Charge for share options/warrants issued during the year	(81,154)	167,062
– (Increase)/decrease in trade and other receivables	425,519	(31,535)
– Increase/(decrease) in trade and other payables	263,067	(27,566)
Cash used in operations	(641,667)	(976,834)
<b>Company</b>	<b>2013 £</b>	<b>2012 £</b>
Loss for the year	(185,714)	(3,426,007)
Adjustments for:		
– Finance expense/(income)	–	–
Changes in working capital:		
- Increase in trade and other receivables	19,934	1,938,642
– Increase/(decrease) in trade and other payables	165,780	–
Cash used in operations	–	(1,487,365)

## 20. Post balance sheet event

On 1 July 2013, the Group raised a further £811,000 through a placing of 162,200,000 new ordinary shares at 0.5 pence per share in the Company. Following the placing, the Company's enlarged share capital comprised of 308,915,000 ordinary shares with voting rights.

On 17 July 2013, the Group raised a further £100,000 through a placing of 20,000,000 new ordinary shares at 0.5 pence per share in the Company. Following the placing, the Company's enlarged share capital comprised of 328,915,000 ordinary shares with voting rights.

On 12 November 2013, the Group raised a further £132,000 through a placing of 26,400,000 new ordinary shares at 0.5 pence per share in the Company. Following the placing, the Company's enlarged share capital comprised of 355,315,000 ordinary shares with voting rights.

On 14 November 2013, the Group raised a further £141,768 through a placing of 28,353,647 new ordinary shares at 0.5 pence per share in the Company. Following the placing, the Company's enlarged share capital comprised of 383,668,647 ordinary shares with voting rights.

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Intandem Films Plc (the “Company”) will be held at finnCap, 60 New Broad Street, London, EC2M 1JJ on 30 January 2014 at 12:00 noon to transact the following business:

### ROUTINE BUSINESS

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the reports of the directors and auditors and the audited accounts of the Company for the year ended 30 June 2013.
2. To re-elect Chris Sykes as a director of the Company (who retires by rotation under the article 103 of the Articles of Association of the Company).
3. To re-elect Corinne Lambert as a director of the Company (who retires by rotation under the article 103 of the Articles of Association of the Company).
4. To re-elect Alan Bowen as a director of the Company (who retires by rotation under the article 103 of the Articles of Association of the Company).
5. To re-appoint Shipleys LLP as auditors of the Company to hold office from the conclusion of the meeting until the next general meeting of the Company at which accounts are laid and to authorise the directors to determine their remuneration.

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7 and 8 will be proposed as special resolutions:

6. That, pursuant to section 551 of the Companies Act 2006 (“Act”) and in substitution for all existing authorities under that section, the board of directors (“Board”) is hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act ) up to an aggregate nominal amount of £153,000 provided that (unless previously revoked, varied or renewed) this authority shall expire at the next annual general meeting of the Company after the passing of this resolution or, 15 months from the date of this resolution (whichever is the earlier) save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
7. That, subject to the passing of resolution 5 above, pursuant to section 570 of the Act and in substitution for all existing authorities under that section, the Board be and it is hereby empowered to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 above as if sub-section (1) of Section 561 of the Act did not apply to any such allotment provided that this power shall be limited:
  - (i) to the allotment of equity securities in connection with a rights issue or other offer in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and,

# Notice of Annual General Meeting

continued

- (ii) to the allotment for cash (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £153,000 (representing 40% of the Company's issued share capital),

and shall expire on the date of the next annual general meeting of the Company after the passing of this resolution, or 15 months from the date of this resolution (whichever is the earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

- 8. That, pursuant to section 701 of the Act, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of 0.1 pence each in the capital of the Company ("Shares"), provided that:
  - (a) the maximum number of Shares which may be purchased is 38,366,864 (representing 10 per cent. of the Company's issued share capital);
  - (b) the minimum price (exclusive of expenses) which may be paid for a Share is 0.1 pence;
  - (c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to 105 per cent of the average of the middle market quotations for the Shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the purchase is made,

and (unless previously revoked, varied or renewed) shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or 15 months from the date of this resolution (whichever is the earlier) save that the Company may enter into a contract to purchase Shares before the expiry of this authority under which such purchase will or may be completed or executed wholly or partly after such expiry and may make a purchase of Shares pursuant to any such contract as if the authority conferred by this resolution had not expired.

By Order of the Board

Rinkle Shah,  
*Company Secretary*

35 Vine Street  
London  
EC3N 2AA

20 December 2013

# Notice of Annual General Meeting

continued

## NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### Appointment of proxies

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

### Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be completed and signed; sent or delivered to the Company at Share Registrars Ltd, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or; scanned and emailed to [proxies@shareregistrars.uk.com](mailto:proxies@shareregistrars.uk.com) or; faxed to 01252 719232 and received by the Company no later than 12 noon on 28 January 2014.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company using one of the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited (Proxies), Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

# Notice of Annual General Meeting

continued

In either case, the revocation notice must be received by the Company no later than 12 noon on 28 January 2013.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

## Communication

9. Except as provided above, members who have general queries about the Meeting should email at the Company Secretary on [Rinkle@intandemfilms.com](mailto:Rinkle@intandemfilms.com) (no other methods of communication will be accepted).

You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 12 noon on 28 January shall be entitled to attend and vote at the Meeting.

## Explanations of resolutions

### Resolution 2, 3 and 4 (re-election of directors)

Chris Sykes is retiring as director at the meeting by rotation in accordance with Article 103 of the Company's Articles of Association.

Corinne Lambert is retiring as director at the meeting by rotation in accordance with Article 103 of the Company's Articles of Association.

Alan Bowen is retiring as director at the meeting by rotation in accordance with Article 103 of the Company's Articles of Association.

### Resolutions 6 and 7 (issue of equity securities for cash)

The passing of resolution 6 will renew the directors' authority to allot equity securities for cash, until the conclusion of the next Annual General Meeting of the Company or 15 months after the date of the Annual General meeting, whichever is the earlier, provided that the issue of equity securities for cash is limited to a maximum number of 153,000,000 ordinary shares.

Resolution 7 will enable the directors to make the issue of equity securities for cash as authorised by resolution 6, free of the statutory pre-emption provisions, either by way of a rights issue or to persons other than existing shareholders, provided that any allotment for cash to such persons shall not exceed 153,000,000 ordinary shares of 0.1 pence each (representing 40% of the Company's current issued share capital). Although the directors have no present intention of making use of the authorities sought, they wish to retain the flexibility to act quickly and allot securities within these limits if they consider it in the interests of the Company to do so. The Company will in any event ensure that any issue of shares is made in accordance with the principles of good corporate governance and therefore no issue will be made which would grant any one party majority control of the Company without the prior approval of shareholders in General Meeting.

### Resolution 8 (Authority to make market purchases)

Resolution 8 gives the Company authority to buy back its own shares in the market as permitted by the Companies Act 2006 (as amended). The directors believe that in common with many other AIM listed companies, the Company should obtain from shareholders a general authority to make market purchases of its own shares. The authority will only be exercised if the directors believe that to do so would be in the interests of shareholders generally. The directors have no present intention of exercising the authority to purchase the Company's ordinary shares. The authority will be valid until the conclusion of the next annual general meeting of the Company or 15 months from the date of the resolution, whichever is the earlier.











