

INTANDEM FILMS PLC (“Intandem” or the “Company”)
Half Yearly Results to 31 December 2007

Highlights

- **Completion of production of Intandem’s biggest film to date - *How to Lose Friends and Alienate People*. Set for wide release in UK cinemas in October through Paramount Pictures International**
- **Turnover doubled to £666,073 (six months to 31 December 2006: £329,000), Operating Loss improved to £306,477 (six months to 31 December 2006: £588,469)**
- **Strong progress from Los Angeles based comic book company and film production company, Radical Publishing in which Intandem has a strategic stake**
- **Secured rights in new films with an aggregate budget of \$70 million set to commence production by September 2008.**

CHAIRMAN’S STATEMENT

The six months to 31 December 2007 was a positive, but at times a frustrating, period for Intandem.

On the positive front, physical production was completed on the Company’s biggest film to date, the \$27m budget comedy *How to Lose Friends and Alienate People* starring Simon Pegg and Kirsten Dunst and we have secured cinema distribution for the film in many major countries in the World starting around October 2008.

In addition, we have seen considerable progress made in our strategic investment in a Los Angeles based comic book company, Radical Publishing, further details of which are set out below.

The frustration has been as a result of the uncertainty caused in the film industry, particularly in the important North American market, by first the strike by the Writers Guild of America which officially started in November 2007 and finished in February 2008 and then the threat of an actors’ strike from July 2008 which slowed the green-lighting of projects. Intandem had at least four new films with total budgets of \$70million that were scheduled to commence production in the first quarter of 2008 which were delayed as a result of this uncertainty.

The good news is that the uncertainty has now been lifted. Intandem, as an independent company, has secured waivers from the Screen Actors Guild in the United States, therefore, none of its productions will now be affected by an actors’ strike. The four films are now all scheduled to commence production in the second and third quarters of 2008.

Results

Turnover in the six months to 31 December 2007 more than doubled to £666,073 (six months to 31 December 2006:- £329,000) the turnover does not include any commission from *How to Lose Friends and Alienate People* which is expected to be included in the second half of the year.

No executive producer fees were earned in the first half although as outlined below, we were very active in increasing the number of new films we represent and the fees will be earned when the films commence production.

Operating losses were reduced from £588,469 to £306,477 although loss before tax increased slightly to £696,811 (six months to 31 December 2006:-£664,140) as a result of an increase in finance and interest costs from £80,706 to £412,997. The majority of the interest cost relates to a loan note taken out to acquire a library of films in November 2006 and January 2007.

Existing Films

How to Lose Friends and Alienate People is scheduled to be delivered by May 2008. Intandem will then be entitled to its non deferred sales commission and sales expenses. The film has been sold to all major countries in the world, with the exception of North America, Japan, Spain and France. Intandem, as the exclusive worldwide sales company for the film is currently in negotiations to conclude a sale in the important North American market which, if successful, will result in a major cinema release throughout North America. We will be marketing the film to the other unsold territories at the forthcoming Cannes Film festival in May 2008. Paramount Pictures International has acquired the distribution rights for the UK, Australia and South Africa and is planning a wide cinema release on over 400 screens in the UK in October 2008. We have worked extremely hard alongside the producers and distributors on this film and are very excited by its box office prospects.

Sales for *And When Did You Last see Your Father*, starring Jim Broadbent and Colin Firth have been disappointing and below expectations. The film is due to be released in North America by Sony Pictures Classics in May 2008, which may assist sales in the remaining unsold territories.

The delivery of *GallowWalker*, starring Wesley Snipes has been delayed as a result of refinancing of the film in post production. The financing issues are being resolved and the film is now scheduled for delivery by the third quarter of 2008. Sales to date are in excess of \$6million and Intandem will be entitled to commission upon receipt of the sales revenues after delivery of the film.

New Films

Management has spent considerable time since June 2007 in identifying and securing rights in a number of new films which are scheduled to commence production during the next six months. Intandem will be an executive producer on these films for which it will receive a fee from the budget of the film and has been appointed as the worldwide sales company for which it will earn commission on sales generated.

The four films contracted with estimated production schedules are set out below:-

Let It Ride is a \$23 million budget "heist" film which is currently being cast in Los Angeles. It is expected to commence production in New Orleans by June 2008.

Mine Mine Mine is a high concept American comedy with a budget of \$7 million and is scheduled to commence production in New Mexico by June 2008.

Blown is a \$15 million budget sophisticated thriller set in London and due to commence production in August 2008.

Tatua is a high concept action film whose budget is expected to be circa \$25 million. The location for filming is still to be decided but it is expected to commence production by September 2008.

In addition to the above four films, the Company has secured rights in four other films for which no production date has been set and is in negotiations on several other films for which it expects to secure sales rights. Further details about these films will be announced in due course.

The Board is pleased with the quality of film projects it is able to attract and, now that the uncertainty of the last six months surrounding the writers' strike and proposed actors' strike has been lifted, it expects considerable progress to be made in closing the casting and financing for its new slate of films.

Radical Publishing (“Radical”)

Radical is a Los Angeles based intellectual property company specialising in the creation and publishing of comic books and graphic novels. Its strategy is to build a catalogue of intellectual properties for packaging as live action feature films as well as for applications in all ancillary sectors such as merchandising and video games. On 23 July 2007, Intandem announced it had acquired a 5 per cent. stake in the company and was appointed as the sales company for foreign sales and an executive producer on its film projects via Radical Pictures.

Radical commences the publishing of comic books in May 2008. Its first two titles are Hercules and Caliber. Radical has agreed a deal in principle with a major Los Angeles based production company linked to a US Studio to sell the film rights to Hercules for a total sum in excess of \$1million. The production company will finance the development of the script and the production of the film and Radical will retain an ownership position in the underlying rights. In addition, Caliber, created by Sam Sarkar of Infinitum Nihil, Johnny Depp’s production company, is being actively developed with Radical Pictures, Infinitum Nihil, and John Woo’s Lion Rock Productions. John Woo is attached to direct the film based on the comic property, and Radical has retained the film rights. Intandem will work closely with the company and its Los Angeles based agency to secure the production financing for the film, commencing during Cannes 2008.

Radical has a full publishing programme of titles for the duration of 2008 and 2009. The company is also staging its full launch at the world’s leading comic book market, Comic Con International, in July 2008 in San Diego, California. Shareholders can follow the progress of Radical by its website at www.radicalcomics.com.

The Board is pleased with its investment in, and its close relationship with, Radical and is confident that it will contribute significantly to Intandem’s expansion in the future through securing rights in major tentpole motion pictures.

Current Trading

As outlined above, conditions in the film industry have been difficult for the last six months which has delayed the receipt of executive producer fees to the Company. The Board however believe that the Company is in a relatively strong position because it has secured rights in several commercial films, particularly from the United States.

The next three to six months are expected to present challenges as we progress the new film slate into production. Executive producer fees should be earned from the new film slate, and the Company should start to receive contracted commission revenues from *How to Lose Friends and Alienate People* and *GallowWalker* from June 2008. The Board believes that it has sufficient working capital facilities in place to meet its foreseeable requirements.

Outlook

Following the clearing of the uncertainty surrounding the film industry over the last six months, the Board views the future with renewed confidence. We are excited about closing a North American deal for *How to Lose Friends and Alienate People* and for its cinema release around the World. It is Intandem’s highest profile film to date and we expect to be involved in many more high profile films in the future. We are also looking forward to the next phase of our expansion with a new slate of films and the growth of Radical Publishing. As ever, all our staff have worked extremely hard in difficult circumstances and we are all confident that our hard work will be rewarded with the expansion of the Company. Shareholders can keep up to date with our activities at www.intandemfilms.com

Gary Smith
Chairman

**CONSOLIDATED BALANCE SHEET
HALF YEAR ENDED 31 DECEMBER 2007**

	Notes	As at 31/12/07 £	As at 31/12/06 £	As at 30/6/07 £
Assets				
Non-current assets				
Property, plant and equipment		9,611	19,275	14,438
Financial assets	6	1,934,786	1,894,773	2,228,719
		<u>1,944,786</u>	<u>1,914,048</u>	<u>2,243,157</u>
Current Assets				
Trade receivables		467,001	102,054	945,950
Other current assets		617,359	432,589	706,852
Cash and cash equivalents		1,124,039	1,190,092	810,379
		<u>2,208,399</u>	<u>1,724,735</u>	<u>2,463,181</u>
Total assets		<u>4,152,796</u>	<u>3,638,783</u>	<u>4,706,338</u>
Equity and liabilities				
Equity attributable to equity holders of the parent				
Share capital	4	83,175	83,175	83,175
Share premium		840,314	840,314	840,314
Merger reserve		252,506	252,506	252,506
Foreign exchange reserve		2,823		8,791
Retained earnings		(2,811,655)	(1,662,167)	(2,124,338)
		<u>(1,632,837)</u>	<u>(486,172)</u>	<u>(939,552)</u>
Non-current liabilities				
Deferred income		4,604	7,855	4,604
Convertible loan notes	7	367,500	192,500	192,500
Borrowings	7	4,766,931	3,653,798	4,783,056
		<u>5,139,035</u>	<u>3,854,153</u>	<u>4,980,160</u>
Current liabilities				
Trade and other payables		646,598	270,802	665,730
Total liabilities		<u>5,785,633</u>	<u>4,124,955</u>	<u>5,645,890</u>
Total equity and liabilities		<u>4,152,796</u>	<u>3,638,783</u>	<u>562,100</u>

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
HALF YEAR TO 31 DECEMBER 2007**

		6 months ended 31/12/07	6 months ended 31/12/06	Year ended 30/06/07
	Notes	£	£	£
Turnover				
Sales		535,919	116,020	935,140
Executive producer fees		-	52,959	266,425
Commissions		2,647	37,866	47,830
Recoverable project costs		126,720	82,143	298,948
Other income		787	39,988	47,213
		<u>666,073</u>	<u>328,976</u>	<u>1,595,556</u>
Recoverable expenses		(126,720)	(82,143)	(298,948)
Other external charges		(312,247)	(588,529)	(1,045,382)
Staff costs		(228,572)	(170,984)	(400,584)
Depreciation		(6,602)	(6,177)	(12,882)
Amortisation of film assets		(298,409)	(69,612)	(568,331)
Operating loss		<u>(306,477)</u>	<u>(588,469)</u>	<u>(730,571)</u>
Finance costs		(412,997)	(80,706)	(492,483)
Income from investments		22,663	5,035	30,427
Loss before tax		<u>(696,811)</u>	<u>(664,140)</u>	<u>(1,192,627)</u>
Income tax expense		-	-	-
Loss for the year from continuing operations		<u>(696,811)</u>	<u>(664,140)</u>	<u>(1,192,627)</u>
Earnings per share				
Basic	3	(0.84 pence)	(0.80 pence)	(1.43 pence)
Diluted	3	(0.84 pence)	(0.80 pence)	(1.43 pence)

**CONSOLIDATED CASH FLOW STATEMENT
HALF YEAR TO 31 DECEMBER 2007**

		6 months ended 31/12/07	6 months ended 31/12/06	Year ended 30/06/07
	Note	£	£	£
Cash flows from operating activities				
Cash from (used in) operating activities	5	547,844	(554,655)	(851,500)
Interest paid		(412,997)	(8,847)	(492,483)
Net cash (used in) operating activities		<u>134,847</u>	<u>(563,502)</u>	<u>(1,343,983)</u>
Cash flows from investing activities				
Purchases of property, plant and equipment		(1,775)	-	(1,868)
Purchase of film assets		-	(1,964,285)	(2,712,762)
Investment in associated companies		-	-	(75,397)

Interest received	22,663	5,035	30,427
Net cash from (used in) investing activities	<u>20,888</u>	<u>(1,959,250)</u>	<u>(2,759,600)</u>
Cash flows from financing activities			
Net proceeds on financing of film asset revenues	-	3,673,469	4,815,000
Repayment of loan	(17,075)	(91,531)	(31,944)
Proceeds on issue of convertible loan notes	175,000	-	-
Net cash from financing activities	<u>157,925</u>	<u>3,581,938</u>	<u>4,783,056</u>
Net increase in cash and cash equivalents	313,660	1,059,186	679,473
Cash and cash equivalents at beginning of period	810,379	130,906	130,906
Cash and cash equivalents at end of period	<u>1,124,039</u>	<u>1,190,092</u>	<u>810,379</u>
Bank balances and cash	<u>1,124,039</u>	<u>1,190,092</u>	<u>810,379</u>

NOTES TO THE ACCOUNTS

1. Accounting policies

The principal accounting policies are as set out in the June 2007 annual report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act, 1985 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.

2. Status of financial information

The interim results for the 6 months ended 31 December 2007 and the 6 months ended 31 December 2006 are unaudited and do not constitute statutory accounts within the meaning of section 240 Companies Act 1985. The figures for the year ended 30 June 2007 have been extracted from the audited annual accounts.

3. Earnings per share

Earnings	6 months ended 31/12/07 £	6 months ended 31/12/06 £	Year ended 30/06/07 £
Earnings for the purpose of basic earnings per share (net loss for the year)	(696,811)	(664,140)	(1,192,627)
Earnings for the purpose of diluted earnings per share	(696,811)	(664,140)	(1,192,627)

Number of shares	6 months ended 31/12/07	6 months ended 31/12/06	Year ended 30/06/07
Weighted average number of ordinary shares for the purposes of basic earnings per share	83,175,000	83,175,000	83,175,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	83,175,000	83,175,000	83,175,000

The dilutive effect of share options and warrants issued during the year ended 30 June 2005 have been ignored as the average market value of ordinary shares during the period did not exceed the exercise price of the options or warrants issued.

4. Share capital

	6 months ended 31/12/07 £	6 months ended 31/12/06 £	Year ended 30/06/07 £
Authorised:			
Ordinary shares of £0.001 each	200,000	200,000	200,000
Issued and fully paid:			
Ordinary shares of £0.001 each	<u>83,175</u>	<u>83,175</u>	<u>83,175</u>
Reported at beginning of period	<u>83,175</u>	<u>83,175</u>	<u>83,175</u>
Reported at period end	<u><u>83,175</u></u>	<u><u>83,175</u></u>	<u><u>83,175</u></u>

At 31 December 2006, options over 8,950,000 ordinary shares under the Intandem Enterprise Management Incentive (EMI) Plan and warrants over 3,000,000 ordinary shares were outstanding.

Date of grant	At 1 July 2006	Granted	Exercised /vested	Forfeits	At 31 Dec 2006	Exercise/ Share price	Exercise Period	
							From	To
Options								
22.04.05	4,450,000	-	-	-	4,450,000	5.0p	22.04.08	22.04.15
13.03.06	4,500,000				4,500,000	2.75p	13.03.09	12.03.16
	<u>8,950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,950,000</u>			
Warrants								
22.04.05	3,000,000	-	-	-	3,000,000	5.0p	22.04.05	22.04.08

5. Note to the cash flow statement

	6 months ended 31/12/07 £	6 months ended 31/12/06 £	Year ended 30/06/07 £
Loss for the year	(696,811)	(664,140)	(1,192,627)
Adjustment for:			
- Finance credits	390,334	75,671	462,056
- Depreciation	6602	6,177	12,882

- Amortisation	298,409	69,612	568,331
Changes in working capital:			
- Charge for share options issued during the year	-	-	66,315
- Increase in trade and other receivables	568,442	(129,001)	(1,247,160)
- Increase in trade and other payables	(19,132)	87,026	478,703
Cash from (used in) operations	<u>547,844</u>	<u>(554,655)</u>	<u>851,500</u>

6. Financial assets

	6 months ended 31/12/07 £	6 months ended 31/12/06 £	Year ended 30/06/06 £
Available-for-sale financial assets			
Beginning of the period	2,228,719	100	100
Additions	-	1,964,285	2,737,897
Amortisation	(293,933)	(69,612)	(509,278)
End of year	<u>1,934,786</u>	<u>1,894,773</u>	<u>2,228,719</u>

Available-for-sale financial assets include the following:

	6 months ended 31/12/07 £	6 months ended 31/12/06 £	Year ended 30/06/07 £
Unlisted securities:			
Investment in Audley Films Ltd	100	100	100
Investment in film library	1,859,289	1,894,673	2,153,222
Investment in Radical Publishing	75,397	-	75,397
	<u>1,934,786</u>	<u>1,894,773</u>	<u>2,228,719</u>

Available-for-sale financial assets are denominated in the following currencies:

	6 months ended 31/12/07 £	6 months ended 31/12/06 £	Year ended 30/06/07 £
Pound	100	100	100
United States Dollar	1,934,686	1,894,673	2,228,619
	<u>1,934,786</u>	<u>1,894,773</u>	<u>2,228,719</u>

7. Borrowings

	6 months ended 31/12/07	6 months ended 31/12/06	Year ended 30/06/07
	£	£	£
Convertible loan notes	367,500	192,500	192,500
Other borrowings	4,766,931	3,653,798	4,783,056
	<u>5,134,431</u>	<u>3,846,298</u>	<u>4,975,556</u>

In November 2006 and January 2007 the Group issued loan notes secured against the revenues of five new films and the amount outstanding on the loan notes is the total amount of Other Borrowings. No corporate guarantees have been given in respect of the repayment of the loan notes other than from the revenues from the films acquired.

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