

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended June 30, 2001

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 33-94458

ICON Cash Flow Partners L.P. Seven

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

13-3835387

(IRS Employer  
Identification Number)

111 Church Street, White Plains, New York 10601-1505

(Address of principal executive offices)

(Zip code)

(914) 993-1700

Registrant's telephone number, including area code

, Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes    ☐ No

**PART I - FINANCIAL INFORMATION,****Item 1. Financial Statements****ICON Cash Flow Partners L.P. Seven  
(A Delaware Limited Partnership)****Consolidated Balance Sheets****(unaudited)**

	June 30, <u>2001</u>	December 31, <u>2000</u>
<u>Assets</u>		
Cash	\$ <u>1,447,037</u>	\$ <u>5,083,906</u>
Investment in finance leases		
Minimum rents receivable	31,006,593	42,346,689
Estimated unguaranteed residual values	35,803,487	64,929,338
Initial direct costs	68,813	296,890
Unearned income	(12,932,031)	(16,198,661)
Allowance for doubtful accounts	<u>(1,400,389)</u>	<u>(1,467,610)</u>
	<u>52,546,473</u>	<u>89,906,646</u>
Investment in estimated unguaranteed residual values	<u>19,393,541</u>	<u>19,393,541</u>
Net investment in leveraged leases	<u>26,279,636</u>	<u>25,175,398</u>
Investment in operating leases		
Equipment at cost	25,007,721	-
Accumulated depreciation	<u>(520,618)</u>	<u>-</u>
	<u>24,487,103</u>	<u>-</u>
Investment in financings		
Receivables due in installments	3,883,984	1,003,883
Initial direct costs	2,394	2,706
Unearned income	(124,681)	(177,836)
Allowance for doubtful accounts	<u>(9,611)</u>	<u>(9,611)</u>
	<u>3,752,086</u>	<u>819,142</u>
Investments in unconsolidated joint ventures	<u>4,086,370</u>	<u>4,504,314</u>
Other assets	<u>1,528,905</u>	<u>2,082,803</u>
Total assets	\$ <u>133,521,151</u>	\$ <u>146,965,750</u>

(continued on next page)

**ICON Cash Flow Partners L.P. Seven**  
**(A Delaware Limited Partnership)**

**Consolidated Balance Sheets (Continued)**

**(unaudited)**

	June 30, <u>2001</u>	December 31, <u>2000</u>
<u>Liabilities and Partners' Equity</u>		
Notes payable - non-recourse	\$ 50,088,068	\$ 58,056,596
Note payable - recourse	23,207,144	23,832,595
Accounts payable - General Partner and affiliates	-	59,122
Security deposits, deferred credits and other payables	1,273,199	1,056,953
Minority interest in consolidated joint ventures	<u>45,985</u>	<u>43,492</u>
	<u>74,614,396</u>	<u>83,048,758</u>
 Commitments and Contingencies		
Partners' equity (deficiency)		
General Partner	(267,703)	(217,868)
Limited partners (989,238 and 989,588 units outstanding, \$100 per unit original issue price)	<u>59,174,458</u>	<u>64,134,860</u>
Total partners' equity	<u>58,906,755</u>	<u>63,916,992</u>
Total liabilities and partners' equity	<u>\$ 133,521,151</u>	<u>\$ 146,965,750</u>

See accompanying notes to consolidated financial statements.

**ICON Cash Flow Partners L.P. Seven**  
**(A Delaware Limited Partnership)**

**Consolidated Statements of Operations**

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues				
Finance income	\$ 1,712,124	\$ 4,008,976	\$ 4,215,316	\$ 7,524,211
Income from leveraged leases	552,119	789,377	1,104,238	1,578,754
Rental income	930,436	-	930,436	-
(Loss) income from investments in unconsolidated joint ventures	(461,353)	105,123	(417,944)	210,274
Gain on sales of equipment	-	1,497	5,310	4,144
Interest income and other	<u>10,940</u>	<u>6,375</u>	<u>33,014</u>	<u>23,886</u>
Total revenues	<u>2,744,266</u>	<u>4,911,348</u>	<u>5,870,370</u>	<u>9,341,269</u>
Expenses				
Interest	1,202,863	1,604,062	2,584,174	3,128,202
Depreciation expense	520,618	-	520,618	-
Management fees - General Partner	397,470	844,408	1,230,523	1,685,177
General and administrative	195,356	276,032	369,735	432,626
Administrative expense reimbursements- General Partner	154,151	264,843	497,377	733,701
Amortization of initial direct costs	116,542	430,365	287,578	862,133
Minority interest expense in consolidated joint venture	<u>1,243</u>	<u>1,260</u>	<u>2,493</u>	<u>2,524</u>
Total expenses	<u>2,588,243</u>	<u>3,420,970</u>	<u>5,492,498</u>	<u>6,844,363</u>
Net income	<u>\$ 156,023</u>	<u>\$ 1,490,378</u>	<u>\$ 377,872</u>	<u>\$ 2,496,906</u>
Net income allocable to:				
Limited partners	\$ 154,463	\$ 1,475,474	\$ 374,093	\$ 2,471,937
General Partner	<u>1,560</u>	<u>14,904</u>	<u>3,779</u>	<u>24,969</u>
	<u>\$ 156,023</u>	<u>\$ 1,490,378</u>	<u>\$ 377,872</u>	<u>\$ 2,496,906</u>
Weighted average number of limited partnership units outstanding	<u>989,238</u>	<u>990,171</u>	<u>989,325</u>	<u>990,205</u>
Net income per weighted average limited partnership unit	<u>\$ .16</u>	<u>\$ 1.49</u>	<u>\$ .38</u>	<u>\$ 2.50</u>

See accompanying notes to consolidated financial statements.

**ICON Cash Flow Partners L. P. Seven**  
**(A Delaware Limited Partnership)**

**Consolidated Statements of Changes in Partners' Equity**

**For the Six Months Ended June 30, 2001 and  
the Year Ended December 31, 2000**

**(unaudited)**

Limited Partner Distributions

	Return of <u>Capital</u> (Per weighted average unit)	Investment <u>Income</u>	Limited <u>Partners</u>	General <u>Partner</u>	<u>Total</u>
Balance at December 31, 1999			\$ 70,202,099	\$ (156,961)	\$ 70,045,138
Limited partnership units redeemed (650 units)			(37,811)	-	(37,811)
Cash distributions to partners	\$ 6.09	\$ 4.66	(10,641,411)	(107,493)	(10,748,904)
Net income			<u>4,611,983</u>	<u>46,586</u>	<u>4,658,569</u>
Balance at December 31, 2000			64,134,860	(217,868)	63,916,992
Limited partnership units redeemed (350 units)			(16,908)	-	(16,908)
Cash distributions to partners	\$ 5.00	\$ .38	(5,317,587)	(53,614)	(5,371,201)
Net income			<u>374,093</u>	<u>3,779</u>	<u>377,872</u>
Balance at June 30, 2001			<u>\$ 59,174,458</u>	<u>\$ (267,703)</u>	<u>\$ 58,906,755</u>

See accompanying notes to consolidated financial statements.

**ICON Cash Flow Partners L. P. Seven**  
**(A Delaware Limited Partnership)**

**Consolidated Statements of Cash Flows**

**For the Six Months Ended June 30,**

**(unaudited)**

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Net income	\$ 377,872	\$ 2,496,906
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Finance income portion of receivables paid directly to lenders by lessees	(3,740,457)	(6,062,450)
Rental income paid directly to lender by lessee	(930,436)	-
Interest expense on non-recourse financing paid directly by lessees	2,403,214	2,775,456
Interest accrued on notes payable - recourse	-	152,346
Amortization of initial direct costs	287,578	862,133
Depreciation expense	520,618	-
Income from leveraged leases	(1,104,238)	(1,578,754)
Loss (income) from investments in unconsolidated joint venture	417,944	(210,274)
Gain on sales of equipment	(5,310)	(4,144)
Minority interest in consolidated joint venture	2,493	2,524
Change in operating assets and liabilities:		
Collection of principal - non-financed receivables	460,398	1,632,535
Other assets	553,897	331,990
Security deposits, deferred credits and other payables	216,246	(169,306)
Accounts payable - General Partner and affiliates	(59,122)	287,040
Other	<u>134,338</u>	<u>(123,236)</u>
Total adjustments	<u>(842,837)</u>	<u>(2,104,140)</u>
Net cash (used in) provided by operating activities	<u>(464,965)</u>	<u>392,766</u>
Cash flows from investing activities:		
Equipment and receivables purchased	-	(166,414)
Proceeds from sale of equipment	729,930	182,399
Proceeds from sale of interest in consolidated joint venture	-	2,250,000
Distributions received from unconsolidated joint ventures	<u>-</u>	<u>90,016</u>
Net cash provided by investing activities	<u>729,930</u>	<u>2,356,001</u>

(continued on next page)

**ICON Cash Flow Partners L. P. Seven**  
**(A Delaware Limited Partnership)**

**Consolidated Statements of Cash Flows (Continued)**

**For the Six Months Ended June 30,**

**(unaudited)**

	<u>2001</u>	<u>2000</u>
Cash flows from financing activities:		
Proceeds from recourse debt	-	2,487,611
Proceeds from notes payable - non recourse	2,111,726	-
Principal payments on notes payable - recourse	(625,451)	(3,066,749)
Principal payments on notes payable - non-recourse	-	(337,889)
Cash distributions to partners	(5,371,201)	(5,375,595)
Redemption of limited partnership units	<u>(16,908)</u>	<u>(6,284)</u>
Net cash used in financing activities	<u>(3,901,834)</u>	<u>(6,298,906)</u>
Net decrease in cash	(3,636,869)	(3,550,139)
Cash at beginning of period	<u>5,083,906</u>	<u>4,688,025</u>
Cash at end of period	<u>\$ 1,447,037</u>	<u>\$ 1,137,886</u>

See accompanying notes to consolidated financial statements.

**ICON Cash Flow Partners L. P. Seven**  
**(A Delaware Limited Partnership)**

**Consolidated Statements of Cash Flows (Continued)**

**Supplemental Disclosure of Cash Flow Information**

For the six months ended June 30, 2001 and 2000, non-cash activities included the following:

	<u>2001</u>	<u>2000</u>
Principal and interest on direct finance		
receivables paid directly to lenders by lessees	\$ 11,553,032	\$ 30,310,284
Rental income - assigned operating lease receivables	930,436	-
Principal and interest on non-recourse		
financing paid directly to lenders by lessees	<u>(12,483,468)</u>	<u>(30,310,284)</u>
	<u>\$ -</u>	<u>\$ -</u>

Interest expense of \$2,584,174 and \$3,128,202 for the six months ended June 30, 2001 and 2000 consisted of interest expense on non-recourse financing paid or accrued directly to lenders by lessees of \$2,403,214 and \$2,775,456 respectively, and interest on notes payable - recourse of \$180,960 and \$352,746, respectively.



**ICON Cash Flow Partners L.P. Seven**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements**

**June 30, 2001**

**(unaudited)**

**1. Basis of Presentation**

The consolidated financial statements of ICON Cash Flow Partners L.P. Seven (the "Partnership") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and, in the opinion of management, include all adjustments (consisting only of normal recurring accruals) necessary for a fair statement of income for each period shown. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information represented not misleading. The results for the interim period are not necessarily indicative of the results for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Partnership's 2000 Annual Report on Form 10-K.

Certain 2000 amounts have been reclassified to conform to the presentation used for 2001.

**2. Redemption of Limited Partnership Units**

There were 350 units of limited partnership redeemed during the six months ended June 30, 2001. Redemption amounts are calculated following the redemption formula specified in the Partnership Agreement. Redeemed units have no voting rights and do not share in distributions. The Partnership Agreement limits the number of units which can be redeemed in any one year and redeemed units may not be reissued. Redeemed limited partnership units are accounted for as a reduction from partners' equity.

**3. Related Party Transactions**

Fees and other expenses paid or accrued by the Partnership to the General Partner or its affiliates for the six months ended June 30, 2001 and 2000 were as follows:

	<u>2001</u>	<u>2000</u>	
Management fees	\$1,230,523	\$ 1,685,177	Charged to Operations
Administrative expense reimbursements	<u>497,377</u>	<u>733,701</u>	Charged to Operations
Total	<u>\$1,727,900</u>	<u>\$ 2,418,878</u>	

The Partnership has formed seven joint ventures with affiliates for the purpose of acquiring and managing various assets. (See Note 5 for additional information relating to the joint ventures.)

**ICON Cash Flow Partners L. P. Seven**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements - Continued**

**4. Net Investment in Leveraged Leases**

The Partnership has ownership interests in two DC-10-30 aircraft subject to leveraged leases with Continental Airlines, Inc. (through 2003) and Federal Express (through 2004).

The net investment in the leveraged leases as of June 30, 2001 consisted of the following:

Non-cancelable minimum rents receivable (net of principal and interest on non-recourse debt)	\$ 10,002,727
Estimated unguaranteed residual values	22,875,000
Initial direct costs	428,330
Unearned income	<u>(7,026,421)</u>
	<u>\$ 26,279,636</u>

Unearned income is recognized from leveraged leases over the lives of the leases at a constant rate of return based on the positive net investment in the lease in years such investment is positive. There are no deferred tax liabilities arising from the Partnership's leveraged lease investments since all taxes are recognized at the individual partner level rather than at the Partnership level.

**5. Investments in Joint Ventures**

The Partnership and affiliates formed seven joint ventures for the purpose of acquiring and managing various assets.

The joint venture described below is majority owned and is consolidated with the Partnership.

**ICON Cash Flow Partners L.L.C. III**

On December 31, 1996, the Partnership and an affiliate, ICON Cash Flow Partners, L.P., Series E ("Series E") formed ICON Cash Flow Partners L.L.C. III ("ICON Cash Flow LLC III"), for the purpose of acquiring and managing an aircraft currently on lease to Continental Airlines, Inc. The aircraft is a 1976 McDonnell Douglas DC-10-30 and cost \$11,429,751. The lease is a leveraged lease and the lease term expires in March 2003 (see Note 4). Profits, losses, excess cash and disposition proceeds are allocated 99% to the Partnership and 1% to Series E. The Partnership's financial statements include 100% of the assets and liabilities of ICON Cash Flow LLC III. Series E's investment in ICON Cash Flow LLC III has been reflected as "Minority interest in consolidated joint venture."

**ICON Cash Flow Partners L. P. Seven**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements - Continued**

The six joint ventures described below are less than 50% owned and are accounted for following the equity method.

ICON Receivables 1997-A L.L.C.

In March 1997 the Partnership, ICON Cash Flow Partners, L.P., Series D ("Series D"), and L.P. Six, contributed and assigned equipment lease and finance receivables and residuals to ICON Receivables 1997-A L.L.C. ("1997-A"), a special purpose entity created for the purpose of originating leases, managing existing contributed assets and securitizing its portfolio. In September 1997 the Partnership, Series E and L.P. Six contributed and assigned additional equipment lease and finance receivables and residuals to 1997-A. The Partnership, Series D, Series E and L.P. Six received a 19.97%, 17.81%, 31.19% and 31.03% interest, respectively, in 1997-A based on the present value of their related contributions. In September 1997, 1997-A securitized substantially all of its equipment leases and finance receivables and residuals. 1997-A became the beneficial owner of a trust. The Partnership's original investment was recorded at cost and is adjusted by its share of earnings, losses and distributions thereafter.

Information as to the financial position and results of operations of 1997-A as of and for the six months ended June 30, 2001 is summarized below:

	<u>June 30, 2001</u>	<u>June 30, 2000</u>
Assets	\$ <u>5,196,836</u>	\$ <u>13,162,724</u>
Liabilities	\$ <u>4,872,966</u>	\$ <u>10,160,355</u>
Equity	\$ <u>323,870</u>	\$ <u>3,002,369</u>
Partnership's share of equity	\$ <u>64,673</u>	\$ <u>750,655</u>
	<u>Six Months Ended</u> <u>June 30, 2001</u>	<u>Six Months Ended</u> <u>June 30, 2000</u>
Net (loss) income	\$ <u>(1,868,675)</u>	\$ <u>186,848</u>
Partnership's share of net (loss) income	\$ <u>(516,524)</u>	\$ <u>37,318</u>

1997-A recorded a provision for bad debts of \$1,825,000 during the six month period ended June 30, 2001.

**ICON Cash Flow Partners L. P. Seven**  
**(A Delaware Limited Partnership)**

**Notes to Financial Statements - Continued**

ICON Receivables 1997-B L.L.C.

In August 1997 the Partnership, Series E and L.P. Six formed ICON Receivables 1997-B L.L.C. ("1997-B"), a special purpose entity formed for the purpose of originating leases and securitizing its portfolio. The Partnership, Series E and L.P. Six contributed cash and received a 16.67%, 75.00% and 8.33% interest, respectively, in 1997-B. In October 1998, 1997-B completed an equipment securitization. The net proceeds from the securitization of these assets were used to pay-off the remaining 1997-B Warehouse Facility balance and any remaining proceeds were distributed to the 1997-B members in accordance with their membership interests. The Partnership's original investment was recorded at cost and is adjusted by its share of earnings, losses and distributions thereafter.

Information as to the financial position and results of operations of 1997-B as of and for the six months ended June 30, 2001 is summarized below:

	<u>June 30, 2001</u>	<u>June 30, 2000</u>
Assets	<u>\$ 13,597,728</u>	<u>\$ 24,578,773</u>
Liabilities	<u>\$ 11,652,865</u>	<u>\$ 22,186,671</u>
Equity	<u>\$ 1,944,863</u>	<u>\$ 2,392,102</u>
Partnership's share of equity	<u>\$ 324,209</u>	<u>\$ 407,791</u>
	<u>Six Months Ended</u> <u>June 30, 2001</u>	<u>Six Months Ended</u> <u>June 30, 2000</u>
Net (loss) income	<u>\$ (311,245)</u>	<u>\$ 461,992</u>
Partnership's share of net (loss) income	<u>\$ (51,885)</u>	<u>\$ 77,014</u>

1997-B recorded a provision for bad debts of \$275,000 during the six month period ended June 30, 2001.

**ICON Cash Flow Partners L. P. Seven  
(A Delaware Limited Partnership)**

**Notes to Financial Statements - Continued**

ICON Boardman Funding L.L.C.

In December 1998 the Partnership and three affiliates, ICON Cash Flow Partners, L.P., Series C ("Series C"), L.P. Six and ICON Income Fund Eight A L.P. ("Eight A") formed ICON Boardman Funding L.L.C. ("ICON BF"), for the purpose of acquiring a lease with Portland General Electric. The purchase price totaled \$27,421,810, and was funded with cash and non-recourse debt assumed in the purchase price. The Partnership, Series C, L.P. Six, and Eight A received a .5%, .5%, .5% and 98.5% interest, respectively, in ICON BF. The Partnership's original investment was recorded at cost of \$56,960 and is adjusted by its share of earnings, losses and distributions, thereafter.

Information as to the financial position and results of operations of ICON BF as or June 30, 2001 is summarized below:

	<u>June 30, 2001</u>	<u>June 30, 2000</u>
Assets	<u>\$ 23,911,926</u>	<u>\$ 25,426,982</u>
Liabilities	<u>\$ 13,287,548</u>	<u>\$ 16,006,365</u>
Equity	<u>\$ 10,624,378</u>	<u>\$ 9,420,617</u>
Partnership's share of equity	<u>\$ 53,117</u>	<u>\$ 47,103</u>
	<u>Six Months Ended June 30, 2001</u>	<u>Six Months Ended June 30, 2000</u>
Net income	<u>\$ 699,814</u>	<u>\$ 560,899</u>
Partnership's share of net income	<u>\$ 3,499</u>	<u>\$ 2,804</u>

**ICON Cash Flow Partners L. P. Seven  
(A Delaware Limited Partnership)**

**Notes to Financial Statements - Continued**

AIC Trust

The Partnership acquired a portfolio of equipment leases and in 1999 contributed such leases, subject to related debt, with a book value of \$6,854,830 to a wholly owned trust ("AIC Trust"). Subsequently, the Partnership sold interests in this trust at various dates in 1999 to Eight A, an affiliate of the Partnership, for \$3,000,000 and to L.P. Six, an affiliate of the Partnership, for \$1,750,000. These transactions were at book value, which approximated fair market value at the dates of sale. Therefore, the Partnership recognized no gain or loss on the sales of these interests to either Eight A or to L.P. Six.

As a result of the sales of these interests, at June 30, 2001 and 2000, respectively, L.P. Six and Eight A owned interests aggregating 25.51% and 43.73% in the trust, respectively, with the Partnership owning a 30.76% interest. The trust is operated as a joint venture. Profits, losses, excess cash and disposition proceeds are allocated based upon the Partnerships' percentage ownership interests in the venture during the respective periods the Partnerships held such interests. The Partnership accounts for its investment under the equity method of accounting.

Information as to the financial position and results of operations of AIC Trust as of and for the six months ended June 30, 2001 is summarized below:

	<u>June 30, 2001</u>	<u>June 30, 2000</u>
Assets	<u>\$ 13,804,295</u>	<u>\$ 18,050,244</u>
Liabilities	<u>\$ 6,185,052</u>	<u>\$ 10,910,913</u>
Equity	<u>\$ 7,619,243</u>	<u>\$ 7,139,331</u>
Partnership's share of equity	<u>\$ 2,354,633</u>	<u>\$ 2,207,033</u>
	<u>Six Months Ended June 30, 2001</u>	<u>Six Months Ended June 30, 2000</u>
Net income	<u>\$ 252,956</u>	<u>\$ 302,631</u>
Partnership's share of net income	<u>\$ 77,836</u>	<u>\$ 93,138</u>

ICON Cheyenne LLC

In 2000, the Partnership and three affiliates, L.P. Six, Eight A and ICON Income Fund Eight B ("Eight B") formed ICON Cheyenne LLC ("ICON Cheyenne") for the purpose of acquiring a portfolio of lease investments. The purchase price totaled \$29,705,716 and was funded with cash and non-recourse debt assumed. The Partnership, L.P. Six, Eight A and Eight B received a 10.31%, 1%, 1% and 87.69% interest, respectively, in ICON Cheyenne. The Partnership accounts for this investment under the equity method of accounting.

**ICON Cash Flow Partners L. P. Seven  
(A Delaware Limited Partnership)**

**Notes to Financial Statements - Continued**

Information as to the financial position and results of operations of the joint venture as of and for the six months ended June 30, 2001 is summarized below:

	<u>June 30, 2001</u>
Assets	<u>\$ 26,577,444</u>
Liabilities	<u>\$ 14,555,068</u>
Equity	<u>\$ 12,022,376</u>
Partnership's share of equity	<u>\$ 1,239,507</u>
	<u>For the Six Months Ended June 30, 2001</u>
Net income	<u>\$ 621,225</u>
Partnership's share of net income	<u>\$ 64,048</u>

ICON Aircraft 24846, LLC

In 2000, the Partnership and two affiliates, Eight A and Eight B formed ICON Aircraft 24846, LLC ("ICON Aircraft") for the purpose of acquiring an investment in an aircraft with a purchase price of \$44,515,416, which was funded with cash and non-recourse debt assumed in the purchase price. This aircraft is subject to an operating lease with Scandinavian Airlines System. The Partnership has a 2% interest, with Eight A and Eight B having 2% and 96% interests, respectively. The Partnership accounts for its investment under the equity method of accounting.

Information as to the financial position and results of operations of the joint venture as of and for the six months ended June 30, 2001 is summarized below:

	<u>June 30, 2001</u>
Assets	<u>\$ 43,113,975</u>
Liabilities	<u>\$ 40,602,464</u>
Equity	<u>\$ 2,511,510</u>
Partnership's share of equity	<u>\$ 50,231</u>
	<u>For the Six Months Ended June 30, 2001</u>
Net income	<u>\$ 254,045</u>
Partnership's share of net income	<u>\$ 5,082</u>

**ICON Cash Flow Partners L. P. Seven**  
**(A Delaware Limited Partnership)**

**Notes to Financial Statements - Continued**

**6. Investment in Operating Leases**

In the second quarter of 2001, the original lease terms of offshore supply vessel leases originally accounted for as direct finance leases expired. The residual values at the expiration of the original lease terms aggregated \$25,007,721. These leases were renewed for a three month period with options to extend the lease terms on an additional month-to-month basis. These renewal leases are now accounted for as operating leases.

**7. Investment in Financings**

In 2001, the original lease term of a production facility accounted for as a direct finance lease expired. The residual value at the end of the original lease term was \$3,375,000. The underlying equipment was financed under a five-year note agreement. The note received as a result of the financing is included in investment in financings.

There was no gain or loss recognized when the underlying equipment residual value was financed under the note agreement.



**ICON Cash Flow Partners L.P. Seven**  
**(A Delaware Limited Partnership)**

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The Partnership's portfolio consisted of a net investment in finance leases, estimated unguaranteed residual values, leveraged leases, operating leases, financings and investments in unconsolidated joint ventures, representing 42%, 15%, 19%, 18%, 3% and 3% of total investments at June 30, 2001, respectively, and 57%, 23%, 17%, 1% and 2% of total investments at June 30, 2000, respectively.

**Results of Operations for the Three Months Ended June 30, 2001 and 2000**

Revenues for the three months ended June 30, 2001 were \$2,744,266 representing a decrease of \$2,167,082 from 2000. The decrease in revenues resulted primarily from a decrease in finance income of \$2,296,852, income from leveraged leases of \$237,258 and a loss from investments in joint ventures in 2001 of \$461,353 versus income of \$105,123 in 2000. The decrease in revenue was partially offset by an increase in rental income of \$930,436. The decrease in finance income resulted primarily from (1) a decrease in the average size of the Partnership's lease portfolio, (2) certain leases which were renewed and are generating lower levels of finance income during the respective renewal terms and (3) due to certain finance leases which were renewed in 2001 which are now classified as operating leases during their renewal terms. The decrease in income from leveraged leases resulted from a reassessment of an estimated residual value in the fourth quarter of 2000, which reduced leveraged lease income to be recognized over the remaining lease term. The loss from equity investment in joint ventures in 2001 was due primarily to provisions for bad debts recorded by two of the underlying joint ventures, 1997-A and 1997-B of \$1,700,000 and \$150,000, respectively, in the 2001 period. The increase in rental income was due to the finance leases which were renewed in 2001 and which are now classified as operating leases. As a result, rentals received relating to such leases are now reported as rental income; prior to the reclassification, such rentals were included as collection of finance lease receivables with the finance portion included in finance income.

Expenses for the three months ended June 30, 2001 were \$2,588,243, representing a decrease of \$832,727. The decrease in expenses resulted primarily from a decrease in interest expense of \$401,199, management fees - General Partner of \$446,938, amortization of initial direct costs of \$313,823 and administrative expense reimbursements - General Partner of \$110,692, which were partially offset by an increase in depreciation expense of \$520,618. Interest expense decreased due to a decrease in the average debt outstanding from 2000 to 2001. The decreases in management fees - General Partner and administrative expense reimbursement - General Partner resulted from the overall decrease in the average size of the Partnership's lease investment portfolio and the timing of rentals received. The increase in depreciation expense was due to leases renewed in 2001 which are now classified as operating leases during their renewal terms. The decrease in amortization of initial direct costs resulted from decreases in the size of the lease investment portfolio.

Net income for the three months ended June 30, 2001 and 2000 was \$156,023 and \$1,490,378, respectively. The net income per weighted average limited partnership unit was \$.16 and \$1.49, for the 2001 and 2000 periods, respectively.

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**Results of Operations for the Six Months Ended June 30, 2001 and 2000**

Revenues for the six months ended June 30, 2001 were \$5,870,370 representing a decrease of \$3,470,899 from 2000. The decrease in revenues resulted primarily from a decrease in finance income of \$3,308,895, income from leveraged leases of \$474,516 and a loss from investments in joint ventures in 2001 of \$417,944 versus income of \$210,274 in 2000. The decrease in revenue was partially offset by the increase in rental income of \$930,436. The decrease in finance income resulted primarily from (1) a decrease in the average size of the Partnership's lease portfolio, (2) certain leases which were renewed and are generating lower levels of finance income during their renewal terms and (3) due to certain finance leases which were renewed in 2001 and which are now classified as operating leases during their renewal terms. The decrease in income from leveraged leases resulted from a reassessment of an estimated residual value in the fourth quarter of 2000, which reduced leveraged lease income to be recognized over the remaining lease term. The loss from equity investment in joint ventures was due primarily to provisions for bad debts recorded by two of the underlying joint ventures, 1997-A and 1997-B of \$1,825,000 and \$275,000, respectively, in the 2001 period. The increase in rental income was due to the finance leases which were renewed in 2001 and which are now classified as operating leases during their renewal terms. As a result, rentals received relating to such leases are now reported as rental income; prior to the reclassification, such rentals were included as collection of finance lease receivables with the finance portion included in finance income.

Expenses for the six months ended June 30, 2001 were \$5,492,498, representing a decrease of \$1,351,865. The decrease in expenses resulted primarily from a decrease in interest expense of \$544,028, amortization of initial direct costs of \$574,555, management fees - General Partner of \$454,654 and administrative expense reimbursements - General Partner of \$236,324, which were partially offset by an increase in depreciation expense of \$520,618. Interest expense decreased due to a decrease in the average debt outstanding from 2000 to 2001. The decrease in management fees - General Partner and administrative expense reimbursement - General Partner resulted from the overall decrease in the average size of the Partnership's lease investment portfolio and the timing of rentals received. The increase in depreciation expense was due to leases renewed in 2001 which are now classified as operating leases during their renewal terms. The decrease in amortization of initial direct cost resulted from a decrease in the size of the lease investment portfolio.

Net income for the six months ended June 30, 2001 and 2000 was \$377,872 and \$2,496,906, respectively. The net income per weighted average limited partnership unit was \$.38 and \$2.50, for the 2001 and 2000 periods, respectively.

**Liquidity and Capital Resources**

The Partnership's primary sources of funds for the six months ended June 30, 2001 and 2000 were provided by sale proceeds of \$729,930 and \$2,432,399 in 2001 and 2000, respectively, and \$2,111,726 and \$2,487,611 of borrowings in 2001 and 2000, respectively. These funds along with available cash balances were used primarily to make payments on borrowings and fund cash distributions to partners. Cash distributions to partners for the six months ended June 30, 2001 and 2000 totaled \$5,371,201 and \$5,375,595, respectively.

As of June 30, 2001 there were no known trends or demands, commitments, events or uncertainties which are likely to have any material effect on liquidity. As cash is realized from operations, sales of equipment and borrowings, the Partnership will invest in equipment leases and financings where it deems it to be prudent while retaining sufficient cash to meet its reserve requirements and recurring obligations.

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**Item 3. Qualitative and Quantitative Disclosures About Market Risk**

The Partnership is exposed to certain market risks, including changes in interest rates. The Partnership believes its exposure to other market risks are insignificant to both its financial position and results of operations.

The Partnership manages its interest rate risk by obtaining fixed rate debt. The fixed rate debt service obligation streams are generally matched by fixed rate lease receivable streams generated by the Partnership's lease investments.

The Partnership borrows funds under two floating rate lines of credit and is therefore exposed to interest rate risk until the floating rate lines of credit are repaid. The Partnership's borrowings under floating rate lines of credit as of June 30, 2001 was \$4,551,762. The Partnership believes the risk associated with rising interest rates under these lines are not significant.

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**PART II - OTHER INFORMATION**

**Item 6 - Exhibits and Reports on Form 8-K**

No reports on Form 8-K were filed by the Partnership during the quarter ended June 30, 2001.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ICON Cash Flow Partners L. P. Seven  
File No. 33-94458 (Registrant)  
By its General Partner,  
ICON Capital Corp.

August 10, 2001

Date

/s/ Thomas W. Martin

Thomas W. Martin

Executive Vice President

(Principal financial and accounting officer  
of the General Partner of the Registrant)