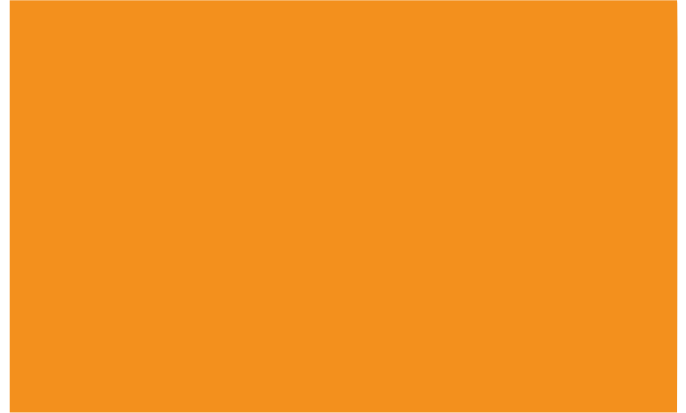


mirada



**AUDIOVISUAL INTERACTION
MADE EASY**

MIRADA ENABLES BROADCASTERS, PLATFORM OWNERS, GAMING COMPANIES AND BRANDS TO MAXIMISE THE VALUE OF THEIR DIGITAL INTERACTION WITH CONSUMERS THROUGH THE TV, WEB AND MOBILE.

MIRADA designs, builds, deploys and manages solutions and services that enable broadcasters, platform owners, gaming companies and brands to maximise the value of interactions with consumers through digital devices, including the TV, web and mobile.

MIRADA enables its customers to meet their business goals through increasing the stickiness of services, monetize entertainment, build awareness and market services and products. Headquartered in London, mirada has commercial offices across Europe and Latin America and operates technical centres in the UK and Spain.

MIRADA's solutions are used worldwide by the largest media and brands, including Disney International TV, Sky and MTV Networks.



HIGHLIGHTS

- Board strengthened with the addition of five new experienced Non-Executive Directors
- International sales steadily increasing; now accounts for 40% of sales
- Cost cutting measures in place and increased efficiency
- In September 2010 signed significant worldwide distribution agreement with Ericsson to deliver a key interactive navigational interface for its customers throughout its IPTV platform
- Raised €0.85 million via bank facilities post year end, in a time when banks are reluctant to lend

FINANCIAL HIGHLIGHTS

- Revenue: £5.7m (2009: £8.5m)
- Gross Profit: £3.7m (2009: £4.8m)
- Gross profit margins increased to 65% (2009: 57%)
- Administrative expenses reduced to £4.3m from £5.9 million

Review of the year

4 Chief Executive Officer's report

Corporate governance

11 Directors' report

13 Corporate governance

15 Directors' remuneration report

Financial statements

16 Statement of directors' responsibilities

17 Independent Auditors' Report

18 Consolidated income statement

19 Consolidated statement of comprehensive income and expense

19 Consolidated statement of changes in equity

20 Consolidated statement of financial position

21 Consolidated statement of cash flows

22 Notes to the consolidated financial statements

47 Company balance sheet

48 Notes to company financial statements

54 Advisers

MIRADA AT A GLANCE

Our business divisions

Broadcasting



mirada for Broadcasters provide services for interactive synchronised content on multiple TV platforms.

mirada has been serving the broadcasting industry for many years and it is this experience that has allowed us to create services that we know really matter to consumers.

Digital TV Platforms



mirada for Digital TV Platforms provides services and solutions for its customers to make TV programmes, provide powerful VoD services and enhance the EPG/user interface.

mirada products and solutions provide content owners and operators with navigational services to provide their customers with the content they are looking for.

mirada has developed products for the thriving Video on Demand market which are designed to both enhance the viewer experience and provide effective solutions for digital TV platforms.

Gaming



mirada for Gaming focuses on developing innovative new video-rich gambling and gaming content for television, internet and mobile devices.

Since 2002, when it launched Avago – the first interactive gaming channel on SKY – mirada has been at the forefront of developing innovative, gambling and gaming content for TV, internet, mobile and IPTV.

Over the years we have delivered pioneering gaming products: we developed the synchronised, video-rich Monte Carlo Roulette and our scalable gaming engine and production tools were also at the heart of ITV1's Bingo Night Live.

Interactive Marketing



mirada for Interactive Marketing is a leading provider of transaction, interaction and payment products and services for businesses dealing directly with members of the public.

Our product lines for brand owners, advertisers, retailers and their agencies cover all aspects of digital services whether it's a simple text to win mobile campaign, secure transactions via mobile, online and IVR. mirada provides multiple channel creative solutions for brands to dynamically engage with their customers, extend that communication and build a relationship which will deliver real value for the consumer and return on investment for the brand.

Products include

- » Bingo
- » Player
- » Virtual Dealer
- » xPlayer

Customers include

- » Two Way Media
- » ITV
- » Channel 4
- » UKTV
- » RedBee
- » BBC
- » RTVE
- » Antena3
- » Channel 5

Products include

- » xPlayer
- » VoD
- » managetv
- » NAVI

Customers include

- » Ono
- » Jazztel
- » Euskaltel
- » Quative
- » Sky
- » Net
- » R Cable
- » France Telecom
- » TCC
- » Digital +

Products include

- » Virtual Dealer
- » Live studio host
- » Bingo

Customers include

- » ITV
- » Playboy
- » Gala Bingo
- » Virgin Media

Customers include

- » Boots
- » Britvic
- » Budweiser
- » Celador
- » Fox
- » Hardy's
- » L'oreal
- » Vodafone
- » Pathe
- » Land Rover
- » Scrumpy Jack
- » Pepsi
- » Condé Nast
- » Tango
- » Robinson's

THE GROUP ENDED THE YEAR WITH MOST OF ITS OBJECTIVES ACHIEVED...AND WE REAFFIRM OUR COMMITMENT TO LONG-TERM PROFITABLE RELATIONSHIPS WITHIN OUR MARKETPLACE.



By increasing our international activities in what we consider to be key growth markets we are delivering a more efficient process and remain focused on our goal of achieving profitability.

In September 2010, post period end, we announced a global partnership deal with Ericsson, a leading telecom vendor, to deploy mirada's technology to Ericsson's IPTV customers.

Overview

I am pleased to report on our second full year of activity following the Group restructure from the merger with Fresh Interactive Technologies S.A. ("Fresh IT") in February 2008. After completing the transaction and bedding in the business, the Board has focused on the Group's core areas of expertise and profitable business lines, as well as empowering the international deployment of the Group's products and services. The difficult economic environment has led to a slower than expected execution of these expansion plans, however the Board is pleased with the progress made in the past 12 months and this challenging environment only makes the successes achieved more rewarding.

We have continued to rationalise the operating cost structure of the Group and have invested in strengthening our sales and technical team. By increasing our international activities in what we consider to be key growth markets, as well as significantly reducing our overheads, we are delivering a more efficient process and remain focused on our goal of achieving profitability. We are grateful for the support of our employees, shareholders and partners and we believe that this transformational period will lead to a solid base from which we can build and grow the business.

Trading review

The second year after the Group restructuring has been dedicated to completing the turnaround, which was initiated during the previous year, and has resulted in a much more efficient structure. mirada has concentrated its activities on its core business areas, closing activities where margins were low or even negative. At the same time, this year has seen the consolidation of our international expansion strategy, focused on increasing value through the development of our business in growth areas, such as Latin America.

During the period there has been a complete reconfiguration of our Board of Directors. We welcomed Mr. Richard Alden, Mr. Francis Coles, Mr. Javier Casanueva,

"Successfully signing up major telecoms operators is demonstrative of our technical and innovative knowledge, as well as our ability to deliver complex projects."

Aldo Campinos, VP of Sales & Business Development

Mr. Javier Herrero and Mr. Carlos Vizcayno to the Board as Non-Executive Directors. These new additions provide the Board with international, commercial and financial insight that has proven to be very useful in stabilising the business and looking at growth opportunities as we build our international footing.

We are pleased to report that the integration objectives, as stated at the time of the merger with Fresh IT, are now complete. Management has however continued to strive for further improvement in efficiency, making additional cost savings in the current period. Annual overheads for continuing activities decreased by 27 per cent from £5.9 million in the year ended 31 March 2009 to £4.3 million in the year ended 31 March 2010, and the gross profit margin increased from 57 per cent to 65 per cent in the same period.

During the period under review, the Group has announced a number of important international agreements within Latin America, Western Europe and the Middle East, and we will continue to seek additional opportunities to expand our international offering.

In September 2009 we signed our first international deal for our Gaming division. mirada is licensing its Virtual Dealer Roulette ("VDR") product for distribution in Eastern Europe, and expects to replicate this deal across other international regions. Furthermore, during the period, the Group signed agreements with a number of international telecommunication partners and we look forward to exploring more of these opportunities in the current financial year.

Additionally, in September 2010, post period end, we announced a global partnership deal with Ericsson, a leading telecom vendor, to deploy mirada's technology to Ericsson's IPTV customers. The agreement is royalty based and has the potential to change the shape of the Group going forward. The announcement was well received by both Ericsson's and mirada's customers at the IBC trade show in Amsterdam held during September 2010.

Financial overview

During the period, revenues were £5.74 million, down from £8.46 million in the previous year. The Group has however reduced its loss before interest, tax, depreciation, amortisation and share-based payment charges from £0.67 million in the year ended 31 March 2009 to £0.49 million in the period under review, despite the difficult economic environment.

Loss before interest, tax, depreciation, amortisation and share-based payment charges is a key performance indicator ("KPI") used by management and removes the impact of one off and non-cash items (see note 6). Other KPIs used by management are as follows:

- Gross profit margin: The Group is continuing to focus on its product-based strategy; this has led to an increase in the gross profit margin from 57 per cent in the year ended 31 March 2009 to 65 per cent in the period under review.
- Administration expenses: It is the aim of management to make the Group's cost structure as efficient as possible without impacting on the quality of the services provided. During the year to March 2010 administrative expenses from continuing operations were reduced from £5.9 million in 2009 to £4.3 million.
- Overseas activities: In previous periods the Group has been over reliant on revenues earned from the highly competitive UK market. Management is now focused on diversifying the business by extending the Group's activities internationally. In the current year the percentage of revenues earned from overseas activities increased from 26 per cent in 2009 to 40 per cent in the period under review.

The retained loss for the year equalled £7.5 million (year ended 31 March 2009: £2.3 million), however this does include a goodwill impairment charge of £5.2 million and losses from discontinued activities of £1.1 million. The goodwill impairment has largely arisen from the Group's decision to exit from the Business to Consumer gaming market and the cessation of the studios and



Financial overview (continued)

playout operations. The results of the studios and playout operations are included in discontinued activities in the consolidated income statement.

Post the year end the Group has obtained additional bank financing totalling €0.85 million (£0.73 million), of these facilities €0.1 million (£0.09 million) is due to be repaid within one year. The interest rate payable on all of these facilities is under 6% per annum. Additionally, post year end, the Group has secured a development loan for €0.5 million (£0.43 million). This loan is repayable in six equal half yearly instalments from 30 June 2014 to 31 December 2016 and has an initial annual interest charge of Euribor plus 0.75%.

Operational Review

Areas of business

mirada is an audiovisual interaction technology company. We trade in complementary areas, and have assets and interests across five operational divisions:

Digital TV operators:

We have more than 10 years of experience in technologies from Interactive TV to advanced navigational services. We have a solid network of partners and we are internationally recognised for our skill base. Our core software for digital TV includes, amongst others, Electronic Programming Guides ("EPG"), Video on Demand ("VOD") and Personal Video Recorders ("PVR"). We are increasingly evolving towards a multi-screen approach via TV, internet and mobile technologies.

Broadcasters and content producers:

We base our offering on a set of products and services that complement traditional broadcasting with a synchronised layer to create digital TV, mobile and internet interactivity. Our core product is xplayer and our synchronisation technology is widely deployed across the major broadcasters in the UK.

Gaming brands:

We provide video-rich audiovisual gaming and gambling content and technology for television, mobile and the internet. Content includes our highly successful Roulette and Bingo products which deliver multi-platform content and technology, using our synchronised multi-platform interaction capabilities.

Interactive marketing:

Our customers are agencies, brand owners and media buyers, who utilise our interactive advertising tools over mobile, internet and digital TV environments. In a market where references are key, we are pleased to say that our services have been deployed by leading brands across the world, including Condé Nast and Pepsi.

mirada connect:

mirada connect provides transactional technology to parking platforms and services. We work with major partners, such as NCP, APCOA and Meteor, to provide mobile cashless parking, permits management and Penalty Charge Notice payment services.

Digital TV business

We are pleased to announce that our Digital TV unit has seen an increase in activity during the recent months and we expect to continue its international expansion during 2011. We have signed partnership agreements, such as the Ericsson agreement mentioned above.

We have also announced deals to provide EPG, VOD and PVR technologies over different middlewares and conditional accesses. This, we believe, reinforces our neutrality and flexibility, which is widely welcomed by our partners and many final customers in this area. The period has seen the Group make important investments in the development of its set-top-box ("STB") technologies. This has consolidated our technical capabilities and prepared the technical grounds that are now leading to new customer contracts and international distribution agreements.

Additionally, the Group has secured significant agreements with partners including Sky Italia and Sogecable (in Spain) to develop a continued flow of services which should lead to an increase in the gross profits in the current year.

Broadcast business

The broadcast industry has been adversely affected by the global recession which, in turn, led to a decrease in the revenues generated from our studio and playout activities. In order to mitigate this risk and reduce losses, the Board decided to cease these operations.

In respect of our other broadcast activities, this year has seen the popularisation of the usage of green button services across several channels in the UK, principally as reminders and PVR triggers related to promoted content. Our xplayer technology has been key in many of these deployments and we expect it to increase its presence amongst the most popular broadcasters, not only in the UK but internationally.

With the recent appointment of Mr. Paul Hastings as the Group's new Sales Manager in the UK, our presence in the media market has been strengthened. Paul has a demonstrable track record and vast experience in the interactive media world. Paul will be concentrating on strengthening and developing new formats in the Interactive Digital market in the UK, a fast growth area within the industry.

Gaming business

As stated in previous reports, the Group has been gradually exiting the Business to Consumer market, enabling it to avoid competing with its potential Business to Business customers in the interactive gaming market - this process is now complete. The Group's focus is now to utilise its growing presence in the Digital TV and Broadcast markets to allow us to distribute our gaming technology to customers in these markets.

Our first major overseas deal with an Eastern European group was announced in September 2009. The team has increased its expertise in overseas gaming activities for third parties, and this has been reinforced with a new Head of Gaming, Mr. Simon Grieve.

Over the last 12 months we have seen progress in the expected change to the gambling legislation across Western Europe, with key markets such as France and Italy establishing the legal framework to govern remote gaming; and other markets such as Spain expected to follow shortly. These are significant developments towards a clear set of regulations for gambling activities in the international market place and we believe that mirada is clearly positioned to offer its expertise in these markets, as well as in Latin America, both directly and through partnership agreements.

Interactive marketing

The Interactive Marketing unit has consolidated its relationships in both the UK and the Italian markets. In the UK we have reinforced our activity with Britvic, which has expanded the number of its brands that use our mobile technologies. The Group also won business with Virgilio and Condé Nast in Italy, and through continuing our relationship with these customers into the present financial year, we are expecting new campaigns in twelve countries across Europe and the Far East.

We have progressed, developing technically demanding advertising formats to support the largest Pepsi mobile promotion, the 'Max it for a Million' campaign, in support of its sponsorship of the World Twenty20 Cricket World Cup.

During the year the division has increased the range of services it provides to its customers, including web campaigns and downloadable mobile applications, thus delivering significantly increased revenues in comparison to the previous financial year.

CHIEF EXECUTIVE OFFICER'S REPORT

- continued

THIS YEAR HAS SEEN THE CONSOLIDATION OF OUR INTERNATIONAL EXPANSION STRATEGY, FOCUSED ON INCREASING VALUE THROUGH THE DEVELOPMENT OF OUR BUSINESS IN GROWTH AREAS, SUCH AS LATIN AMERICA.

Outlook

The Group has made firm progress over the past 12 months and into the new financial year. We have signed a number of international deals and have begun to diversify the business overseas in order to mitigate any potential risk. The Management has reacted quickly to the economic situation and we have cut costs and increased efficiency, something that we plan to continue into 2011. The additional bank facilities secured at attractive interest rates post year end has strengthened our working capital position.

The time and effort we have put into developing our IPTV suite of products and services is increasingly proving to be well placed and we are extremely encouraged by the global partnership deal signed with Ericsson in September. This agreement has the potential to make a positive impact on the Group's financial position during the current financial year and, as the relationship develops, we believe that this agreement will generate further significant revenues in the future.

We have a number of potential new agreements in the pipeline and we have been steadily building our international relationships. We believe that the Group is now financially stable and ready to grow and we are looking forward to updating the market on any future developments in due course.

José-Luis Vázquez

Chief Executive Officer

8 December 2010



BOARD OF DIRECTORS

José-Luis Vázquez

Chief Executive Officer

José L. Vázquez he has more than 15 years of experience in Telecomms and Interactivity markets, where he is a skilled professional. He founded Fresh in the year 2000 being the Chief Technical Officer, and became the Chief Executive Officer of the Company in 2004. José Luis holds a degree in Advanced Telecommunication Engineering (UPM) and a MBA (IESE).

Rafael Martin Sanz

Non-executive Director

Rafael Martin Sanz holds a degree in Economics and Business Studies from the Universidad Complutense de Madrid and is a member of the Spanish Association of Economists. He served as Chairman of Television y Sonido (TELSON) from 1990 to 2002. He was director of Page Ibercia, S.A., Amper, S.A. and Chairman of Avanzit TMT from 2000 to 2002. He has also held positions in the Spanish Local Government and is currently a director of the Spanish listed company Paraquesol Inomobiliara y Proyectos, S.A and other companies.

Javier Casanueva

Non-executive Director

Javier Casanueva is a partner at Baring Private Equity Partners Espana S.A. ("Baring"), and has extensive experience in transactions both in Europe and the USA. He has sat on the boards of numerous companies across a variety of sectors as a representative of Baring.

Francisco Javier Herrero

Non-executive Director

Francisco Javier Herrero is an experienced CFO who brings a wealth of knowledge and contacts in the European marketplace.

Carlos Vizcayno

Non-executive Director

Carlos Vizcayno is a lawyer and has served as General Counsel to companies for over ten years.

Francis Coles

Non-executive Director

Francis Coles has nearly 30 years experience in corporate finance. He was a founder director of corporate finance advisory boutique New Boathouse Capital and latterly served as a director of AIM listed merchant bank Quayle Munro following its acquisition of New Boathouse Capital in 2007. Prior to that Francis was a director of Baring Brothers and subsequently Santander Investment where his responsibilities included debt and equity fundraisings and merger and acquisition activities in the European and Latin American markets.

Richard Alden

Non-executive Director

Richard Alden has extensive international experience in developing and financing fast growing telecommunication companies particularly in Europe and North America. From 1998 to 2009 he was the Chief Executive Officer and a founding director of Grupo Corporativo ONO SA, the largest cable television and telecommunications operator in Spain.

SENIOR MANAGEMENT

José-Luis Vázquez

Chief Executive Officer

José L. Vázquez has more than 15 years of experience in Telecomms and Interactivity markets, where he is a skilled professional. He founded Fresh in the year 2000 being the Chief Technical Officer, and became the Chief Financial Officer of the Company in 2004. José-Luis holds a degree in Advanced Telecommunication Engineering (UPM) and a MBA (IESE).

Aldo Campinos

Vice President of Sales and Business Development

Aldo Campinos joins mirada with over 12 years experience within the Digital TV and Telco markets. Aldo was previously the Vice President of Sales and Business Development for the American division of Jungo. Prior to this Aldo had undertaken the role of Vice President Sales and Business Development of Middleware for NDS in Paris. He graduated from ENSTA Engineering School in Paris, and also holds a Masters of Electrical Engineering.

José Gozalbo

Chief Technical Officer

José Gozalbo has been Chief Technical Officer of mirada since its creation. He holds a degree in Computer Science and he has in depth experience in Software Development and Digital TV markets. At mirada, José is responsible for the Company's overall technology strategy, product development and project management.

Graham Duncan

Chief Financial Officer

Graham Duncan is a chartered accountant having qualified with PricewaterhouseCoopers where he worked for five years in the audit and business advisory sector. Prior to joining mirada, Graham was the Chief Financial Officer of Parallel Media Group plc, an AIM listed sports marketing company, before this he was the Group Financial Controller for Sportal International Ltd.

Antonio Rodriguez

Director of Digital TV

Antonio comes from Jazztel PLC where he held the roles of Network Engineering Manager and Telco Platforms and OSS Manager. He has an extensive knowledge, with ten years of experience in telecommunication. Antonio Rodriguez holds a bachelor's degree in Telecommunications Engineering (UPM) and a MBA (IE).

Alison Boyce

Director of Human Resources

Alison holds an MA in Human Resource management, a BA Hons in Hospitality and Business and more than 15 years management experience. Prior to joining mirada, Alison was the UK HR Manager for YellowBrix inc, a US based information services provider, Human Resource Generalist for Sportal International Ltd, an online sports media company and before this she was a General Manager for Whitbread Plc.

Simon Grieve

Head of gaming

Simon Grieve has worked within the interactive gaming sector since 1999, most recently leading his own consultancy practice. Simon has extensive operator and platform-side knowledge gained whilst working at companies including Talarius, WagerWorks (IGT), Telewest (now Virgin Media) and Kirch. His experience encompasses sportsbetting, poker, casino, slots and bingo across internet and TV platforms.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2010.

Principal activities

The principal activities of the Group are the provision and support of products and services in the interactive media, advertising and gaming markets. For a more detailed description of the Group's activities refer to the Chief Executive Officer's Report on pages 4 to 8.

Review of business and future developments

Reviews of the business, its results, future direction and key performance indicators are included in the Chief Executive Officer's Report on pages 4 to 8.

Results and dividends

The consolidated income statement for the year is set out on page 18. No dividend is declared in respect of the year (2009: £nil).

Principal risks and uncertainties

When the Board considers business risks going forward, the prominent risks include our dependence on people, the interactive services and gaming markets, and information technology.

Dependence on people

The Group recognises the value of the commitment of their staff members and is conscious that it must keep the reward systems, both financial and motivational, in place to minimise this area of risk. Our share option schemes and investments in training are examples of this.

Interactive media and gaming markets

The sectors in which the Group operates may undergo rapid and unexpected changes. It is possible therefore that either competitors will develop products similar to the Group, or its technology may become obsolete or less effective. The Group's success depends upon its ability to enhance its products and technologies and develop and introduce, on a timely and cost effective basis, new products and features that meet changing customer requirements and incorporate technological advances. As a result the Group continues to invest significantly in research and development.

Information technology

Data security and business continuity pose inherent risks for the Group. The Group invests in, and keeps under review, formal data security and business continuity policies.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including capital risk, credit risk, foreign currency exchange risk, interest rate risk and liquidity risk. The management of financial risk is governed by the Group's policies approved by the board of directors, which provide written principles to manage these risks. See note 21 for further details on the Group's financial instruments.

Credit risk

The Group has some exposure to credit risk from credit sales. It is the Group's policy to assess the credit risk of new customers before entering into contracts. Historically, bad debts across the Group have been low.

Capital risk

After making enquiries, the directors have formed a judgement at the time of approving the consolidated financial statements that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. These resources include funding from the Group's overdraft facilities and the new facilities secured posted year end as identified in the Chief Executive Officer's Report on page 6. For this reason, the directors continue to prepare the consolidated financial statements on the going concern basis (see note 2).

Foreign currency exchange risk

The majority of cash at bank is held in Sterling and Euro accounts. There are also trade balances in these currencies. As these currencies are now the Group's functional currencies, the Group has not entered into any forward exchange contracts. Any foreign exchange gains or losses are recognised in the consolidated income statement.

Interest rate risk

The Group is cash positive and places its balances on short-term deposit with highly regarded financial institutions. Changes in interest rates will affect the return on cash balances. The Group does not hold or issue derivative financial instruments.

Liquidity risk

Details on the Group's liquidity risk are provided in note 21.

DIRECTORS' REPORT

– continued

Directors' and officers' indemnity insurance

The Group has taken out an insurance policy to indemnify the directors and officers of the company and its subsidiaries in respect of certain liabilities which may attach to them in their capacity as directors or officers of the Group, so far as permitted by law. This policy remained in force throughout the year and remains in place at the date of this report.

Directors

The directors who held office during the period are given below:

Executive Directors

Dr Michael Sinclair	<i>Non-executive Chairman (resigned 4 February 2010)</i>
Mr José-Luis Vázquez	<i>Chief Executive Officer</i>

Non-executive Directors

Mr Richard Blake	<i>(resigned 4 February 2010)</i>
Mr Rafael Martín Sanz	<i>(appointed 17 December 2009)</i>
Mr Javier Casanueva	<i>(appointed 17 December 2009)</i>
Mr Javier Herrero	<i>(appointed 17 December 2009)</i>
Mr Carlos Vizcayno	<i>(appointed 4 February 2010)</i>
Mr Francis Coles	<i>(appointed 4 February 2010)</i>
Mr Richard Alden	<i>(appointed 23 March 2010)</i>

The interests of directors in the shares of the Group at 31 March 2010 are disclosed in the Directors' Remuneration Report on pages 15.

Substantial shareholdings

At 30 November 2010 the following shareholders held, directly or indirectly, three per cent or more interests in the issued share capital of the Company:

	Number of ordinary £1 shares	Percentage of issued ordinary share capital
Kasei 2000 S.L.	4,799,259	24.2%
Naropa Capital S.L.U	3,818,589	19.3%
Baring Iberia II Inversion en Capital F.C.R.	3,496,588	17.7%
Hanover Nominees Ltd	2,484,266	12.5%
Vidacos Nominees Ltd	2,142,859	10.8%
Fresh Inversiones S.L.	1,180,242	6.0%

Political and charitable contributions

The Group made no political or charitable contributions during the year.

Creditor payment policy and practice

The Group's policy is that payments to suppliers are made in accordance with the terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with. At 31 March 2010, the Group had an average of 109 days purchases outstanding in trade creditors (2009: 83 days).

Employee involvement and disabled employees

Employees of the Group are regularly consulted by management and kept informed of matters affecting them and the overall development of the Group. The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, the Group's policy, wherever practicable, is to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees.

Events since the balance sheet date

Significant events which have occurred since the balance sheet date are detailed in note 28.

Auditors

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make them aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

José-Luis Vázquez

Chief Executive Officer

8 December 2010

CORPORATE GOVERNANCE

Introduction

The Board of Directors is accountable to shareholders for the good corporate governance of the Group. The principles of corporate governance are set out in the Financial Reporting Council's revised Combined Code on corporate governance issued in 2006. Under the rules of the Alternative Investment Market (AIM) the Group is not required to comply with the Code and the Board considers that the size of the Group does not warrant compliance with all of the Code's requirements but has voluntarily adopted appropriate sections of the Combined Code.

Principles of the combined code

The Board

The Board now comprises the Chief Executive Officer, José-Luis Vázquez; and six non-executive directors, Rafael Martín Sanz, Javier Casanueva, Javier Herrero, Carlos Vizcayno, Francis Coles and Richard Alden. The non-executive directors are independent of management. Non-executive directors are appointed on a contract with a three-month notice period. The terms and conditions of the appointment of the non-executive directors are available for inspection from the company secretary. Executive directors are appointed on contracts with a 12-month notice period. All directors are subject to re-election every three years. Directors appointed during the year are subject to re-election by the shareholders at the first opportunity after their appointment. The directors who are subject for re-election in the coming year are Javier Casanueva, Javier Herrero, Carlos Vizcayno, Francis Coles and Richard Alden. Biographies for each director can be found on the Company's website. The Board has a schedule of matters specifically reserved to it for decision. All directors have access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. If required, the directors are entitled to take independent advice, and if the Board is informed in advance the cost of the advice will be reimbursed by the Group. To discharge its governance function effectively, the board has laid down rules for its own activities in a governance process policy. Responsibility for implementing this policy is placed on the chief executive officer. This policy covers:

- the conduct of members at meetings
- the cycle of board activities and the setting of agendas
- the provision of timely information to the board
- board officers and their roles
- board committees, their tasks and composition
- qualifications for board membership and the process of

the nomination committee

- the evaluation and assessment of board performance
- the remuneration of non-executive directors
- the process for directors to obtain independent advice
- the appointment and role of the company secretary
- approval of the annual budget and the regular update of forecasts

Board meetings are scheduled to take place once every two months, with additional meetings to attend to urgent matters. The respective attendance record of each director during the year was as follows:

Directors' attendance

	Board Meetings		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Michael Sinclair	10	10	—	—	—	—
José-Luis Vázquez	12	12	—	—	—	—
Richard Blake	9	10	2	2	—	—
Rafael Martín Sanz	10	12	1	2	—	—
Javier Casanueva	4	4	—	—	1	1
Javier Herrero	4	4	—	—	—	—
Carlos Vizcayno	4	4	—	—	1	1
Francis Coles	2	2	—	—	—	—
Richard Alden	1	1	—	—	1	1

To enable the Board to discharge its duties, the Chief Executive Officer describes to the Board how the expected outcome and goals are intended to be delivered through regular business plans, which also encompass an assessment of the Group's risks. During the year, the Board receives updates on progress towards these outcomes through actual and forecasted results.

The Chief Executive Officer is obliged to review and discuss with the Board all strategic projects or developments and all material matters currently or prospectively affecting the Group and its performance. This key dialogue specifically includes any materially under-performing business activities, and material matters of a social responsibility, environmental or ethical nature.

The Board also sets out how the Chief Executive Officer's performance will be monitored and recognises that, in the multitude of changing circumstances, judgement will always be involved. The systems set out by the board are designed to manage, rather than to eliminate, the risk of failure to achieve the goals. They provide reasonable, rather than absolute, assurance against material misstatement or loss.

CORPORATE GOVERNANCE

– continued

The following committees deal with specific aspects of the Group's affairs:

Remuneration Committee

During the year the Remuneration Committee, the report of which is on pages 15, comprised the following non-executive directors

Richard Blake (Chairman)	- resigned 4 February 2010
Rafael Martín Sanz	- resigned 11 February 2010
Javier Casanueva	- appointed 11 February 2010
Carlos Vizcayno	- appointed 11 February 2010
Richard Alden (Chairman)	- appointed 23 March 2010

The remuneration committee is responsible for the terms and conditions and remuneration of the executive directors and senior management and the granting of share options to the Group's executive directors and employees. The Remuneration Committee may consult external agencies when ascertaining market salaries. The chairman of the Remuneration Committee will be available at the AGM to answer any shareholder questions.

Audit Committee

During the year the Audit Committee comprised the following non-executive directors:

Richard Blake (Chairman)	- resigned 4 February 2010
Rafael Martín Sanz	- resigned 11 February 2010
Francis Coles (Chairman)	- appointed 11 February 2010
Javier Herrero	- appointed 11 February 2010

Biographies detailing the respective qualifications of the Audit Committee members are available for viewing on our website. The board considers that the membership of the Audit Committee as a whole has sufficient recent and relevant financial experience to fulfil its duties.

The Committee is provided with sufficient resources to undertake its duties. It has access to the services of the company secretary, and all other employees. The committee may take legal or professional advice when it believes it necessary to do so.

The Committee meets as required, but not less than two times a year. Other directors may also attend committee meetings by invitation, but the committee also meets privately for discussions with the external auditors who attend all its meetings.

The main roles and responsibilities of the Committee are to:

- monitor the integrity of the Group's financial statements;
- review the Group's internal financial controls and risk management systems; and
- oversee the Group's relationship with the external auditors.

The main activities of the committee in the year ended 31

March 2010 were:

- assessing the effectiveness of the significant financial reporting issues related to the preparation of the Group's financial statements;
- assessing the effectiveness of the systems established to identify, assess, manage and monitor financial and non-financial risks;
- monitoring the integrity of the Group's internal financial controls;
- reviewing with the external auditors the findings of their work and the effectiveness of the external audit process;
- reviewing arrangements for staff of the Group to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters;
- reviewing the need for, and the feasibility of, an internal audit function; and
- reviewing the independence and objectivity of the external auditor.

Internal control

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

An ongoing process, in accordance with the guidance of the Turnbull Committee on internal control, has been established for identifying, evaluating and managing the significant risks faced by the Group. The process has been in place for the full year under review and up to the date of approval of the Report and Financial Statements. The Board regularly reviews the process.

The key elements of the risk management processes and system of internal control procedures include:

- a clear organisational structure and lines of responsibility;
- the identification through reporting procedures of major financial, commercial, legal and operational risks;
- the operation of a comprehensive budgeting and financial reporting system and the comparison of actual results against budget;
- the periodic update of budgets and performance targets and outlook, which is reviewed by the Board; and
- the authorisation and monitoring of investment policy, acquisition and disposal proposals, and major capital expenditure.

The key processes used by the Board to review the effectiveness of the system of internal controls include the following:

- the review of the results of the risk assessment;
- review of the actual results against budget and results of the investigation of material differences for the period; and
- the review of issues raised by the external auditors.

DIRECTORS' REMUNERATION REPORT

The Remuneration Committee decides the remuneration policy that applies to executive directors and senior management. The Remuneration Committee meets as necessary in order to consider and set the annual remuneration for executive directors and senior managers, having regard to personal performance and industry remuneration rates. In determining that policy it considers a number of factors including:

- the basic salaries and benefits available to executive directors and senior management of comparable companies;
- the need to attract and retain directors and others of an appropriate calibre; and
- the need to ensure all executives' commitment to the success of the Group.

Non-executive directors are appointed on contracts with a three-month notice period and may be awarded fees as determined by the Board.

Executive directors are appointed on contracts with a 12-month notice period.

Directors' Remuneration

The following table summarises the remuneration receivable by the directors for the year ended 31 March 2010.

		Salary & fees £000	Benefits ⁽¹⁾ £000	Sums paid to a third party for Directors' services £000	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Executive						
Michael Sinclair	Resigned 4 Feb 10	—	4	24	28	47
José-Luis Vázquez		140	—	—	140	200
Neil MacDonald	Resigned 27 Mar 08	—	—	—	—	53
Non-executive						
Richard Blake	Resigned 4 Feb 10	24	—	—	24	30
Rafael Martín Sanz		—	—	—	—	30
Javier Casanueva	Appointed 17 Dec 09	—	—	—	—	—
Javier Herrero	Appointed 17 Dec 09	—	—	—	—	—
Carlos Vizcayno	Appointed 17 Dec 09	—	—	—	—	—
Francis Coles	Appointed 4 Feb 10	3	—	—	3	—
Richard Alden	Appointed 23 Mar 10	—	—	—	—	—
		167	4	24	195	360

¹ The remuneration package of Michael Sinclair includes non-cash benefits comprising the provision of life assurance and health insurance.

Directors' interests

The interests of the directors who held office during the year in the shares of the Group at 31 March 2010 were as follows:

	Number of ordinary shares	
	31 March 2010	31 March 2009
José-Luis Vázquez*	1,180,242	1,180,242
Rafael Martín Sanz**	4,799,259	4,799,259
Michael Sinclair	1,000	254,761
Richard Blake	5	30

* Shares held by Fresh Inversiones S.L., a company under the control of José-Luis Vázquez.

** Asesoría Digital S.L. owns one-third of the issued share capital of Kasei 2000 S.L., Asesoría Digital S.L. is owned by Rafael Martín Sanz and his wife. Rafael Martín Sanz is a director of Kasei 2000 S.L.

Under the terms of the Unapproved and Approved Executive Share Option Scheme, the directors as at 31 March 2010 have an interest in options over ordinary shares of £1.00 each of the Company as follows:

	Number of options						
	1 April 2009	Granted in the year	Exercised in the year	31 March 2010	Exercise price	Date from which exercisable	Expiry date
Michael Sinclair	300,000	—	—	300,000	£1.096	1 Jan 2011	25 Feb 2018

Under IFRS 2 (Share based payments), share options which are awarded to directors and employees are subject to a share based payment charge which is measured at the fair value of the option at the date of grant and is charged to the income statement over the vesting period of the option. This charge is purely an accounting entry and there is no cash related cost to the Group. In the year ended 31 March 2010 the 300,000 share options granted to Michael Sinclair incurred a charge of £95,000 (year ended 31 March 2009: £165,000).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRADA PLC

We have audited the financial statements of mirada plc for the year ended 31 March 2010 which comprise the consolidated income statement, consolidated statement of comprehensive income and expense, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, 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 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- 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.

Andrew Viner (*senior statutory auditor*)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
8 December 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

	Notes	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Revenue	5	5,740	8,460
Cost of sales		(2,028)	(3,657)
Gross profit		3,712	4,803
Net gaming income		102	462
Depreciation	6	(254)	(349)
Amortisation of deferred development costs	6	(455)	(251)
Impairment of goodwill	6	(5,157)	—
Restructuring costs	7	—	(117)
Share based payment charge	24	(95)	(165)
Other administrative expenses		(4,306)	(5,939)
Total administrative expenses		(10,267)	(6,821)
Operating loss	6	(6,453)	(1,556)
Finance income	10	172	117
Finance expense	11	(74)	(825)
Loss before taxation		(6,355)	(2,264)
Taxation	12	—	—
Loss for the financial period from continuing operations		(6,355)	(2,264)
Discontinued operations			
(Loss)/profit for financial period from discontinued operations	9	(1,112)	9
Loss for year		(7,467)	(2,255)
		Year ended 31 March 2010 £	Year ended 31 March 2009 £
Loss per share			
Loss per share for the year - basic & diluted	13	0.38	0.11

The above amounts are attributable to the equity holders of the parent.

The notes on pages 22 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

Year ended 31 March 2010

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Currency translation differences	(310)	941
Other comprehensive (expense)/income	(310)	941
Loss for the period	(7,467)	(2,255)
Total comprehensive expense for the year	(7,777)	(1,314)
Attributable to equity holders of the parent	(7,777)	(1,314)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2010

	Share capital £000	Shares to be issued £000	Share option reserve £000	Foreign exchange reserve £000	Other reserves £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2009	34,923	281	2,014	1,201	2,472	—	(22,271)	18,620
Loss for the financial period	—	—	—	—	—	—	(7,467)	(7,467)
Share based payment	—	—	95	—	—	—	—	95
Movement in foreign exchange reserve	—	—	—	(310)	—	—	—	(310)
Write back of shares to be issued	—	(281)	—	—	—	—	281	—
At 31 March 2010	34,923	—	2,109	891	2,472	—	(29,457)	10,938
	Share capital £000	Shares to be issued £000	Share option reserve £000	Foreign exchange reserve £000	Other reserves £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2008	34,923	281	1,849	260	2,927	79,731	(100,202)	19,769
Loss for the financial period	—	—	—	—	—	—	(2,255)	(2,255)
Share based payment	—	—	165	—	—	—	—	165
Movement in foreign exchange reserve	—	—	—	941	—	—	—	941
Cancellation of share premium account against profit and loss account	—	—	—	—	—	(79,731)	79,731	—
Cancellation of capital redemption reserve against profit and loss account	—	—	—	—	(455)	—	455	—
At 31 March 2009	34,923	281	2,014	1,201	2,472	—	(22,271)	18,620

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2010

Company number 3609752

	Notes	31 March 2010 £000	31 March 2009 £000
Property, plant and equipment	15	228	990
Goodwill	14	12,417	17,574
Intangible assets	14	1,313	1,096
Non-current assets		13,958	19,660
Trade & other receivables	16	2,095	2,833
Cash and cash equivalents	26	103	1,508
Current assets		2,198	4,341
Total assets		16,156	24,001
Loans and borrowings	18	(536)	(371)
Trade and other payables	17	(2,760)	(4,089)
Current liabilities		(3,296)	(4,460)
Net current liabilities		(1,098)	(119)
Total assets less current liabilities		12,860	19,541
Interest bearing loans and borrowings	19	(960)	(39)
Embedded conversion option derivative	19	(339)	—
Other non-current payables	19	(623)	(882)
Non-current liabilities		(1,922)	(921)
Total liabilities		(5,218)	(5,381)
Net assets		10,938	18,620
Equity attributable to equity holders of the Company			
Share capital	22	34,923	34,923
Shares to be issued		—	281
Other reserves	23	5,472	5,687
Retained earnings	23	(29,457)	(22,271)
Equity		10,938	18,620

These financial statements were approved and authorised for issue on 8 December 2010.
Signed on behalf of the Board of Directors.

José-Luis Vázquez

Chief Executive Officer

The notes on pages 22 to 46 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2010

	Note	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Cash flows from operating activities			
Loss for the period		(7,467)	(2,255)
Adjustments for:			
Depreciation of property, plant and equipment		254	349
Impairment of property, plant and equipment		556	—
Amortisation of intangible assets		455	251
Impairment of goodwill		5,157	—
Share-based payment charges		95	165
Finance income		(172)	(117)
Finance expense		74	72
Operating cash flows before movements in working capital		(1,048)	(1,535)
Decrease in trade and other receivables		669	369
Decrease in trade and other payables		(1,693)	(3,782)
Cash used in operations		(2,072)	(4,948)
Interest and similar expenses paid		(74)	(72)
Net cash used in operating activities		(2,146)	(5,020)
Cash flows from investing activities			
Interest and similar income received		172	117
Purchases of property, plant and equipment		(56)	(435)
Purchases of other intangible assets		(720)	(720)
Net cash used in investing activities		(604)	(1,038)
Cash flows from financing activities			
Issue of convertible loans		1,220	—
Bank loans acquired		60	—
Repayment of loans		—	(300)
Repayment of capital element of finance leases		(57)	(212)
Net cash from/(used in) financing activities		1,223	(512)
Net decrease in cash and cash equivalents		(1,527)	(6,570)
Cash and cash equivalents at the beginning of the period	26	1,137	6,920
Exchange (losses)/gains on cash and cash equivalents		(43)	787
Cash and cash equivalents at the end of the period	26	(433)	1,137

Cash and cash equivalents comprise cash at bank less bank overdrafts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010

1. General information

mirada plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Bentima House, 168-172 Old Street, London, EC1V 9BP. The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 12.

The Directors have chosen to present these financial statements in the functional currency of the primary economic environment in which the Group operates, which is Pounds Sterling. All balances are shown in thousands unless otherwise stated. Foreign operations are included in accordance with the policies set out in note 2.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board as adopted by European Union ("IFRSs") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRSs.

During the year ended 31 March 2010 the Group recorded a loss before interest, taxation, depreciation, impairment of goodwill, amortisation, share-based payment charges and discontinued operations of £0.49 million and a loss after taxation of £7.47 million. At 31 March 2010 the Group had total net assets of £10.94 million and net current liabilities of £1.10 million, and during the year ended 31 March 2010 had an operating cash outflow before movements in working capital of £1.05 million.

In assessing the going concern of the Group, the directors have prepared forecast information for the period ending twelve months from their approval of these financial statements. As part of producing these forecasts the directors have considered the recent contract wins and the likely cash inflows to be derived from the Group's forecasted trading activities. Given the nature of the Group's activities, there is a degree of uncertainty surrounding the timing and amount of such cash inflows. The directors have also considered the impact of the cessation in July 2010 of the loss making studio business and the associated cost savings. On the basis of these forecasts and the underlying assumptions, the directors believe that the Group will have sufficient funding, through its overdraft facilities and loans, to continue in operational existence for at least twelve months from the date of approval of these financial statements. On

this basis, the directors consider that it is appropriate to prepare the financial statements on a going concern basis. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2010. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries or trade and assets, is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued or to be issued, by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost and is accounted for according to the policy below.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

- Office & computer equipment 33.3% per annum
- Short-leasehold improvements 10% per annum

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be

Depreciation (continued)

recoverable.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial period end.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, intangible fixed assets and liabilities of a subsidiary, or acquired sole trade business at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Group income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets with a finite useful life represent items which have been separately identified under IFRS 3 arising in business combinations, or meet the recognition criteria of IAS 38, "Intangible Assets". Intangible assets acquired as part of a business combination are initially recognised at their fair value and subsequently amortised on a straight line basis over their useful economic lives. Intangible assets that meet the recognition criteria of IAS 38, "Intangible Assets" are carried at cost less amortisation and any impairment losses. Intangible assets comprise of completed technology and acquired software.

Amortisation

Amortisation of intangible assets acquired in a business combination is calculated over the following periods on a

straight line basis:

Completed technology - over a useful life of 4 years
Amortisation of other intangible assets (computer software) is calculated using the straight-line method to allocate the cost of the asset over its estimated useful life, which equates to 25% to 50% per annum.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Any internally-generated intangible asset arising from the Group's development projects are recognised only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives of three to four years. If a development project has been abandoned then any unamortised balance is immediately written off to the income statement. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets 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).

Recoverable amount is the higher of fair value less costs

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

Impairment of tangible and intangible assets excluding goodwill (continued)

to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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. An impairment loss is recognised in the income statement as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 periods. 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.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables represent amounts due from customers in the normal course of business. All amounts are initially stated at their fair value and are subsequently carried at amortised costs, less provision for impairment which is calculated on an individual customer basis, where there is objective evidence.

Cash and cash equivalents

Cash and cash equivalents include cash at hand and deposits held at call with banks with original maturities of three months or less.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any

contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares, A deferred shares and deferred shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental external costs directly attributable to the issue of new shares (other than in connection with a business combination) are recorded in equity as a deduction, net of tax, to the share premium reserve.

Bank Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value less direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Convertible debt

The terms of the Group's convertible debt may result in conversion to a variable number of shares. The proceeds of the convertible debt are initially allocated into liability (debt) and derivative components at fair value. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost. The derivative component is also included within liabilities, but is measured at fair value at each reporting date, with changes in the fair value of the derivative component being recognised in the consolidated income statement.

Employee share incentive plans

The Group issues equity-settled share-based payments to certain employees (including directors). These payments are measured at fair value at the date of grant by use of the Black-Scholes pricing model. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect

Employee share incentive plans (continued)

of any non market-based vesting conditions.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A corresponding credit is recorded in equity in the share option reserve.

Leases

Leases taken by the Group are assessed individually as to whether they are finance leases or operating leases. 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.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rental payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The benefit of lease incentives is spread over the term of the lease.

Taxation

The tax expense represents the sum of the current tax and deferred tax charges.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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 the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the

accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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.

Revenue recognition

Interactive service revenues

Interactive service revenues relate to the revenues earned from all the operating units with the exception of B2C gaming revenues. Interactive service revenues are divided into 3 types, fixed-priced contracts, self-billing revenues and development contracts including the sale of licences.

Fixed-price contract revenues are recognised as these services are provided or in accordance with the contract. Revenue is recognised when the significant risks and rewards of products and services have been passed to the buyer and can be measured reliably.

In respect of self-billing revenues, the Group are informed by the customer of the amount of revenue to invoice and the revenues are recognised in the period these services are provided.

Where the revenue relates to the sale of a licence, the licence element of the sale is recognised as income when the following conditions have been satisfied:

- the software has been provided to the customer in a form that enables the customer to utilise it;
- the ongoing obligations of the Group to the customer are minimal; and
- the amount payable by the customer is determinable and there is a reasonable expectation of payment.

Net gaming revenues

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

Revenue recognition (continued)

Net gaming revenues (continued)

accounting periods in which the gaming transactions occurred. Net gaming revenue is defined as being the difference between bets placed by members less amounts won by members. All gaming revenue is generated in the United Kingdom.

Deferred revenue

Certain revenues earned by the Group are invoiced in advance. As outlined in the revenue recognition policy above, revenues are recognised in the period in which the Group provides the services to the customer, revenues relating to services which have yet to be provided to the customer are deferred.

Retirement benefit costs

The Group operates defined contribution pension schemes. The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the period.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign exchange

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the result and the financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

On translation of balances into the functional currency of the entity in which they are held, exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the income statement, any exchange component of that gain or loss is recognised in the income statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are transitioned at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of

transactions are used.

Exchange differences arising on translating the opening balance sheets and the current year income statements at the closing rate are classified as equity and transferred to the Group's foreign exchange reserve. Such translation differences are recognised as income or an expenses in the period in which the operations is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling denominated assets and liabilities.

3. Standards not yet effective to the Group

Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 April 2010 or later periods and which the Group has decided not to adopt early. These are:

- *Revised IFRS 3 Business Combinations* (effective for accounting periods beginning on or after 1 July 2009). This standard is endorsed by the EU. Management is currently assessing the impact of IFRS 3 on the accounts.
- *Amendments to IAS 27 Consolidated and Separate Financial Statements* (effective for accounting periods beginning on or after 1 July 2009). This standard is endorsed by the EU. Management is currently assessing the impact of IAS 27 on the accounts.
- *Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items* (effective for accounting periods beginning on or after 1 July 2009). This standard is endorsed by the EU. The IAS 39 is not applicable to the Group as it does not have any eligible hedged items.
- *Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)* (effective for accounting periods beginning on or after 30 June 2009). This standard is endorsed by the EU. Management is currently assessing the impact of the amendments to IFRIC 9 and IAS 39 on the accounts.
- *IFRIC 17 Distributions of Non-cash Assets to Owners* (effective for accounting periods beginning on or after 1 July 2009). This standard is endorsed by the EU. This IFRIC is not applicable to the Group as it has not made any distributions of non-cash assets to owners.
- *IFRIC 18 Transfer of Assets from Customers* (effective for accounting periods beginning on or after 1 July 2009). This standard is endorsed by the EU. This IFRIC is not applicable to the Group as it has not received any transfers of assets from customers.

3. Standards not yet effective to the Group (continued)

- *Improvements to IFRSs (2010)* (effective for accounting periods beginning generally on or after 1 January 2010). This standard is endorsed by the EU. Management is currently assessing the impact of improvements to IFRS's on the accounts
- *Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions* (effective for accounting periods beginning on or after 1 January 2010). This standard is endorsed by the EU. Management is currently assessing the impact of the amendments to IFRS 2 on the accounts.
- *Amendment to IAS 32 Classification of Rights Issues* (effective for accounting periods beginning on or after 1 February 2010). This standard is endorsed by the EU. Management is currently assessing the impact of the amendments to IAS 32 on the accounts.
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments* (effective for accounting periods beginning on or after 1 July 2010). This standard is endorsed by the EU. Management is currently assessing the impact of the amendments to IFRIC 19 on the accounts.
- *Revised IAS 24 Related Party Disclosures* (effective for accounting periods beginning on or after 1 January 2011). This standard is endorsed by the EU. Management is currently assessing the impact of the revised IAS 24 on the accounts.
- *Amendments to IFRIC 14 IAS 19 Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for accounting periods beginning on or after 1 January 2011). This standard is endorsed by the EU. This amendment is not applicable to the Group as it is not subject to minimum funding requirements.
- *IFRS 9 Financial Instruments* (effective for accounting periods beginning on or after 1 January 2013). This standard is not yet endorsed by the EU. Management is currently assessing the impact of IFRS 9 on the accounts.
- *IFRS 7 Financial Instruments: Disclosures* (effective for accounting periods beginning on or after 1 July 2011). This standard is not yet endorsed by the E.U. This IFRS is not applicable to the Group as it has not transferred any financial assets.

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual

results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Impairment of goodwill and intangibles

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit. This includes the directors' best estimate on the likelihood of current deals in negotiation not yet concluded. Actual events may vary materially from management expectation.

Useful economic life of intangibles

Intangible assets are amortised over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

Capitalised development costs

The amortisation period of capitalised development costs is determined by reference to the expected flow of revenues from the product based on historical experience. Furthermore, the Group reviews at the end of each financial year the capitalised development costs for each product for any loss of value compared to net book value at that time, based on expected future contribution less the total expected costs.

Share-based payment

The Group issues equity-settled share-based payments to certain employees (including directors). These payments are measured at fair value at the date of grant by use of the Black-Scholes pricing model. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of any non market-based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A corresponding credit is recorded in equity in the share option reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

5. Segmental reporting

Reportable segments

For management purposes the Group is currently organised into four operating divisions based upon the varying products and services provided by the Group – Gaming, Digital TV, Broadcast & Content and Mobile (which includes Interactive Marketing and Mirada Connect). The products and services provided by each of these divisions are described in the CEO Statement on page 4 to 8. The segment headed other relates to corporate overheads, assets and liabilities.

Segmental results for the year ended 31 March 2010 are as follows:

	Gaming £000	Digital TV £000	Broadcast & content £000	Mobile £000	Other £000	Group £000
Revenue	1,820	1,857	1,580	483	—	5,740
Gross profit	778	1,857	750	327	—	3,712
Net gaming income	102	—	—	—	—	102
Profit/(loss) before interest, tax, depreciation & share-based payment charges	497	381	441	(13)	(1,798)	(492)
Impairment of goodwill	(4,105)	—	(1,052)	—	—	(5,157)
Depreciation	—	(57)	—	—	(197)	(254)
Amortisation	—	(420)	—	—	(35)	(455)
Share based payment charges	—	—	—	—	(95)	(95)
Finance income	—	169	—	—	3	172
Finance expense	—	—	—	—	(74)	(74)
Discontinued operations	—	—	—	—	(1,112)	(1,112)
Segmental profit/(loss)	(3,608)	73	(611)	(13)	(3,308)	(7,467)

The segmental results for the year ended 31 March 2009 are as follows:

	Gaming £000	Digital TV £000	Broadcast & content £000	Mobile £000	Other £000	Group £000
Revenue	2,829	2,216	3,031	384	—	8,460
Gross profit	1,379	2,216	957	251	—	4,803
Net gaming income	462	—	—	—	—	462
Profit/(loss) before interest, tax, depreciation & share-based payment charges	1,189	889	(20)	(106)	(2,626)	(674)
Impairment of goodwill	—	—	—	—	—	—
Depreciation	—	(53)	—	—	(296)	(349)
Amortisation	—	(239)	—	—	(12)	(251)
Share based payment charge	—	—	—	—	(165)	(165)
Restructuring costs	—	—	—	—	(117)	(117)
Finance income	—	—	—	—	117	117
Finance expense	—	—	—	—	(825)	(825)
Discontinued operations	—	—	—	—	9	9
Segmental profit/(loss)	1,189	597	(20)	(106)	(3,915)	(2,255)

There is no significant inter-segment revenue included in the segments which is required to be eliminated.

The Group has two major customers (a major customer being one that generates revenues amounting to 10% or more of total revenue) that account for £1.43 million (2009: £2.30 million) and £0.93 million (2009: £1.61 million) of the total Group revenues respectively.

The segment assets and liabilities at 31 March 2010 are as follows:

	Gaming £000	Digital TV £000	Broadcast & content £000	Mobile £000	Other £000	Group £000
Additions to non-current assets	—	709	—	—	67	776
Total assets	2,793	6,266	4,670	1,638	789	16,156
Total liabilities	89	740	837	69	3,483	5,218

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment assets and liabilities at 31 March 2009 are as follows:

	Gaming £000	Digital TV £000	Broadcast & content £000	Mobile £000	Other £000	Group £000
Additions to non-current assets	—	687	—	—	541	1,228
Total assets	7,113	6,647	5,874	1,590	2,777	24,001
Total liabilities	577	1,273	929	20	2,582	5,381

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	Assets 31 March 2010 £000	Liabilities 31 March 2010 £000	Assets 31 March 2009 £000	Liabilities 31 March 2009 £000
Segment assets and liabilities	15,367	1,735	21,224	2,799
Other:				
• Intangible assets	94	—	99	—
• Property, plant & equipment	117	—	838	—
• Other financial assets & liabilities	578	3,483	1,840	2,582
Total other	789	3,483	2,777	2,582
Total Group assets and liabilities	16,156	5,218	24,001	5,381

Assets allocated to a segment consist primarily of operating assets such as property, plant and equipment, intangible assets, goodwill and receivables.

Liabilities allocated to a segment comprise primarily trade payables and other operating liabilities.

Geographical disclosures

	External revenue by location of customer		Non-current assets by location of assets	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
UK	3,423	6,244	8,563	14,442
Spain	1,187	1,984	5,395	5,218
Continental Europe	633	9	—	—
Middle East	77	223	—	—
Americas	420	—	—	—
	5,740	8,460	13,958	19,660

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

6. Operating loss

The operating loss is stated after charging/(crediting) the following:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Depreciation of owned assets	231	343
Depreciation of assets held under finance lease	23	6
Amortisation of intangible assets	455	251
Restructuring costs (note 7)	—	117
Impairment of goodwill	5,157	—
Share based payment charge	95	165
Operating lease charges	352	405
Research and development costs	217	228

Analysis of auditors' remuneration is as follows:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Fees payable to the Company's auditors for the audit of the Company's financial statements	15	20
Fees payable to the Company's auditors and its associates for other services:		
• The audit of the Company's subsidiaries pursuant to legislation	65	90
• Tax services	25	20
Total fees	105	130

Reconciliation of operating loss for continuing operations to loss before interest, taxation, depreciation, amortisation, restructuring and share-based payment charges:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Operating loss	(6,453)	(1,556)
Depreciation	254	349
Amortisation of deferred development costs	455	251
Impairment of goodwill	5,157	—
Restructuring costs	—	117
Share based payment charge	95	165
Loss before interest, taxation, depreciation, restructuring, and share-based payment charges	(492)	(674)

Adjusted loss before interest, taxation, depreciation, amortisation, restructuring and share-based payment charges has been presented to provide additional information to the reader.

7. Restructuring costs

The restructuring costs included within administrative expenses and recognised in arriving at operating loss, are detailed below:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Restructuring	—	117

The restructuring costs incurred during the year ended 31 March 2009 related to redundancy costs.

8. Staff costs and employee information

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Staff costs (including directors) comprise:		
Wages and salaries	3,290	3,826
Social security costs	538	646
Other pension costs	28	45
Staff costs	3,856	4,517

The Group operates a defined contribution pension scheme for certain employees. No directors are members of this scheme. The outstanding amount of pension contributions accruing at the year end was £5,000 (2009: £4,000).

The average number of persons, including executive directors, employed by the Group during the year was:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
By activity		
Office and management	10	13
Platform and development	57	61
Sales and marketing	14	18
	81	92

Directors and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed on page 12, the Chief Technical Officer, the Chief Financial Officer, the VP Sales and Business Development and the Head of Gaming.

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Salaries and fees	596	747
Defined contribution pension cost	—	13
Other benefits	4	11
Amounts paid to third parties in respect of directors' services	24	40
Compensation for loss of office	—	31
Share based payment expense (note 24)	95	165
	719	1,007

The directors' remuneration is disclosed in note ii of the Company accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

9. Discontinued operations

In July 2010 the Group discontinued its studios and playout activities. The comparatives for these activities are included within the consolidated income statement in the line item "(loss)/profit for the year from discontinued operations".

The post-tax result of discontinued operations was determined as follows:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Revenue	262	2,005
Gross profit	262	1,170
Administrative expenses	(1,374)	(1,161)
(Loss)/profit for financial year	(1,112)	9

10. Finance income

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Bank interest receivable	—	117
Other finance income	172	—
	172	117

11. Finance expense

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Interest and finance charges on bank loans and overdrafts	55	47
Convertible loan interest	6	—
Finance leases	3	2
Other interest payable	10	23
Net foreign exchange loss	—	753
	74	825

Finance charges include all fees directly incurred to facilitate borrowing. These include professional fees paid to accounting practices, bank arrangement fees and fees to secure required guarantees.

12. Taxation

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of tax of 28%. The differences are reconciled below:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Loss before taxation	(7,467)	(2,255)
Loss on ordinary activities multiplied by 28% (2009: 28%)	(2,091)	(631)
Effect of expenses not deductible for tax purposes	1,708	399
Effect of non-taxable income	—	(1)
Losses not recognised	383	368
Brought forward losses utilised	—	(135)
Current period tax	—	—

Deferred taxation

Deferred taxation provided in the financial statements is £nil (2009: £nil) and the amounts not recognised are as follows:

Group	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Depreciation in excess of capital allowances	1,887	1,676
Impact of change in tax rate	—	(509)
Losses	10,990	17,251
	12,877	18,418

Deferred tax asset

The deferred tax asset has not been recognised on the grounds that there is insufficient evidence at the balance sheet date that it will be recoverable. The asset would start to become potentially recoverable if, and to the extent that, the Group were to generate taxable income in the future.

13. Loss per share

	Year ended 31 March 2010 Total	Year ended 31 March 2009 Total
Loss for period	£7,467,000	£2,255,000
Weighted average number of shares	19,805,485	19,805,485
Basic & diluted loss per share	£0.38	£0.11
Loss for period from continuing operations	£6,355,000	£2,264,000
Weighted average number of shares	19,805,485	19,805,485
Basic & diluted loss per share	£0.32	£0.11

The Company has 315,167 (2009: 370,900) potentially dilutive ordinary shares, being share options issued to staff and share warrants. These have not been included in calculating the diluted earnings per share as the effect is anti-dilutive. The deferred shares are not included in the earnings per share or diluted earnings per share. These shares have no voting rights and are non-convertible and therefore do not form part of the ordinary share capital used for the loss per share calculation.

Basic and diluted loss per share from discontinued operations was £0.06 (2009: £nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

14. Intangible assets

	Deferred development costs £000	Completed Technology £000	Total Intangible assets £000	Goodwill £000
Cost				
At 1 April 2009	5,201	665	5,866	45,528
Additions	720	—	720	—
Foreign exchange	(29)	(32)	(61)	—
At 31 March 2010	5,892	633	6,525	45,528
Accumulated amortisation				
At 1 April 2009	4,592	178	4,770	27,954
Additions	297	158	455	5,157
Foreign exchange	(4)	(9)	(13)	—
At 31 March 2010	4,885	327	5,212	33,111
Net book value				
At 31 March 2010	1,007	306	1,313	12,417
At 31 March 2009	609	487	1,096	17,574

	Deferred development costs £000	Completed Technology £000	Total Intangible assets £000	Goodwill £000
Cost				
At 1 April 2008	4,481	567	5,048	45,528
Additions	720	—	720	—
Foreign exchange	—	98	98	—
At 31 March 2009	5,201	665	5,866	45,528
Accumulated amortisation				
At 1 April 2008	4,481	10	4,491	27,954
Additions	101	150	251	—
Foreign exchange	10	18	28	—
At 31 March 2009	4,592	178	4,770	27,954
Net book value				
At 31 March 2009	609	487	1,096	17,574
At 31 March 2008	—	557	557	17,574

14. Intangible assets (continued)

Following the adoption of IFRS 8, the Group has revised its operating segments. As such, the information in this note has been restated accordingly. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to each Cash Generating Unit ("CGU") as follows:

	31 March 2010 £000	31 March 2009 £000
Digital TV	4,068	4,068
Broadcast and Content	5,152	5,152
Gaming	6,821	6,821
Interactive Marketing	977	977
Connect	556	556
	17,574	17,574

The Digital TV and Broadcast and Content units make up the Group's Media business segment. The Interactive Marketing and Connect units make up the Group's Mobile business segment.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following years based on an estimated growth rate of 5%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast pre-tax cash flows for all CGUs is 16% (2009: 20%)

Following the impairment review of the carrying value of goodwill, the following impairments were considered appropriate:

	Digital TV £000	Broadcast & Content £000	Gaming £000	Interactive Marketing £000	Connect £000	Total £000
Carrying value at 1 April 09	4,068	5,152	6,821	977	556	17,574
Impairment	—	(1,052)	(4,105)	—	—	(5,157)
Carrying value at 31 March 10	4,068	4,100	2,716	977	556	12,417

The impairment loss of £1,052,000 for the Broadcast and Content unit relates to the Group's decision to cease its studios and playout operations.

The impairment loss of £4,105,000 for the Gaming unit is mainly due to the Group's decision to stop its B2C operations and the high level of competition in the B2B market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

15. Property, plant and equipment

	Office & computer equipment £000	Short-leasehold improvements £000	Total £000
Cost			
At 1 April 2009	4,361	1,023	5,384
Additions	52	4	56
Disposals	—	(38)	(38)
Foreign exchange	(10)	—	(10)
At 31 March 2010	4,403	989	5,392
Depreciation			
At 1 April 2009	4,042	352	4,394
Provided during the year	144	110	254
Impairment	—	556	556
Foreign exchange	(3)	(37)	(40)
At 31 March 2010	4,183	981	5,164
Net book value			
At 31 March 2010	220	8	228
At 31 March 2009	319	671	990

Included in the net book value of property, plant and equipment are amounts of £38,000 (2009: £61,000) held under finance lease and hire purchase contracts. Depreciation of £23,000 (2009: £6,000) has been charged on these assets.

	Office & computer equipment £000	Short-leasehold improvements £000	Total £000
Cost			
At 1 April 2008	4,094	780	4,874
Additions	265	243	508
Disposals	(4)	—	(4)
Foreign exchange	6	—	6
At 31 March 2009	4,361	1,023	5,384
Depreciation			
At 1 April 2008	3,797	255	4,052
Provided during the year	252	97	349
Foreign exchange	(7)	—	(7)
At 31 March 2009	4,042	352	4,394
Net book value			
At 31 March 2010	319	671	990
At 31 March 2008	297	525	822

16. Trade & other receivables

	31 March 2010 £000	31 March 2009 £000
Trade receivables	1,501	2,174
Allowance for bad debts	(214)	(275)
	1,287	1,899
Other receivables	393	361
Prepayments and accrued income	415	573
	2,095	2,833

Trade receivables

Trade receivables net of allowances are held in the following currencies:

	31 March 2010 £000	31 March 2009 £000
Sterling	638	609
Euro	649	1,290
Total	1,287	1,899

The fair values of trade and other receivables are the same as book values as credit risk has been addressed as part of impairment provisioning and, due to the short term nature of the amounts receivable, they are not subject to other ongoing fluctuations in market rates.

Before accepting any new customer, the Group uses a credit approval process to assess the potential customer's credit quality and defines credit limits by customer.

Included in the Group's trade receivable balance are debtors with a carrying amount of £92,000 (2009: £242,000) which are past due at the reporting date. The Group does not hold any collateral over these balances. The average age of these receivables is 81 days (2009: 92 days).

Ageing of past due but not impaired trade receivables:

	31 March 2010 £000	31 March 2009 £000
30-60 days	51	80
60-90 days	18	70
90+ days	23	92
Total	92	242

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

16. Trade & other receivables (continued)

Movement in allowance for doubtful debts:

	31 March 2010 £000	31 March 2009 £000
Balance at beginning of period	275	237
Utilised in period	(46)	—
(Credit)/charge for period	(15)	38
Balance at the end of the period	214	275

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Ageing of impaired receivables:

	31 March 2010 £000	31 March 2009 £000
30-60 days	—	—
60-90 days	—	1
90-120 days	2	3
+120 days	212	271
Total	214	275

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above.

17. Trade and other payables - current

	31 March 2010 £000	31 March 2009 £000
Trade payables	1,369	1,690
Other payables	264	656
Other taxation and social security taxes	411	495
Accruals	369	738
Deferred income	324	453
Finance lease creditor	23	57
	2,760	4,089

The fair values of trade and other payables are the same as book values as due to the short term nature of the amounts payable, they are not subject to other ongoing fluctuations in market rates.

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

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 112 days (2009: 83 days).

Maturity analysis of the financial liabilities is as follows:

	31 March 2010 £000	31 March 2009 £000
Up to 3 months	2,341	3,631
3 to 6 months	152	162
6 to 12 months	267	296
Total	2,760	4,089

18. Loans and borrowings

	31 March 2010 £000	31 March 2009 £000
Bank overdrafts	536	371
The borrowings are repayable as follows:		
On demand or within one year	536	371

The above bank overdrafts are denominated in Euros and are unsecured.

	31 March 2010 %	31 March 2009 %
The weighted average interest rates paid were as follows:		
Bank overdrafts	5.7	3.7
The directors estimate the fair value of the Group's borrowings as follows:		
Bank overdrafts	536	371

Interest-bearing bank loans and overdrafts are initially recorded at fair value less direct issue costs.

At 31 March 2010 the Group had undrawn committed borrowing facilities of £94,000 (2009: £70,000).

19. Non-current liabilities

	31 March 2010 £000	31 March 2009 £000
Interest bearing loans and borrowings:		
Convertible loan	883	—
Bank loan	60	—
Finance lease creditor	17	39
	960	39
Embedded conversion option derivative	339	—
Other non-current payables:		
Other taxation and social security taxes	283	299
Other payables	340	583
	623	882
Total non-current payables	1,922	921

Further information on the convertible loan and embedded conversion option derivative is given in note 21.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

19. Non-current liabilities (continued)

Borrowings are repayable as follows:

	31 March 2010 £000	31 March 2009 £000
Bank overdrafts		
On demand or within one year	536	371
Between one and two years	60	—
	596	371
Convertible loans (including embedded conversion option derivative)		
Between two and five years	1,222	—
	1,222	—
Finance leases		
On demand or within one year	23	57
Between one and two years	17	39
	40	96
Total borrowings including finance leases		
On demand or within one year	559	428
Between one and two years	77	39
Between two and five years	1,222	—
	1,858	467

20. Retirement benefit schemes

The Group operates defined contribution pension schemes. The pension charge for the period represents contributions payable to the Group to the schemes and amounted to £28,000 (2009: £45,000).

At 31 March 2010, contributions amounting to £5,000 (2009: £4,000) were payable and included in other liabilities.

21. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18 and 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 23.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. Further details on critical accounting judgements and estimation uncertainty are detailed in note 4.

Categories of financial instruments

	Carrying value	
	31 March 2010 £000	31 March 2009 £000
Financial assets		
Loans and receivables:		
• Trade and other receivables	2,095	2,833
• Cash and cash equivalents	103	1,508
	2,198	4,341
Financial liabilities		
Financial liabilities at amortised cost:		
• Trade and other payables	2,760	4,089
• Borrowings due within one year	536	371
• Borrowings due after one year	960	39
• Other payables due after one year	623	882
	4,879	5,381
Financial liabilities at fair value through profit or loss:		
• Embedded conversion option derivative	339	—
	5,218	5,381

Convertible loan

On 21 March 2010 the Company entered into a convertible loan agreement for £1,500,000, of which £1,220,000 has been drawn down. A summary of the terms of the convertible loan is as follows:

- The convertible loan is repayable on 18 March 2015;
- Annual interest rate of 10 per cent;
- Convertible into ordinary shares in the Company from the third anniversary of the date of issue at a conversion price of the lower of £1.10 or a 20% discount to the mid-market share price at the time of conversion;
- The Company is able under certain circumstances to repay the convertible loan at par on the third anniversary;
- If the mid-market price is below £1.10 the Company has the option to cancel the lenders' conversion rights by repaying the convertible loan plus a 20% premium; and
- Under the terms of the convertible loan the Company has given a fixed and floating charge over the assets of the Group.

The £1,220,000 proceeds of the convertible loan have been allocated into liability (debt) and derivative components at fair value. The debt component is accounted for as a financial liability measured at amortised cost. The derivative component is also included within liabilities, but is measured at fair value at each reporting date, with changes in the fair value of the derivative component being recognised in the consolidated income statement.

At the date of issue the debt component of the convertible loan was valued at £881,000, management calculated this value by reference to the net present value of the cash flows arising from the convertible loan. These cash flows were discounted at a rate of 20%. The derivative component of the convertible debt of £339,000 was calculated by deducting the debt component of £881,000 from the proceeds of £1,220,000. Due to the negligible time period between the issue of the convertible loan and the year end no change in the fair value of the derivative component is deemed to have taken place so no gains or losses have been recognised in the consolidated income statement.

Financial risk management objectives

The Group monitors and manages the risks relating to the financial instruments held. The principal risks include currency risk (on financial assets and trade payables), credit risk (on financial assets) and interest rate risk (on financial assets and borrowings). These risks are discussed in further detail below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

21. Financial instruments (continued)

By virtue of the nature of the Group's operations, it is generally not exposed to price risk and it is also not exposed greatly to liquidity risk. It is not Group policy to trade in financial instruments.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not use forward foreign exchange contracts to hedge exchange rate risk.

Foreign currency risk management

The Group has undertaken certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. During the year ended 31 March 2010 the Group has not utilised forward exchange contracts to manage exchange rate exposures.

The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Euro denominated assets and liabilities	(1,275)	(1,644)	6,364	7,102

Included in the amount of the Group's foreign currency denominated assets of £6,364,000 is £5,483,000 that relates to an intercompany loan.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against the Euro. The sensitivity analysis includes only outstanding Euro denominated monetary items and adjusts their translation at the period end for a 10% change in the Euro/Sterling rate. A positive number below indicates an increase in profit and other equity where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. The sensitivities below are based on the exchange rates at the balance sheet used to convert the asset or liability to sterling.

	Profit and loss impact	
	2010 £000	2009 £000
Euro	565	545

Interest rate risk management

At 31 March 2010 the Group was exposed to interest rate risk as the Group had bank overdrafts linked to Euribor, and earned interest on cash deposited at banks on a variable rate of interest.

Neither interest rate swaps contracts nor forward interest rate contracts are used to hedge any risks arising. If interest rates changed by 1% (100 basis points) the profit and loss impact would not be material to the Group's results.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group faces exposure to credit risk on its trade receivables and cash equivalents.

The risk of financial loss arising from defaults on trade receivables is mitigated by the Group using a credit approval process to assess the potential customers' credit quality and also establishes credit limits by customer. The limits and credit scores attributed to customers is reviewed bi-annually however, the sales ledger is reviewed at least monthly to ensure all receivables are recoverable.

Please refer to note 16 for further details on trade receivables, including analyses of bad debts, ageing and profile by currency.

21. Financial instruments (continued)

The Group believes the credit risk on liquid funds, being cash and cash equivalents, to be limited because the counterparties are banks with high-credit ratings assigned by international credit-rating agencies. However, the concentration of credit risk by counterparty does exceed 10% of the overall cash and cash equivalents balance (being £10,000 at 31 March 2010 and £151,000 at 31 March 2009) in some cases. Given the recent "credit crunch" the table below shows the balance of counterparties at the balance sheet date in excess of 10% of the overall balance, together with the Standard and Poor's credit rating symbols.

Counterparty	Location	Rating	31 March 2010		31 March 2009	
			% of overall cash & cash equivalents	Carrying amount £000	% of overall cash & cash equivalents	Carrying amount £000
Barclays Bank plc	UK	AA-	89.3%	92	14.0%	211
Caja Castilla La Mancha	Spain	AA-	—	—	59.2%	893
La Caixa	Spain	AA-	—	—	26.5%	400

Liquidity risk management

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As part of this monitoring the Group ensures that the financial liabilities due to be paid can be met by existing cash and cash equivalents, forecasted receipts from customers and borrowing facilities.

Tables showing the maturity profile of the Group's financial liabilities are included in notes 17 and 19.

22. Share capital

A breakdown of the authorised and issued share capital in place as at 31 March 2010 is as follows:

	31 March 2010 Number	31 March 2010 £000	31 March 2009 Number	31 March 2009 Number
Authorised				
Ordinary shares of £1 each	25,789,822	25,790	25,789,822	25,790
A Deferred shares of 0.1p each	8,210,178,477	8,210	8,210,178,477	8,210
Deferred shares of 1p each	900,000,000	9,000	900,000,000	9,000
	9,135,968,299	43,000	9,135,968,299	43,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	19,805,485	19,805	19,805,485	19,805
A Deferred shares of 0.1p each	8,210,178,477	8,210	8,210,178,477	8,210
Deferred shares of 1p each	690,822,639	6,908	690,822,639	6,908
	8,920,806,601	34,923	8,920,806,601	34,923

23. Reserves

	Share option reserve £000	Foreign exchange reserve £000	Merger reserve £000	Total other reserves £000	Profit and loss account £000
At 1 April 2009	2,014	1,201	2,472	5,687	(22,271)
Loss for the financial period	—	—	—	—	(7,467)
Share based payment	95	—	—	95	—
Write back of shares to be issued	—	—	—	—	281
Movement in foreign exchange reserve	—	(310)	—	(310)	—
At 31 March 2010	2,109	891	2,472	5,472	(29,457)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

23. Reserves (continued)

	Capital redemption reserve £000	Share option reserve £000	Foreign exchange reserve £000	Merger reserve £000	Total other reserves £000	Share premium account £000	Profit and loss account £000
At 1 April 2008	455	1,849	260	2,472	5,036	79,731	(100,202)
Loss for the financial period	—	—	—	—	—	—	(2,255)
Share based payment	—	165	—	—	165	—	—
Movement in foreign exchange reserve	—	—	941	—	941	—	—
Cancellation of share premium account against profit and loss account	—	—	—	—	—	(79,731)	79,731
Cancellation of capital redemption reserve against profit and loss account	(455)	—	—	—	(455)	—	455
At 31 March 2009	—	2,014	1,201	2,472	5,687	—	(22,271)

On 23 April 2008, as confirmed by an Order of the High Courts of Justice, mirada plc cancelled its share premium account and its capital redemption reserves against its profit and loss account.

Share capital

The amount subscribed for the share capital at nominal value.

Share premium

The amount subscribed for share capital in excess of nominal value.

Share option reserve

The fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of any non market-based vesting conditions. The corresponding credit is recorded in equity in the share option reserve.

Foreign exchange reserve

This reserve relates to exchange differences arising on the translation of the balance sheet of Fresh at the closing rate and the translation of the income statement of Fresh at the average rate.

Merger reserve

Under the provisions of s612 of the Companies Act 2006, the premium that arose on the shares issued as consideration in the acquisition of Fresh Interactive Technologies S.A. has been taken to the merger reserve.

24. Share based payments

Equity settled share option scheme

In prior periods the Company has granted share options to employees and directors through approved and unapproved share option schemes. The exercise of options for all options granted during the 15 months ended 31 March 2008 is subject to a performance criterion being satisfied. The exercise of options granted prior to 1 January 2007 is not subject to any performance criterion. If the options remain unexercised after a period of ten years from the date of grant the options expire. The options are forfeited if the employee leaves before the options vest.

IFRS2 - Share based payment

In accordance with IFRS 2 the Group has elected not to apply IFRS 2 to options granted on or before 7 November 2002 or to options which had vested by 1 January 2006.

24. Share based payments (continued)

Details of the share options outstanding during the period for options issued since 7 November 2002 are as follows:

	Year ended 31 March 2010			Year ended 31 March 2009		
	No. of share warrants	No. of share options	Weighted average exercise price (£)	No. of share warrants	No. of share options	Weighted average exercise price (£)
Outstanding at the beginning of period	54,666	316,234	8.02	54,666	334,892	11.54
Granted during period	—	—	—	—	—	—
Expired during period	(54,666)	(1,067)	22.44	—	(18,658)	81.42
Exercised during period	—	—	—	—	—	—
Outstanding at the end of the period	—	315,167	5.03	54,666	316,234	8.02
Exercisable at the end of the period	—	15,167	82.84	54,666	16,234	37.33

The options outstanding at 31 March 2010 and at 31 March 2009 had a range of exercise prices from £1.096 to £487.50.

The options outstanding at 31 March 2010 had a weighted average remaining contractual life of 7.8 years (2009: 8.6 years).

For the year ended 31 March 2010, the Group has recognised a total expense of £95,000 (2009: £165,000) related to equity-settled share-based payment transactions.

The estimated fair values for determining this charge were calculated using the Black-Scholes option pricing model. This produces a fair value for each grant of options made and the fair value is then charged over the vesting period, which is three years. For this reason the charge for the year ended 31 March 2010 is determined by any grants made, in our case, since 22 December 2004. The inputs into the model at each grant date since then were as follows:

Date of grant	22 Dec 04	22 Dec 04	28 Aug 06	22 Dec 06	25 Feb 08
Share price at date of grant (in £s)	0.17	0.17	0.0138	0.0185	1.0962
Exercise price (in £s)	0.01	0.15	0.025	0.0185	1.0962
Fair value at date of grant (in £s)	0.16	0.11	0.016	0.0030	0.928
Expected volatility	70%	70%	70%	80%	121%
Expected life (years)	5	5	2	5	5
Risk-free rate	4.53%	4.53%	4.53%	5.20%	5.20%
Expected dividend yield	—	—	—	—	—

Assumptions in calculating fair value

The expected volatility was determined by calculating the historical volatility of the Company's share price over the five years preceding the grant of the option. Five years was selected as this is the expected term of the options.

The risk free rate is the rate of interest obtainable from government securities (i.e. Gilts in the UK) over the expected life of the option.

The expected dividend yield is based on the historic dividend yield – i.e. dividends paid in the twelve months prior to grant calculated as a percentage of the share price on the date of grant.

The exercise of the share options granted during the period ended 31 March 2008 are subject to performance criteria being met, this is for a fixed 3 year period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

25. Operating lease arrangements

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2010 £000	31 March 2009 £000
Within one year	284	289
In second to fifth years inclusive	704	851
After five years	—	68
	988	1,208

Operating lease payments represent rentals payable by the Group for its office properties. Leases of buildings are subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

26. Notes supporting cash flow statement

Cash and cash equivalents comprise:

	31 March 2010 £000	31 March 2009 £000
Cash available on demand	103	1,508
Overdrafts	(536)	(371)
	(433)	1,137
Net cash decrease in cash and cash equivalents	(1,570)	(5,783)
Cash and cash equivalents at beginning of year	1,137	6,920
Cash and cash equivalents at end of year	(433)	1,137

There were no significant non-cash transactions in the year.

Cash and cash equivalents

Cash and cash equivalents are held in the following currencies:

	31 March 2010 £000	31 March 2009 £000
Sterling	94	1,103
Euro	9	405
Total	103	1,508

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

27. Related parties

In March 2010 Naropa Cartera S.L.U., which owns 19.3% of the issued share capital, and Baring Iberia II Inversión en Capital F.C.R., which owns 17.7% of the issued share capital, subscribed for convertible loans totalling £480,000 and £215,000 respectively. Interest is charged on these convertible loans at 10% per annum.

28. Events after the balance sheet date

On 16 August 2010 two of the group's subsidiaries were placed into voluntary liquidation, Digital Interactive Studio Centre Limited and The Gaming Channel Limited.

Post the year end the Group obtained additional bank financing totalling €0.85 million (£0.73 million), of these facilities €0.1 million (£0.09 million) is due to be repaid within one year. The interest rate payable on all of these facilities is under 6% per annum. Additionally, post year end, the Group has secured a development loan for €0.5 million (£0.43 million). This loan is repayable in six equal half yearly instalments from 30 June 2014 to 31 December 2016 and has an initial annual interest charge of Euribor plus 0.75%.

COMPANY BALANCE SHEET

As at 31 March 2010

	Notes	31 March 2010 £000	31 March 2009 £000
Intangible fixed assets	iv	12	—
Tangible fixed assets	v	92	118
Investments	vi	10,724	20,287
Fixed assets		10,828	20,405
Debtors	vii	735	425
Cash at bank and in hand		76	10
Current assets		811	435
Total assets		11,639	20,840
Creditors – amounts due within one year	viii	(6,837)	(5,715)
Net current liabilities		(6,026)	(5,280)
Total assets less current liabilities		4,802	15,125
Interest bearing loans and borrowings	ix	(1,239)	(39)
Other liabilities	ix	(340)	(300)
Creditors – amounts due in more than one year		(1,579)	(339)
Total liabilities		(8,416)	(6,054)
Net assets		3,223	14,786
Capital and reserves			
Issued capital	22	34,923	34,923
Shares to be issued		—	281
Other reserves	xi	2,109	2,014
Profit and loss account	xi	(33,809)	(22,432)
Shareholders' funds	xii	3,223	14,786

These financial statements were approved and authorised for issue on 8 December 2010.

Signed on behalf of the Board of Directors

José-Luis Vázquez

Chief Executive Officer

NOTES TO COMPANY FINANCIAL STATEMENTS

Year ended 31 March 2010

i. Accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principle accounting policies are summarised below.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost of fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are:

Office & computer equipment -	33.3%
Short-leasehold improvements -	10%

Deferred taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences on retranslation of assets and liabilities are taken to the profit and loss account in the year in which they arise.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial instruments

The Company's financial instruments comprise cash and liquid resources together with debtors and creditors that arise directly from its operations.

The company does not enter into derivative or hedging transactions. It has been, throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken. The company places the majority of its cash on interest-bearing, short-term and instant-access deposit. Funds are transferred to and from deposit on a daily basis. The company's objective is to minimise the risk of loss to the company by limiting the company's credit exposure to quality institutions maintaining a very high credit rating. The main risk arising from the company's financial instruments is interest rate risk.

i. Accounting policies (continued)

Financial instruments (continued)

The company's policy in relation to interest rate risk is to monitor short and medium-term interest rates and to place cash on deposit for periods that optimise the amount of interest earned, while maintaining access to sufficient funds to meet day-to-day cash requirements.

Movements in the exchange rates can affect the company's balance sheet. The magnitude of this risk is not presently significant to the company and therefore no specific measures are currently undertaken to manage this risk.

ii. Staff costs and employee information

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Wages and salaries	401	721
Social security costs	49	91
Other pension costs	—	11
Staff costs	450	823

The Group operates a defined contribution pension scheme for certain employees. No directors of the Company are members of this scheme. The outstanding amount of pension contributions accruing at the year end was £Nil (2009: £4,000).

The average number of persons, including executive directors, employed by the company during the year was:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
By activity		
Office and management	7	10
Sales and marketing	4	3
	11	13

Directors' remuneration

The emoluments received by the directors who served during the year were as follows:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Executive directors:		
Salaries & fees	140	215
Sums paid to third parties for directors' services	24	47
Compensation for loss of office	—	31
Pensions and benefits	4	7
Non-executive directors:		
Aggregate emoluments	27	60
	195	360

NOTES TO COMPANY FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

ii. Staff costs and employee information (continued)

Emoluments payable to the highest paid director are as follows:

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Aggregate emoluments	140	200

There were no Company contributions to the pension scheme or benefits on behalf of the highest paid director.

iii. Loss attributable to members of the parent company

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a loss after tax for the financial year ended 31 March 2010 of £11.66 million (2009: £5.71 million).

iv. Intangible fixed assets

	Deferred development costs £000
Cost	
At 1 April 2009	—
Additions	16
At 31 March 2010	16
Depreciation	
At 1 April 2009	—
Provided during the year	4
At 31 March 2010	4
Net book value	
At 31 March 2010	12
At 31 March 2009	—

v. Tangible fixed assets

	Office & computer equipment £000	Short-leasehold improvements £000	Total £000
Cost			
At 1 April 2009	1,712	38	1,750
Additions	27	—	27
Disposals	—	(38)	(38)
At 31 March 2010	1,739	—	1,739
Depreciation			
At 1 April 2009	1,594	38	1,632
Provided during the year	53	—	53
Disposals	—	(38)	(38)
At 31 March 2010	1,647	—	1,647
Net book value			
At 31 March 2010	92	—	92
At 31 March 2009	118	—	118

vi. Investments

	£000
Cost	
At 1 April 2009 and at 31 March 2010	44,824
Amounts provided	
At 1 April 2009	24,537
Provided during the year	9,563
At 31 March 2010	34,100
Net book value	
At 31 March 2010	10,724
At 31 March 2009	20,287

The amounts provided in the year is made up of £5,251,000 in relation to 100% of the Company's investment in The Gaming Channel Ltd which was placed in voluntary liquidation post the year end and £4,312,000 in relation to the Company's investment in Digital Interactive Television Group Ltd.

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Country of incorporation	Nature of business
MieTV Limited	Ordinary shares	100%	UK	Interactive TV services
Fancy a Flutter Limited	Ordinary shares	100%	UK	Interactive TV services
Whoosh Group Limited	Ordinary shares	100%	UK	Mobile telephone technology provider
Digital Interactive Television Group Limited	Ordinary shares	100%	UK	Interactive TV services
Digital Interactive Studio Centre Limited*	Ordinary shares	100%	UK	Interactive TV services
Digital Television Production Company Limited	Ordinary shares	100%	UK	Interactive TV services
Digital Impact (UK) Limited	Ordinary shares	100%	UK	Interactive TV services
Go Interactive TV Limited	Ordinary shares	100%	UK	Interactive TV services
Interactive Television Infrastructure Limited	Ordinary shares	100%	UK	Interactive TV services
The Gaming Channel Limited*	Ordinary shares	100%	UK	Gaming
The Gaming Channel Bookmakers Limited	Ordinary shares	100%	UK	Gaming
Fresh Interactive Technologies S.A.	Ordinary shares	100%	Spain	Interactive TV services

* Placed into voluntary liquidation post the year end.

vii. Debtors

	31 March 2010 £000	31 March 2009 £000
Trade debtors	313	100
Amounts owed by subsidiary undertakings	259	94
Accrued income	30	2
Other debtors	22	10
Prepayments	111	219
	735	425

NOTES TO COMPANY FINANCIAL STATEMENTS

Year ended 31 March 2010 - continued

viii. Creditors - amounts falling due within one year

	31 March 2010 £000	31 March 2009 £000
Trade debtors	515	820
Amounts owed by subsidiary undertakings	5,995	4,329
Accruals and deferred income	272	348
Other taxation and social security	24	171
Other creditors	8	24
Obligations under finance leases and hire purchase contracts	23	23
	6,837	5,715

ix. Creditors - amounts falling due in more than one year

	31 March 2010 £000	31 March 2009 £000
Convertible loans	1,222	—
Obligations under finance leases and hire purchase contracts	17	39
Other creditors	340	300
	1,579	339

Borrowings are repayable as follows:

	31 March 2010 £000	31 March 2009 £000
Other creditors		
Between one and two years	340	300
	340	300
Convertible loans		
Between two and five years	1,222	—
	1,222	—
Finance leases		
On demand or within one year	23	23
Between one and two years	17	39
	40	62
Total borrowings including finance leases		
On demand or within one year	23	23
Between one and two years	357	339
Between two and five years	1,222	—
	1,602	362

x. Deferred taxation

Deferred taxation provided in the financial statements is £nil (2009: £nil) and the amounts not recognised are as follows:

	31 March 2010 £000	31 March 2009 £000
Accelerated capital allowances	326	311
Losses	6,311	6,079
	6,637	6,390

Deferred tax asset

The deferred tax asset has not been recognised on the grounds that there is insufficient evidence at the balance sheet date that it will be recoverable. The asset would start to become potentially recoverable if, and to the extent that, the Group were to generate taxable income in the future.

xi. Reserves

	Share option reserve £000	Profit and loss account £000
At 1 April 2009	2,014	(22,432)
Loss for the financial period	—	(11,658)
Write back of shares to be issued	—	281
Share based payment	95	—
At 31 March 2010	2,109	(33,809)

xii. Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Loss for the period	(11,658)	(5,712)
Additions to capital reserves re share option charge	95	165
Net reduction in shareholders' funds	(11,563)	(5,547)
Opening shareholders' funds	14,786	20,333
Closing shareholders' funds	3,223	14,786

xiii. Post balance sheet events

On 16 August 2010 two of the group's subsidiaries were placed into voluntary liquidation, Digital Interactive Studio Centre Limited and The Gaming Channel Limited.

Post the year end the Group obtained additional bank financing totalling €0.85 million (£0.73 million), of these facilities €0.1 million (£0.09 million) is due to be repaid within one year. The interest rate payable on all of these facilities is under 6% per annum. Additionally, post year end, the Group has secured a development loan for €0.5 million (£0.43 million). This loan is repayable in six equal half yearly instalments from 30 June 2014 to 31 December 2016 and has an initial annual interest charge of Euribor plus 0.75%.

ADVISERS

Company Secretary

Graham Duncan

Nominated Adviser and Broker

Seymour Pierce Limited

20 Old Bailey
London
EC4 M 7EN

Rivington Street Corporate Finance (Joint Broker)

3 London Wall Buildings
London
EC2M 5SY

Bankers

Barclays Bank plc

1 Churchill Place
London
E14 5HP

Lawyers

Finers Stephens Innocent

179 Great Portland Street
London
W1W 5LS

Auditors

BDO LLP

55 Baker Street
London
W1U 7EU

Company Registrars

Capita IRG plc

Bourne House
34 Beckenham Road
Kent
BR3 4TU

Registered Office

Bentima House
168-172 Old Street
London
EC1V 9BP

Notes



mirada

www.mirada.tv