Company Registration No. 3609752

Mirada plc

Report and Financial Statements

31 March 2008

Mirada plc

Report and financial statements
For the 15 months ended 31 March 2008

Mirada plc

Officers and professional advisers

Directors

Dr Michael Sinclair (MBBS)	Chairman
Mr José-Luis Vázquez	Chief Executive Officer
Mr Richard Blake (FCA)	
Mr Rafael Martín Sanz	

Company Secretary

Graham Duncan

Nominated Advisers and Broker

Seymour Pierce Limited
20 Old Bailey
London
EC4M 7EN

Joint Broker

Old Park Lane Capital plc
55 Park Lane
London
W1K 1NA

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Auditors

BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EU

Lawyers

Finers Stephens Innocent
179 Great Portland Street
London
W1W 5LS

Company Registrars

Capita IRG plc
Bourne House
34 Beckenham Road
Kent
BR3 4TU

Registered Office

6 & 7 Princes Court
Wapping Lane
London
E1W 2DA

Mirada plc

Chairman's Statement

The 15 month period under review was dominated by negotiations leading to the restructuring of the Group The conclusion was an important strategic acquisition of Fresh Interactive Technologies S A ("Fresh") and a fund raising of £12 8 million to strengthen the Group's balance sheet, to provide working capital, to invest in new products and services as well as assist in financing the proposed international expansion

As part of the negotiation process, the Board prepared a detailed plan to restructure and improve the method of trading This plan included cost savings, the improvement of the Group's sales structure, focusing activities on business-to-business ("B2B") instead of business-to–consumer ("B2C") transactions, implementing a successful transition to a product based strategy, and expansion into the international market place The plan has in the main since been implemented and the Directors foresee the resulting benefits flowing through to the income statement during the year ending 31 March 2009

As part of the restructuring and following on from the valuation of the Group arising from the refinancing, a review was made of the carrying values of the goodwill held on the balance sheet The result of the review was to impair the goodwill by £12 million

Financial Overview

For the 15 months ended 31 March 2008 the continuing operations of the Group showed a loss before interest, tax, depreciation, amortisation, restructuring and share-based payment charges of £4 46 million compared to a £0 54 million loss in the year ended 31 December 2006 A significant part of this movement relates to the fact that in 2006 there was a one-off credit to cost of sales of £1 7 million in relation to a negotiated reduction in contractual liabilities relating to bandwidth and transmission costs

In addition, two major factors contributed to this deterioration Firstly, the management focus on the refinancing and restructuring of the Group, and secondly the significant uncertainty which existed in our commercial sector concerning the Group's financial viability Consequently, it is only since the completion of the acquisition of Fresh, the refinancing and the subsequent restructuring of the management team, that significant commercial opportunities that were in negotiation during the period under review were in fact consummated

Loss before interest, tax, depreciation, amortisation, restructuring and share-based payment charges is a performance measure used internally by management to manage the operations of the Group and removes the impact of one off and non-cash items (see note 6 of the financial statements for a reconciliation of this measure to statutory captions)

After deducting depreciation, amortisation, restructuring and share based payment charges, the retained loss for the period equalled £20 56 million (2006 £26 63 million) Future results will no longer include such large one-off and non-cash expenses, because the Directors consider that no further impairment of goodwill will be necessary, the Group has repaid all loans which incurred high financing fees and that as at 31 March 2008 the Group had substantially completed its restructuring

As outlined in the CEO's statement, the Group has structured itself into four business units Gaming, Media, Touch and Connect As this change only occurred after the February 2008 refinancing, the following reviews will cover the divisions reviewed in previous annual reports

Games & Gambling

The net profit for this division equalled £1 66 million compared to £2 01 million in 2006 The major reason for this decrease was the fall in the net income recorded by the fixed odds gaming business from £2 46 million in 2006 to £1 30 million This decrease was largely offset by the improvement in the profit recorded in the Group's B2B gaming business which was a result of the Group's change in focus from its own brand to concentrating on becoming a supplier to other brand owners Management expect this improvement in the Group's B2B gaming business to continue in the coming years

Mirada plc

Chairman's Statement

Interactive Services

Gross profit has reduced to £3 1 million in the 15 months ended 31 March 2008 from £4 7 million in 2006 Taking into account the impact of the £1 7 million reduction in contracted liabilities, the underlying trading has remained constant

Dating

In December 2007 the Group disposed of its 100% shareholding in Yoomedia Dating Group Ltd for a cash consideration of £250,000 In September 2007 the Group placed Finlaw 532 Ltd (which traded under the name Avenues) into receivership These two transactions have given rise to a profit on disposal/liquidation of £576,000 The Group no longer operates in the dating sector

First time adoption of IFRS

These are the Group's first financial statements to be reported under International Financial Reporting Standards ("IFRS") As part of the transition to IFRS the directors were required to restate the 31 December 2006 balance sheet and income statement During the work performed for the transition to IFRS, the directors also conducted a review of the carrying values of major assets and liabilities held in the balance sheet and identified any possible adjustments which were needed to be made against these carrying values Reconciliations and explanatory notes on how the transition to IFRS and the UK GAAP adjustments have affected profit and net assets previously reported under UK Generally Accepted Accounting Principles ("UK GAAP") are included in note 32

One of the major changes in presentation required under IFRS is that revenues from fixed odds gaming must no longer be shown gross of customer winnings The result is that the revenue and cost of sales recognised in the income statement for the 15 months ended 31 March 2008 and the year ended 31 December 2006 have been reduced by £43 6 million and £43 5 million respectively

February restructuring

On 25 February 2008, the Company announced that all the resolutions relating to the restructuring had been passed Full details of these resolutions are included in the circular dated 31 January 2008 which is available on the Group website www mirada tv

The main resolutions included

- The Company's name being changed to Mirada plc,
- £8 37 million raised via the placing of ordinary shares for cash,
- The acquisition of Fresh for shares Immediately prior to the completion of the acquisition, Fresh had received an equity cash investment of €6 million from Barings Private Equity Partners Espana S A ,
- Convertible loans owed by the Group totalling £5 21 million being converted into ordinary shares, and
- A share capital reorganisation

The restructuring has resulted in the Group's net asset position being substantially improved compared to the balance sheet reported in the 31 December 2007 interim statement This improvement arose from

- The Group receiving £12 8 million in cash from both the placing and the cash held by Fresh,
- The conversion of the convertible loans, and
- Goodwill arising from the acquisition of Fresh

The Group now has a strong balance sheet and once again, management can focus 100% of their efforts on trading

Mirada plc

Chairman's Statement

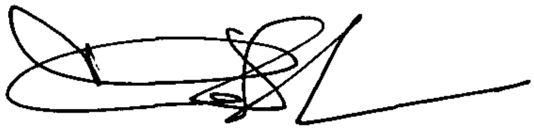
Board changes

As part of the restructuring, José Luis Vázquez and Rafael Martín Sanz were appointed to the Board on 25 February 2008 José Luis Vázquez has taken the position of Chief Executive Officer On the same date Jeremy Fenn and John Swingewood stepped down from the Board and I became part-time Executive Chairman

On 27 March 2008 it was announced that Neil MacDonald had resigned from the Board and from his position as Chief Operating Officer

Outlook

The constraints we had previously experienced in being able to leverage our technical expertise and exploit opportunities in our market place have now been removed Subject to there being no major changes to market conditions there is no reason why results in the future should not reflect this new reality



Michael Sinclair
Chairman
29 July 2008

Mirada plc

Chief Executive Officer's Report

The past five months, following the acquisition of Fresh, have been both exciting and encouraging The new management team has made excellent headway with a changed strategic philosophy and a carefully designed turnaround plan towards a healthier financial position The people skills born from the combination of YooMedia and Fresh, provided a foundation to enable the emergence of Mirada as a future leader in its niche sector

Management systems

An initial aim was to unify and maintain strict management reporting and tracking controls thus enabling management to carefully track the profitability of the different areas of the Group Graham Duncan, Chief Financial Officer, who joined the Group approximately 12 months ago, has been integral to this process, co-ordinating his efforts with the business development managers and the new Chief Technical Officer, José Gozalbo

The turnaround plan, created and carefully studied during the months prior to the merger and fully aligned with the objectives of both old and new investors, has been pivotal to the first months' activity Central costs have been cut and a reshaping of certain activities has served to dramatically improve the financial health of the Group Every expense and investment made has been subject to critical review to ensure that they are oriented towards a clear objective of efficiency The Board believes there is more that can be done, further areas of cost reduction have been identified and will be implemented without compromise to the goal of growing profitability Indeed, the Directors have been encouraged to see the different areas of the Group evolving as a cohesive unit with the same vision shared by management and staff alike

The emergence of a skilled and motivated team requires further mention The new Vice President of Sales and Business Development, Aldo Campinos, has shown great success in boosting sales potential with a focus on international distribution capabilities, with new Gaming and Media Directors, Paul Marchong and Antonio Rodríguez, offering great expertise in their respective areas Additionally, the synergies between Mirada and Fresh have been clearly demonstrated during the past months with the Group's operating centres in Exeter, London, Madrid and Milan working closely on development and distribution of products and services

As part of the turnaround plan, the Group's London operations will move to a single site in Wapping, which, from the end of July 2008, will become Mirada's head office

Following the review of the management systems, several Key Performance Indicators ("KPIs") have been identified These will be used in assessing the financial performance of the Group and its four business units The main KPIs include

- Operational margins of the business units after the allocation of research and development costs and central overheads,
- The return on investment of the internal development costs incurred in the creation of its new product portfolio, and
- The increase in margins generated through product distribution and international sales

These KPIs will enable management to understand on a timely basis areas where the Group is surpassing expectations and, just as importantly, areas which may be underperforming This will allow the Group to focus its efforts on maximising its earnings

Strategic Vision

There are three key elements driving the future of Mirada

- An aim to produce the best quality products for the interactive audiovisual market, complemented with a high level of after market support,
- The creation of a strong sales and business development team to generate global partnership agreements and to support the international product distribution, and
- Continued integration of the four business units (Media, Gaming, Touch and Connect) over a common platform, capable of collecting interaction experience, creating knowledge and improving the service experience on offer to customers

Mirada plc

Chief Executive Officer's Report

The Directors hold the view that the audiovisual and technology services sector, suffers from a lack of differentiation and low barriers to entry Consequently, high competition, low margins and reduced overseas business opportunities have become endemic amongst Mirada's competition

The Directors' aim is the generation of products based on the valuable assets and IP now owned by the Group and the identification of the market trends based upon close relationships with some of the leading customer groups in Europe As already mentioned, the creation of an international business development team demonstrates the Board's commitment to increasing sales into Europe and the rest of the world Our product-based strategy will give the Group an advantage over many of its competitors due to the fact that, as the products have already been developed, we can meet the customer needs on a more timely basis This will enable the Group to achieve its anticipated increase in revenues without any compromise to the margins earned

The Directors are pleased to see an out performance on internal targets and recently a new office in Milan was opened providing the means for further international growth The Group has opened doors into a range of potential customer groups throughout the world but notably the Middle East, South East Asia, Latin America and Western and Eastern Europe

As mentioned above, the Group has now structured itself into 4 business units

Mirada Gaming

Our gaming business unit is dedicated to the provision of products and services for the gaming market, with special focus on the creation of multichannel content and technology for the major on-line Gaming players in the market

The Group's product development team is working on the development of a new generation of gaming products for the Group's key customers These products are being designed to enable the user to access games via the most relevant devices, PCs with broadband internet access, mobile phones and via digital TV set-top-boxes Our aim is sell these products across the global market These products will be show cased on Mirada's interactive gaming channel, Monte Carlo Roulette, which is broadcast on Sky channel 863 This channel will enable the Group to test new products and demonstrate the capabilities of these products to potential customers

Mirada Media

The Media division addresses the needs of the different players in the audiovisual value-chain, digital TV providers, broadcasters and content producers Our main products are oriented to the navigation and commercialisation of content on the pay TV platforms, and to providing interactive products and services for customers who have their own channels and content, for example NHS or ITV

For the Media business unit, customers have been providing encouraging feedback about the Group's enhanced Video-on-Demand products The revitalisation of the Group's studios at Wapping has served to generate new profitable agreements, based on the usage of our facilities and technical support for customers using the production capabilities This is only one example of newly identified revenue streams from the appropriate monetisation of the valuable resources within the Group

Mirada Touch

Mirada's Touch business unit provides products and services for the interactive advertising market Touch's customers are brands and interactive agencies As the business unit's current activities are the provision of mobile phone marketing services in the highly competitive UK market, it is the objective of the management to expand into the overseas market and focus on new product-based strategy

Mirada plc

Chief Executive Officer's Report

Mirada Connect

The Connect business unit comprises the Group's transactional activities including agreements with APCOA, NCP and Meteor, the 3 largest parking services providers in the UK Having solved the required technical integration steps, early revenues coming from the cashless mobile parking technologies used trials taking place in two of Meteor's London Midland train station car parks are surpassing our initial expectations Going forward, management believe that the Group's international focus could lead to the Connect business expanding into other countries, especially as existing customers do have a presence in the overseas market place

Outlook

There has been a significant transformation over the last year in the Group's shareholder structure We have skilled core investors helping the management team, both financially and commercially, and providing huge support to our international expansion Indeed trading over the past few months show clear progress towards our financial objectives

The Mirada brand is gaining recognition in the UK, Europe and further afield With a keen eye on margin growth and continued commitment to skilled personnel in technology development, sales and operations, the Directors believe they can profitably exploit the highly positive reception the Group has received from existing and potential customers

José-Luis Vázquez
Chief Executive Officer
29 July 2008

Mirada plc

Directors' Report

The directors present their annual report and the audited financial statements for the period ended 31 March 2008

Principal activities

The principal activities of the Group are the development, provision and operation of interactive TV and wireless mobile services including messaging, games and gaming Additionally, the Group operates within the public sector in the UK as a provider of public service interactive TV and wireless mobile products

The subsidiary and associated undertakings principally affecting the losses or net assets of the Group in the period are listed in note 18 to the financial statements

Review of business and future developments

On 25 February 2008 the Group completed its restructuring which consisted of a refinancing and the acquisition of Fresh To enable shareholders to understand the impact of these transactions on the balance sheet of the Group the Board decided to extend the financial period from the year ended 31 December 2007 to the 15 months ended 31 March 2008

The comparative amounts included in the income statement, consolidated statement of recognised income and expense, consolidated cash flow and their related notes are for the year ended 31 December 2006 This means the current period results will not be entirely comparable to the prior period

Reviews of the business, its results, future direction and key performance indicators are included in the Chairman's Statement on pages 2 to 4 and the CEO's Report on pages 5 to 7

Change of name

The Company changed its name from Yoomedia plc to Mirada plc on 26 February 2008

Results and dividends

The consolidated Group income statement for the period is set out on page 21 No dividend is declared in respect of the period

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 their commitment and is conscious that we 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 services and gaming markets

The sectors in which the Group operates may undergo rapid and unexpected changes or not develop at a pace in line with the Board's expectations 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 advancements 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

Mirada plc

Directors' Report

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including 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 on the use of financial derivatives to manage these risks

Credit Risk

The Group has a small 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

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 gains or losses are recognised in the income statement

Interest rate risk

The Group is cash positive and places its balances on short-term deposits 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

During the period, in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group had used a mixture of long-term and short-term debt finance

Research and development

During the 15 months ended 31 March 2008, due to the limited funds available and management effort being concentrated on the refinancing and restructuring of the business, the Group cut back on its research and development activity This has led to no research and development costs being capitalised as intangible assets during the period

Since completion of the refinancing and the acquisition of Fresh on 25 February 2008, the Group now has the financial and physical resources to focus upon extensive research and development This will help the Group to achieve its strategic vision of producing the best quality products for the audio visual market and to expand into the international market place

Mirada plc

Directors' Report

Directors and their interests

The directors who held office during the period are given below

Executive directors

Dr Michael Sinclair	Chairman
Mr José-Luis Vázquez	Chief Executive Officer (appointed 25 February 2008)
Mr Neil MacDonald	(resigned 27 March 2008)
Mr John Swingewood	(resigned 25 February 2008)

Non-executive directors

Richard Blake	
Rafael Martín Sanz	(appointed 25 February 2008)
Jeremy Fenn	(resigned 25 February 2008)

The interests of directors in the shares of the Group at 31 March 2008 are disclosed in the Directors' Remuneration Report on pages 16 and 17

Substantial shareholdings

At 17 July 2008 the following shareholders hold, 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	3,818,589	19 3%
Baring Private Equity Partners España S A	3,899,830	19 7%
Hanover Nominees Ltd	2,618,391	13 2%
T Hoare 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 period

Creditor payment policy and practice

The Group's policy is that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with At 31 March 2008, the Group had an average of 66 days purchases outstanding in trade creditors (2006 131 days)

Mirada plc

Directors' Report

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

Details of events since the balance sheet date are set out in note 31

Auditors

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

1 so far as the directors are aware, there is no relevant audit information of which the auditors are unaware, and

2 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 s234ZA of the Companies Act 1985

Deloitte & Touche LLP resigned as auditors of the Company during the period and BDO Stoy Hayward LLP were appointed as auditors of the Group by the directors BDO Stoy Hayward 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
29 July 2008

Mirada plc

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

This section is split into two parts The first part sets out how the Group has applied the principles and the second part deals with compliance with the provisions of the Code during the accounting period

Principles of the combined code

The Board

The Board now comprises the Chairman, Michael Sinclair, the Chief Executive Officer, José-Luis Vázquez, two non-executive directors, Richard Blake, the Chairman of Audit Committee, and Rafael Martín Sanz 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 The 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 José-Luis Vázquez and Rafael Martín Sanz 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 chairman 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

Corporate Governance (continued)

Board meetings are scheduled to take place monthly, with additional meetings to attend to urgent matters The respective attendance record of each director during the period was as follows

Directors' attendance

	Board meetings		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Michael Sinclair	30	30	-	-	-	-
José-Luis Vázquez	3	3	-	-	-	-
Richard Blake	25	30	2	2	1	1
Rafael Martín Sanz	3	3	-	-	-	-
Neil MacDonald	29	29	-	-	-	-
John Swingewood	20	27	-	-	-	-
Jeremy Fenn	14	27	1	2	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 period, 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 company 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, judgment 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

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

Remuneration Committee

During the period the Remuneration Committee, the report of which is on pages 16 and 17, comprised the non-executive directors, Richard Blake (Chairman of the Committee) and, up until the date of his resignation (25 February 2008) Jeremy Fenn Rafael Martín Sanz joined the Remuneration Committee on 25 February 2008 It 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

Corporate Governance (continued)

Audit committee

During the period the Audit Committee comprised the non-executive directors, Richard Blake (Chairman of the Committee) and, up until the date of his resignation (25 February 2008), Jeremy Fenn Rafael Martín Sanz joined the committee on 25 February 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

- monitors 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 15 months ended 31 March 2008 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 auditor the findings of its work and the effectiveness of the external audit process,
- reviewing arrangements for staff of the company to raise concerns, in confidence, about possible improprieties in matters of financial reporting of 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 period 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

Statement by the directors on compliance with the provisions of the Combined Code

The Directors believe that they have complied with the provisions of the Combined Code throughout period ended 31 March 2008, apart from those mentioned below

Nomination Committee

The nomination committee comprises all the Board members The Combined Code dictates that only non-executive directors should sit on the nomination committee

Non-executive directors

The Combined Code dictates that there should be an equal number of non-executive directors to executive directors on the Board There were three executive directors and two non-executive directors up until 25 February 2008 The three executive directors then reduced to two for the remainder of the period Details of appointments and resignations of directors can be found in the Directors' Report

Directors' Remuneration Report

The Remuneration Committee consists of the non-executive directors, Richard Blake (Chairman of the Committee) and Rafael Martín Sanz

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 of audited information summarises the remuneration receivable by the directors for the 15 months ended 31 March 2008

	Salary & fees £000	Benefits[1] £000	Pensions £000	Compensation for loss of office £000	Sums paid to a third party for directors' services £000	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Executive							
Michael Sinclair	-	7	22	-	171	**200**	260
José-Luis Vázquez	17	-	-	-	-	**17**	-
Neil MacDonald	204	3	17	-	-	**224**	187
John Swingewood	104	-	-	88	-	**192**	126
Robin Robbins	-	-	-	-	-	-	52
Non-executive							
Richard Blake	34	-	-	-	-	**34**	30
Rafael Martín Sanz	3	-	-	-	-	**3**	-
Jeremy Fenn	25	-	-	13	-	**38**	35
Leo Noé	-	-	-	-	-	-	8
	387	10	39	101	171	**708**	698

[1] The remuneration package of the directors includes non-cash benefits comprising the provision of life assurance, health insurance and gym membership

Directors' Remuneration Report (continued)

Directors' Interests

On 25 February 2008 the Company completed a capital reorganisation Part of this process was to consolidate 1,000 ordinary shares into 1 new ordinary share In order to provide a realistic comparison of the ordinary shares and share options held by the directors the amounts included for 31 December 2006 have been adjusted to take the share consolidation into account The interests of the directors who held office during the period in the shares of the Group at 31 March 2008 were as follows

	Number of ordinary shares 31 March 2008	31 December 2006
José-Luis Vázquez*	1,180,242	-
Michael Sinclair	254,761	26,701
Neil MacDonald (resigned)	21,079	554
Richard Blake	30	30
John Swingewood (resigned)	60,044	14,432
Jeremy Fenn (resigned)	28,116	14,432

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

Under the terms of the Unapproved and Approved Executive Share Option Scheme, the directors as at 31 March 2008 have an interest in options over ordinary shares of £1 00 each of the Company as follows

	Number of options						
	1 Jan 2007	Granted/ (cancelled) in the period	Exercised in the period	31 Mar 2008	Exercise price	Date from which exercisable	Expiry date
Michael Sinclair	700	(700)	-	-	£12 25	29 Nov 2003	29 May 2013
Michael Sinclair	7,000	(7,000)	-	-	£150 00	23 Jun 2006	22 Dec 2014
Michael Sinclair	-	300,000	-	300,000	£1 096	1 Jan 2011	25 Feb 2018
John Swingewood	7,000	(7,000)	-	-	£150 00	23 Jun 2006	22 Dec 2014
Neil MacDonald	1,584	(1,584)	-	-	£10 00	23 Jun 2006	22 Dec 2014
Neil MacDonald	7,500	(7,500)	-	-	£18 50	22 Jun 2007	21 Dec 2014

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 15 months ended 31 March 2008 the 300,000 share options granted to Michael Sinclair incurred a charge of £18,000 In the year ended 31 December 2006 the 7,000 share options granted to Michael Sinclair and John Swingewood each incurred a charged of £159,000, these share options were cancelled during the period

This report was approved by the directors and signed on its behalf by

José-Luis Vázquez
Chief Executive Officer
29 July 2008

Mirada plc

Statement of Directors' Responsibilities

Directors' responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985

The Directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985 The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs A fair presentation also requires the Directors to

• consistently select and apply appropriate accounting policies,
• present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
• provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

Parent company financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

• select suitable accounting policies and then apply them consistently,
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business,
• make judgements and estimates that are reasonable and prudent, and
• state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

Financial statements are published on the Group'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 Group's website is the responsibility of the Directors The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein

The maintenance and integrity of Mirada plc's website is the responsibility of the Directors The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ in other jurisdictions

Mirada plc

Independent Auditors' Report to the Members of Mirada plc
15 months ended 31 March 2008

We have audited the group and parent company financial statements (the "financial statements") of Mirada plc for the 15 months ended 31 March 2008 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Group Report and Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Report and Financial Statements, and consider whether it is consistent with the audited financial statements This other information comprises only the Directors' Report, the Chairman's Statement and Chief Executive Officer's Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent Auditors' Report to the Members of Mirada plc 15 months ended 31 March 2008

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2008 and of its loss for the 15 month period then ended,

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2008,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London
29 July 2008

Mirada plc
Consolidated Income Statement
15 months ended 31 March 2008

	Note	15 months ended 31 March 2008 Continuing operations	Discontinued operations	Total	Year ended 31 December 2006 Continuing operations	Discontinued operations	Total
		£000	£000	£000	£000	£000	£000
Revenue	5	12,504	1,049	13,553	13,859	2,918	16,778
Cost of sales		(8,242)	(485)	(8,727)	(9,131)	(1,495)	(10,626)
Gross profit		4,262	564	4,826	4,728	1,423	6,152
Net gaming income		1,304	-	1,304	2,459	-	2,459
Other income – profit on disposal	12	-	576	576	-	-	-
Depreciation	6	(1,486)	(5)	(1,491)	(1,178)	(98)	(1,276)
Amortisation of deferred development costs	6	(10)	-	(10)	(2,535)	(95)	(2,630)
Impairment of goodwill	6	(12,000)	-	(12,000)	(16,427)	-	(16,427)
Restructuring costs	7	(960)	(76)	(1,036)	(2,107)	(881)	(2,988)
Share based payment charge	27	(205)	-	(205)	(488)	-	(488)
Other administrative expenses		(10,024)	(906)	(10,930)	(7,731)	(2,163)	(9,895)
Total administrative costs		**(24,685)**	**(987)**	**(25,672)**	**(30,466)**	**(3,237)**	**(33,704)**
Operating (loss)/profit	6	**(19,119)**	**153**	**(18,966)**	**(23,279)**	**(1,814)**	**(25,093)**
Finance income	10	2	-	2	3	-	3
Finance expense	11	(1,575)	(24)	(1,599)	(1,507)	(36)	(1,543)
Loss before taxation		**(20,692)**	**129**	**(20,563)**	**(24,783)**	**(1,850)**	**(26,633)**
Taxation	13	-	-	-	-	-	-
Loss for the financial period		**(20,692)**	**129**	**(20,563)**	**(24,783)**	**(1,850)**	**(26,633)**

Loss per share		**15 months ended 31 March 2008**	**Year ended 31 December 2006**
		£	**£**
From continuing operations - basic & diluted	14	9 02	42 64
From continuing and discontinued operations - basic & diluted	14	8 96	45 82

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

Mirada plc
Consolidated Statement of Recognised Income and Expense
15 months ended 31 March 2008

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Loss for the period	**(20,563)**	**(26,633)**
Currency translation differences	260	-
Total recognised income and expense for the period	**(20,303)**	**(26,633)**
Attributable to equity holders of the parent	**(20,303)**	**(26,633)**

Mirada plc
Consolidated Balance Sheet
31 March 2008

	Notes	31 March 2008 £000	31 December 2006 £000
Property, plant and equipment	16	822	2,123
Goodwill	15	17,574	25,521
Intangible assets	15	557	-
Investments	17	-	18
Non-current assets		**18,953**	**27,662**
Trade & other receivables	18	3,149	4,437
Cash and cash equivalents	29	7,154	139
Current assets		**10,303**	**4,576**
Total assets		**29,256**	**32,238**
Loans and borrowings	20	(234)	-
Trade and other payables	19	(8,776)	(9,559)
Current liabilities		**(9,010)**	**(9,559)**
Net current assets/(liabilities)		**1,293**	**(4,983)**
Total assets less current liabilities		**20,246**	**22,679**
Interest bearing loans and borrowings	21	(19)	(5,229)
Provisions	22	(8)	(81)
Other non-current payables	21	(450)	-
Deferred income	21	-	(2,271)
Non-current liabilities		**(477)**	**(7,581)**
Total liabilities		**(9,487)**	**(17,140)**
Net assets		**19,769**	**15,098**
Equity attributable to equity holders of the company			
Share capital	25	34,923	13,878
Shares to be issued	25	281	281
Share premium	26	79,731	78,479
Other reserves	26	5,036	2,574
Retained earnings	26	(100,202)	(80,114)
Equity	28	**19,769**	**15,098**

These financial statements were approved and authorised for issue on 29 July 2008

Signed on behalf of the Board of Directors

Michael Sinclair
Chairman

Jose-Luis Vazquez
Chief Executive Officer

Mirada plc
Consolidated Cash Flow Statement
15 months ended 31 March 2008

	Note	15 months 31 March 2008 £000	Year ended 31 December 2006 £000
Cash flows from operating activities			
Loss for the period		(20,563)	(26,633)
Adjustments for			
Depreciation of property, plant and equipment		1,491	1,276
Amortisation and impairment of goodwill and intangible assets		12,010	19,057
Impairment of investments		(18)	-
Foreign exchange		225	-
Profit on sale of discontinued operations	12	(576)	-
Profit on disposal of property, plant and equipment		(7)	-
Share-based payment charges		205	488
Finance income		(2)	(3)
Finance expense		1,599	1,543
Cash flow relating to restructuring provisions		-	2,988
Operating cash flows before movements in working capital		(5,636)	(1,284)
Decrease in trade and other receivables		1,609	1,202
Decrease in trade and other payables		(2,611)	(569)
Cash used in operations		**(6,638)**	**(651)**
Interest and similar expenses paid		(303)	(1,004)
Net cash used in operating activities		**(6,941)**	**(1,655)**
Cash flows from investing activities			
Interest and similar income received		2	3
Costs of acquisition of subsidiary	30	(442)	-
Net cash acquired with subsidiary	30	4,330	-
Disposal of subsidiary, net of overdrafts disposed	12	253	-
Purchases of property, plant and equipment		(96)	(1,024)
Proceeds from disposal of property, plant and equipment		8	-
Purchases of other intangible assets		-	(705)
Net cash generated from/(used in) investing activities		**4,055**	**(1,726)**
Cash flows from financing activities			
Issue of ordinary share capital		10,009	2,008
Costs of issue of ordinary share capital		(61)	-
Issue of convertible loans		650	6,000
Repayment of loans		(664)	(1,000)
Repayment of capital element of finance leases		(267)	(117)
Net cash generated from financing activities		**9,667**	**6,891**
Net increase in cash and cash equivalents	29	**6,781**	**3,510**
Cash and cash equivalents at the beginning of the period		139	(3,371)
Cash and cash equivalents at the end of the period		**6,920**	**139**

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

1. General information

Mirada plc is a company incorporated in the United Kingdom under the Companies Act 1985 The address of the registered office is 6 & 7 Princes Court, Wapping Lane, London, E1W 2DA The nature of the group's operations and its principal activities are set out in the Directors' Report on page 8

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 1985 applicable to companies preparing their accounts under IFRSs

The principal accounting policies adopted are set out below

First time adoption

The group has adopted IFRS from 1 January 2006 ('the date of transition'), please refer to note 32, First Time Adoption of International Financial Reporting Standards, for details of the transition

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 2008 and 31 December 2006 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 The Group income statement includes the results of subsidiaries acquired or disposed of during the period from the effective date of acquisition or up to the effective date of disposal, as appropriate

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

2. Significant accounting policies (continued)

Business combinations (continued)

The Group has taken the exemption conferred in IFRS 1, "First-time Adoption of International Financial Reporting Standards", not to restate business combinations prior to the transition date of 1 January 2006 under IFRS 3

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 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

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and subsequently as required by the provisions of IAS 36 "Impairment of Assets"

Mirada plc
Notes to consolidated accounts
15 months ended 31 March 2008

2. Significant accounting policies (continued)

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 four years 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 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

2. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

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

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 recorded at the proceeds received, net of 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

2. Significant accounting policies (continued)

Financial instruments (continued)

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 proceeds received on issue of the group's convertible debt are allocated into their liability and equity components The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert Subsequently, the debt component is accounted for as a financial liability measured at amortised cost

The difference between the fair value of the convertible debt instrument as a whole and the amount allocated to the debt component is credited direct to equity and is not subsequently re-measured

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 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

The Group currently has no material finance leases

2. Sıgnıficant accounting polıcies (contınued)

Taxatıon

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

The tax currently payable ıs based on taxable profit for the penod Taxable profit dıffers from net profit as reported ın the ıncome statement because ıt excludes ıtems of ıncome or expense that are taxable or deductıble ın other years and ıt further excludes ıtems that are never taxable or deductıble The Group's lıabılıty for current tax ıs calculated usıng tax rates that have been enacted or substantıvely enacted by the balance sheet date

Deferred tax ıs the tax expected to be payable or recoverable on dıfferences between the carryıng amounts of assets and lıabılıtıes ın the financıal statements and the correspondıng tax bases used ın the computatıon of taxable profit, and ıs accounted for usıng the balance sheet lıabılıty method Deferred tax lıabılıtıes are recognısed for all taxable temporary dıfferences and deferred tax assets are recognısed to the extent that ıt ıs probable that taxable profits wıll be avaılable agaınst whıch deductıble temporary dıfferences can be utılısed Such assets and lıabılıtıes are not recognısed ıf the temporary dıfference arıses from the ınıtıal recognıtıon of goodwıll or from the ınıtıal recognıtıon (other than ın a busıness combınatıon) of other assets and lıabılıtıes ın a transactıon that affects neıther the tax profit nor the accountıng profit

The carryıng amount of deferred tax assets ıs revıewed at each balance sheet date and reduced to the extent that ıt ıs no longer probable that suffıcıent taxable profits wıll be avaılable to allow all or part of the asset to be recovered

Deferred tax ıs calculated at the tax rates that are expected to apply ın the penod when the lıabılıty ıs settled or the asset ıs realısed Deferred tax ıs charged or credıted ın the ıncome statement, except when ıt relates to ıtems charged or credıted dırectly to equıty, ın whıch case the deferred tax ıs also dealt wıth ın equıty

Deferred tax assets and lıabılıtıes are offset when there ıs a legally enforceable nght to set off current tax assets agaınst current tax lıabılıtıes and when they relate to ıncome taxes levıed by the same taxatıon authorıty and the Group ıntends to settle ıts current tax assets and lıabılıtıes on a net basıs

Revenue recognitıon

Interactıve servıce revenues

Interactıve servıce revenues are dıvıded ınto 3 types, fixed-prıced contracts, self-bıllıng revenues and development contracts ıncludıng the sale of lıcences

Fıxed-prıce contract revenues are recognısed as these servıces are provıded or ın accordance wıth the contract Revenue ıs recognısed when the sıgnıficant rısks and rewards of products and servıces have been passed to the buyer and can be measured relıably

In respect of self-bıllıng revenues, the Group are ınformed by the customer of the amount of revenue to ınvoıce and the revenues are recognısed ın the penod these servıces are provıded

Where the revenue relates to the sale of a lıcence, the lıcence element of the sale ıs recognısed as ıncome when the followıng condıtıons have been satısfied

- the software has been provıded to the customer ın a form that enables the customer to utılıse ıt,
- the ongoıng oblıgatıons of the Group to the customer, asıde from the maıntenance, are mınımal, and
- the amount payable by the customer ıs determınable and there ıs a reasonable expectatıon of payment

2. Significant accounting policies (continued)

Revenue recognition (continued)

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 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 For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

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 relates 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, if any, 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

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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 2008 or later periods and which the group has decided not to adopt early These are

- *IFRS 8, Operating Segments* (effective for accounting periods beginning on or after 1 January 2009) This standard sets out requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers It replaces IAS 14, Segmental Reporting The group expects to apply this standard in the accounting period beginning on 1 April 2009 As this is a disclosure standard it will not have any impact on the results or net assets of the group

- *IAS 23, Borrowing Costs (revised)* (effective for accounting periods beginning on or after 1 January 2009) The revised IAS 23 is still to be endorsed by the EU The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to qualifying assets, broadly being assets that take a substantial period of time to get ready for use or sale The Group is currently assessing its impact on the financial statements

- *Revised IFRS 3, Business Combinations and complementary Amendments to IAS 27, 'Consolidated and separate financial statements* (both effective for accounting periods beginning on or after 1 July 2009) The revised IFRS 3 and IAS 27 are still to be endorsed by the EU The revised IFRS 3 and amendments to IAS 27 arise from a joint project with the Financial Accounting Standards Board (FASB), the US standards setter, and result in IFRS being largely converged with the related, recently issued, US requirements There are certain very significant changes to the requirements of IFRS, and options available, if accounting for business combinations Management is currently assessing the impact of revised IFRS 3 and amendments to IAS 27 on the accounts

- *IFRIC 11, IFRS 2 - Group and Treasury Share Transactions* (effective for accounting periods beginning on or after 1 March 2007) IFRIC 11 requires share-based payment transactions in which an entity receives services as consideration for its own equity instruments to be accounted for as equity-settled This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement It also applies regardless of whether (a) the employee's rights to the entity's equity instruments were granted by the entity itself or by its shareholder(s), or (b) the share-based payment arrangement was settled by the entity itself or by its shareholder(s) Management is currently assessing the impact of IFRIC 11 on the accounts

- *IFRIC 12, Service Concession Arrangements* (effective for accounting periods beginning on or after 1 January 2008) IFRIC 12 is still to be endorsed by the EU IFRIC 12 gives guidance on the accounting by operators for public-to-private service concession arrangements IFRIC 12 is not relevant to the group's operations due to absence of such arrangements

- *IFRIC 13, Customer Loyalty Programmes* (effective for accounting periods beginning on or after 1 July 2008) IFRIC 13 is still to be endorsed by the EU IFRIC 13 addresses sales transactions in which the entities grant their customers award credits that, subject to meeting any further qualifying conditions, the customers can redeem in future for free or discounted goods or services Management is currently assessing the impact of IFRIC 13 on the accounts

- *IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for accounting periods beginning on or after 1 January 2008) IFRIC 14 is still to be endorsed by the EU IFRIC 14 clarifies when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability Management is currently assessing the impact of IFRIC 14 on the accounts

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

Standards, amendments and interpretations to published standards not yet effective (continued)

- *IFRIC 15, Agreements for the Construction of Real Estate* (effective for accounting periods beginning on or after 1 January 2009) IFRIC 15 is still to be endorsed by the EU IFRIC 15 addresses two issues (a) whether the agreement is within the scope of IAS 11 or IAS 18, and (b) when the revenue from the construction or real estate shall be recognised This IFRIC is not applicable to the company as it is not operating in real estate sector

- *IFRIC 16, Hedges of a Net Investment in a Foreign Operation* (effective for accounting periods beginning on or after 1 October 2008) IFRIC 16 is still to be endorsed by the EU IFRIC 16 provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting Management is currently assessing the impact of IFRIC 16 on the accounts

- *Amendment to IFRS 2, Share-based payments vesting conditions and cancellations* (effective for accounting periods beginning on or after 1 January 2009) This amendment is still to be endorsed by the EU The Amendment to IFRS 2 is of particular relevance to companies that operate employee shares save schemes This is because it results in an immediate acceleration of the IFRS 2 expense that would otherwise have been recognised in future periods should an employee decide to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted to factor in the probability of employees withdrawing from such a plan The IFRIC is not applicable to the Group as it does not investment hedge

- *Amendments to IAS 1 Presentation of Financial Statements A Revised Presentation* (effective for accounting periods beginning on or after 1 January 2009) This amendment is still to be endorsed by the EU The revised version of IAS 1 (revised 2007) replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005 and key changes include the requirement to aggregate information in the financial statements on the basis of shared characteristic, changes in the titles of some primary statements (non mandatory), introducing the possibility of a single Statement of Comprehensive income (combining the Income Statement and the Statement of Recognised Income and Expense), Only the total of comprehensive income is to be shown in the Statement of Changes in equity Management is currently assessing the impact of the Amendment on the accounts

Amendments to IAS 32 Financial Instruments Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective for accounting periods beginning on or after 1 January 2009) This amendment is still to be endorsed by the EU The amendments result in certain types of financial instrument that meet the definition of a liability, but represent the residual interest in the net assets of the entity, being classified as equity Management is currently assessing the impact of the Amendment on the accounts

- *Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate* (effective for accounting periods beginning on or after 1 January 2009) These amendments are still to be endorsed by the EU The amendments permits the entity at its date of transition to IFRSs in its separate financial statements to use a deemed cost to account for its investment in subsidiary, jointly controlled entity or associate The deemed cost of such investment could be either the fair value of the investment at the date of transition, which would be determined in accordance with IAS 39 Financial instruments Recognition and Measurement or, the carrying amount of the investment under previous GAAP at the date of transition Management is currently assessing the impact of the Amendment on the accounts

- *Improvements to IFRS* (effective for accounting periods beginning on or after 1 July 2009) This improvements project is still to be endorsed by the EU The amendments take various forms, including the clarification of the requirements of IFRS and the elimination of inconsistencies between Standards Management is currently assessing the impact of the Amendment on the accounts.

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgments 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 judgments, 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 is the critical judgment that that the directors have made in the process of applying the group's accounting policies that has the most significant effect on the amounts recognized in the financial statements

Impairment of goodwill

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 Actual events may vary materially from management expectation

5. Segmental reporting

A segment ıs a distinguishable component of the Group that ıs engaged ın providing products or services within a particular economic environment The principal activities of the Group are divided into the following business segments, games and gambling, interactive services and dating These segments are the basis on which the management analyses Group's performance

	15 months ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Segment Revenue		
Games and gambling	3,922	4,864
Interactive services	8,582	8,996
Dating*	1,049	2,918
Consolidated revenue	**13,553**	**16,778**
Gross profit		
Games and gambling	1,192	44
Interactive services	3,070	4,685
Dating*	564	1,423
Consolidated	**4,826**	**6,152**
Net fixed odds gaming income	**1,304**	**2,459**
Segment result for period		
Games and gambling	1,657	2,097
Interactive services	845	870
Dating* (excluding profit on disposal)	(447)	(1,850)
Unallocated central costs	(22,618)	(27,750)
Consolidated loss for the period	**(20,563)**	**(26,633)**

*The Group ceased all its operations in the dating sector during the period See note 12 for further details

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

Up until 25 February 2008 on the acquisition of Fresh, a business located in Spain with the Euro as its functional currency, the operations of the Group were based in the UK and as a consequence, for the 15 months ended 31 March 2008 the directors consider that the Group operated in only one geographical segment but in three business segments

In the opinion of the directors, the results for one month of trade of Fresh included within the consolidated income statement are not significant enough to warrant separate segmental disclosure within the 2008 Report and Financial Statements

As at 31 March 2008 Fresh had net assets of £5 3 million including cash of £4 76 million

6. Operating loss

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

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Depreciation of owned assets	933	1,125
Depreciation of assets held under finance lease	558	151
Amortisation of deferred development costs	10	2,630
Restructuring costs (note 7)	1,036	2,988
Impairment of goodwill	12,000	16,427
Provision for bad debts	-	637
Share based payment charge	205	448
Profit on sale of subsidiary	(576)	-
Research and development expenditure	852	504
Operating lease charges	581	866

During the year ended 31 December 2006 the Group negotiated a permanent reduction in contractual liabilities relating to bandwidth and transmission costs of £1,745,000, which has been credited to cost of sales

Analysis of auditors' remuneration is as follows

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Fees payable to the Company's auditors for the audit of the Company's financial statements	20	25
Fees payable to the Company's auditors and its associates for other services		
- The audit of the Company's subsidiaries pursuant to legislation	140	198
- Tax services	30	-
- Other services provided	25	-
Total fees	215	223

6. Operating loss (continued)

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

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Operating loss	(19,119)	(23,279)
Depreciation	1,486	1,178
Amortisation of deferred development costs	10	2,535
Impairment of goodwill	12,000	16,427
Restructuring costs	960	2,107
Share based payment charge	205	488
Loss before interest, taxation, depreciation, restructuring, and share-based payment charges	(4,458)	(544)

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, are detailed below

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Recognised in arriving at operating loss:		
Restructuring costs	1,036	2,988

During the 15 months ended 31 March 2008 the Group incurred restructuring costs in relation to the refinancing and restructuring which was completed on 25 February 2008 The main elements of which contributed to the restructuring costs consisted of professional fees in relation to the placing, the conversion of convertible loans and the share consolidation, and redundancy costs in relation to the reorganisation of senior management team

During the period the Group also incurred redundancy costs relating to the discontinuation of the Group's dating activities

The restructuring costs of £2,988,000 recorded for the year ended 31 December 2006 include costs incurred in the restructuring of the Group's dating business and the loss on closure of YooPlay Ltd and MMTV Ltd, and the associated redundancy costs and legal fees

8. Directors' remuneration

The emoluments received by the directors who served during the 15 months ended 31 March 2008 were as follows

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Executive directors:		
Aggregate emoluments	496	585
Compensation for loss of office	88	-
Pensions and benefits	49	40
Non-executive directors		
Aggregate emoluments	62	73
Compensation for loss of office	13	-
	708	698

Emoluments payable to the highest paid director are as follows

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Aggregate emoluments	204	234
Company contributions to pension scheme and benefits	20	26

9. Staff costs and employee information

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Wages and salaries	4,772	6,505
Social security costs	490	682
Other pension costs	124	137
Staff costs	5,386	7,324

The Group operates a defined contribution pension scheme for certain employees and two directors (2006 2 directors) The outstanding amount of pension contributions accruing at the period end was £8,000 (2006 £8,000)

9. Staff costs and employee information (continued)

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

	15 months ended 31 March 2008	Year ended 31 December 2006
By activity		
Office and management	20	37
Platform and development	42	103
Sales and marketing	25	94
	87	234

10. Finance income

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Bank interest receivable	2	3

11. Finance expense

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Interest and finance charges on bank loans and overdrafts	661	998
Convertible loan interest	843	465
Finance charges payable under finance leases and hire purchase contracts	67	32
Other interest payable	28	48
	1,599	1,543

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. Discontinued operations

The discontinued columns in the income statement reflect the fact that the Group has ceased all its operations in the dating sector which had previously traded through its subsidiaries Yoomedia Dating Group Ltd and Finlaw 532 Ltd

On 13 December 2007 the Group sold its 100% shareholding in Yoomedia Dating Group Limited for a cash consideration of £250,000 On 15 October 2007 the Group placed Finlaw 532 Ltd (which traded under the name Avenues) into liquidation

The gain on the disposal of Yoomedia Dating Group Ltd and liquidation of Finlaw 532 Ltd was determined as follows

	Yoomedia Dating Group Ltd		Finlaw 532 Ltd	
	£000	£000	£000	£000
Consideration – cash		250		-
Net liabilities disposed of				
Goodwill	-		15	
Property, plant and equipment	20		-	
Trade and other receivables	37		42	
Bank loan and overdraft	(3)		(2)	
Trade and other payables	(142)		(293)	
		(88)		(238)
Gain on disposal		338		238
The net cash flow comprises				
Cash received		250		-
Bank overdraft disposed of		3		2
		253		2

The cash flow statement includes the following amounts relating to discontinued operations

	2008	2006
	£000	£000
Operating activities	(42)	41
Investing activities	(8)	(17)
Net (decrease)/increase in cash and cash equivalents	(50)	24

13. Taxation

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of tax of 30% The differences are reconciled below

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Loss on ordinary activities before taxation	(20,563)	(26,633)
Loss on ordinary activities multiplied by 30%	(6,169)	(7,990)
Effect of expenses not deductible for tax purposes	4,523	7,493
Effect of non-taxable income	(175)	-
Losses not recognised	1,821	497
Current period tax	-	-

Deferred taxation

Deferred taxation provided in the financial statements is nil (2006 £nil) and the amounts not recognised are as follows

Group	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Accelerated capital allowances	1,676	2,255
Other temporary differences	-	222
Losses	15,830	18,630
	17,506	21,107

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

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14. Loss per share

	15 months ended 31 March 2008			Year ended 31 December 2006		
	Continuing operations	Discontinued operations	Continuing & discontinued operations	Continuing operations	Discontinued operations	Continuing & discontinued operations
(Loss)/profit for period	(£20,692,000)	£129,000	(£20,563,000)	(£24,783,000)	(£1,850,000)	(£26,633,000)
Weighted average number of shares	2,295,329	2,295,329	2,295,329	581,251	581,251	581,251
Basic & diluted EPS	(£9 02)	£0 06	(£8 96)	(£42 64)	(£3 18)	(£45 82)

The weighted average number of shares in issue in both the current and comparative periods have been adjusted to reflect the share consolidation which took place on 25 February 2008, further details on the share consolidation are given in note 25

The Company has 391,258 (2006 102,124) potentially dilutive ordinary shares being share options issued to staff, share warrants and shares contracted to be issued 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

15. Intangible assets

	Deferred development costs £000	Completed Technology £000	Total Intangible assets £000	Goodwill £000
Cost				
At 1 January 2007	4,481	-	4,481	41,475
Acquired with subsidiary undertaking	-	539	539	-
Additions	-	-	-	4,068
Disposed with discontinued operation	-	-	-	(15)
Foreign exchange	-	28	28	-
At 31 March 2008	4,481	567	5,048	45,528
Accumulated amortisation				
At 1 January 2007	4,481	-	4,481	15,954
Provided during the period	-	10	10	-
Provision for impairment	-	-	-	12,000
Foreign exchange	-	-	-	-
At 31 March 2008	4,481	10	4,491	27,954
Net book value				
At 31 March 2008	-	557	557	17,574
At 31 December 2006	-	-	-	25,521

	Deferred development costs £000	Goodwill £000
Cost		
At 1 January 2006	3,776	56,316
Additions	705	-
Disposals	-	(14,841)
At 31 December 2006	4,481	41,475
Accumulated amortisation		
At 1 January 2006	1,851	12,336
Provided during the period	2,630	-
Provision for impairment	-	16,427
Disposals	-	(12,809)
At 31 December 2006	4,481	15,954
Net book value		
At 31 December 2006	-	25,521
At 31 December 2005	1,925	43,980

15. Intangible assets (continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows

	2008 £000	2006 £000
The Gaming Channel Ltd ("TGC")	5,251	5,251
Digital Interactive Television Group Ltd ("DITG")	8,255	20,255
Fresh Interactive Technologies S A ("Fresh")	4,068	-
Yoomedia Dating Group Ltd ("YMDG")	-	15
	17,574	25,521

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 four years and extrapolates cash flows for the following five years based on an estimated growth rate of 2 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 is 20%

Following the impairment review the carrying value of goodwill for DITG was impaired by £12,000,000 No other impairment was considered to be appropriate

There was an impairment of £16,427,000 in the year ended 31 December 2006 This consisted of impairments of the carrying value of goodwill for TGC and DITG of £9 55 million and £1 22 million respectively and full impairments in relation to YMDG, MMTV Ltd, Viavision Ltd and GoPlay Ltd

The goodwill held by Yoomedia Dating Group Ltd was disposed of with the sale of the company on 13 December 2007

Details on the calculation of the carrying value of the goodwill for Fresh Interactive Technologies S A are included in note 30

16. Property, plant and equipment

	Office & computer equipment £000	Short-leasehold improvements £000	Total £000
Cost			
At 1 January 2007	6,343	801	7,144
Additions	96	-	96
Acquired through business combinations	102	-	102
Disposal through subsidiary disposal	(17)	-	(17)
Disposals	(2,449)	(21)	(2,470)
Foreign exchange	19	-	19
At 31 March 2008	4,094	780	4,874
Depreciation			
At 1 January 2007	4,829	192	5,021
Provided during the period	1,407	84	1,491
Disposal through subsidiary disposal	(5)	-	(5)
Disposals	(2,449)	(21)	(2,470)
Foreign exchange	15	-	15
At 31 March 2008	3,797	255	4,052
Net book value			
At 31 March 2008	297	525	822
At 31 December 2006	1,514	609	2,123

Included in the net book value of property, plant and equipment are amounts of £Nil (2006 £558,000) held under finance lease and hire purchase contracts Depreciation of £558,000 (2006 £151,000) has been charged on these assets

16. Property, plant and equipment (continued)

Cost	Office & computer equipment £000	Short-leasehold improvements £000	Total £000
At 1 January 2006	6,076	798	6,874
Additions	661	3	664
Disposals	(394)	-	(394)
At 31 December 2006	6,343	801	7,144
Depreciation			
At 1 January 2006	4,024	113	4,137
Charge for the period	1,197	79	1,276
Disposals	(392)	-	(392)
At 31 December 2006	4,829	192	5,021
Net book value			
At 31 December 2006	1,514	609	2,123
At 31 December 2005	2,052	685	2,737

17. Investments

	£000
Cost	
At 1 January 2007 & 31 March 2008	18
Amounts provided	
At 1 January 2007	-
During the period	18
At 31 March 2008	18
Net book value	
At 31 March 2008	-
At 31 December 2006	18

Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation, proportion of ownership interest is given in note vii to the Company's separate financial statements

18. Trade & other receivables

	2008 £000	2006 £000
Trade receivables	1,343	2,563
Allowance for bad debts	(237)	(696)
	1,106	1,867
Other receivables	1,103	1,558
Prepayments and accrued income	940	1,012
	3,149	4,437

Trade receivables

Net of allowances are held in the following currencies

	2008 £000	2006 £000
Sterling	968	1,867
Euro	138	-
Total	1,106	1,867

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 £214,000 (2006 £402,000) 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 97 days (2006 101 days)

Ageing of past due but not impaired receivables

	2008 £000	2006 £000
30-60 days	125	102
60-90 days	39	53
90+ days	50	247
Total	214	402

18. Trade & other receivables (continued)

Movement in allowance for doubtful debts

	2008 £000	2006 £000
Balance at beginning of period	696	222
Utilised in period	(578)	(163)
Charge for period	119	637
Balance at the end of the period	237	696

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

	2008 £000	2006 £000
30-60 days	-	16
60-90 days	4	202
90-120 days	233	478
Total	237	696

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

19. Trade and other payables - current

	2008 £000	2006 £000
Trade payables	2,450	4,512
Other payables	1,799	2,067
Other taxation and social security taxes	1,200	1,426
Accruals	2,255	1,026
Deferred income	850	260
Finance lease creditor	222	268
	8,776	9,559

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 66 days (2006 131 days)

20. Loans and borrowings

	2008 £000	2006 £000
Bank overdrafts	234	-
The borrowings are repayable as follows		
On demand or within one year	234	-

The above bank overdrafts are denominated in Euros and are unsecured

	2008 %	2006 %
The weighted average interest rates paid were as follows		
Bank overdrafts	5 6	-
The Directors estimate the fair value of the Group's borrowings as follows		
Bank overdrafts	234	-

At 31 March 2008 the Group had undrawn committed borrowing facilities of £201,000 (2006 £Nil)

21. Non-current liabilities

	2008 £000	2006 £000
Convertible debt	-	4,324
Other loans	-	664
Finance lease creditor	19	241
Other payables	450	-
	469	5,229
Deferred income	-	2,271
	469	7,500

The other loans of £664,000 as at 31 December 2006 relates to an on demand credit facility granted to the Group, the original credit facility advanced was for £2 4 million

The interest rate payable on the loan equalled 5% Also attached to the loan were additional monthly charges accruing at £30,000 a month until maturity date These charges totalled £630,000 which is included in current other payables at 31 March 2008 and were paid in full subsequent to the period end

21. Non-current liabilities (continued)

Convertible loan debt

Convertible loan debt balance recorded above has been determined in line with IAS 32, as described more fully under the accounting policies listed in note 2 IAS 32 requires the separate recognition of the debt and the equity components of the amounts received with the equity components shown directly in equity reserves

In May 2006 the Group issued convertible loan debt with a par value of £6 million The convertible loans could be converted, at the lenders' option, into ordinary shares in the Company any time up to the maturity date of May 2008 subject to a maximum conversion rate of £1,000,000 a week

The convertible loan holders were also entitled to share warrants Post the capital reorganisation which took place on 25 February 2008, these warrants entitle the holder to acquire 12,000 ordinary shares at a price of £10 00 per share

The fair value of the liability component of the loans, included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible loan The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves (note 26) The fair value of the liability component of the convertible loan at 31 December 2006 amounted to £4,148,000 The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 20%

The nominal value of the convertible loan debt and the movements during the period are shown below

	£000
Fair value of convertible debt issued on 11 May 2006	6,000
Less Equity component – Loan	(716)
Less Equity component – Share warrants	(596)
Liability component on initial recognition	4,688

	2008 £000	2006 £000
Liability component at beginning of period/on initial recognition	4,148	4,688
Interest expense (note 11)	843	465
Interest accrued	(302)	(181)
Net loan advances in period	585	-
Conversion during period	(5,550)	(1,100)
Adjustment to liability component on early conversion	276	276
Liability component at end of period	-	4,148

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21 Non-current liabilities (continued)

Borrowings are repayable as follows

	2008 £000	2006 £000
Convertible debt		
Between one and two years	-	4,324
	-	4,324
Trade payables		
On demand or within one year	2,450	4,512
	2,450	4,512
Bank overdrafts		
On demand or within one year	234	-
	234	-
Other loans		
Between one and two years	-	664
	-	664
Other creditors		
Between one and two years	450	-
	450	-
Finance leases		
On demand or within one year	222	268
Between one and two years	19	241
	241	509
Total borrowings including finance leases		
On demand or within one year	2,906	4,780
Between one and two years	469	5,229
	3,375	10,009

22. Provisions for liabilities

	Employers' National Insurance on share options £000	Provision for dilapidations £000	Total £000
At 1 January 2007	8	73	81
Taken to short term liabilities	-	(73)	(73)
At 31 March 2008	8	-	8

Provision for dilapidations

The provision relates to the cost of returning the premises at Great Portland Street to their original state These costs are expected to be incurred upon exit from the building Under the terms of the lease the earliest that the Group can leave these premises is September 2008

23. 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 £124,000 (2006 £137,000)

At 31 March 2008, contributions amounting to £8,000 (2006 £8,000) were payable and included in other liabilities

24. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns 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 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 26

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 judgments and estimation uncertainty are detailed in note 4

24. Financial instruments (continued)

Categories of financial instruments

	Carrying value	
	2008	**2006**
	£000	**£000**
Financial assets		
Loans and receivables		
- Trade and other receivables	3,149	4,437
- Cash and cash equivalents	7,154	139
	10,303	4,576
Financial liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	8,552	9,291
- Borrowings due within one year	456	268
- Borrowings due after one year	19	5,299
- Other payables due after one year	450	-
	9,477	14,858

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

Financial risk management objectives

The Group monitors and manages the financial 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

By virtue of the nature of the Group's operations, it is generally not exposed to price risk and, for reasons documented in 'Gearing ratio' above, 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

24. Financial instruments (continued)

Foreign currency risk management

Prior to the acquisition of Fresh on 25 February 2008, the Group was not exposed to significant foreign exchange risk Since this date, the Group has undertaken certain transactions denominated in foreign currencies Hence, exposures to exchange rate fluctuations arise During the 15 months ended 31 March 2008 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	
	2008	2006	2008	2006
	£000	£000	£000	£000
Euro	(593)	-	5,112	-

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	
	2008	2006
	£000	£000
Euro	502	-

There are no material foreign exchange differences arising on the retranslation of financial costs and liabilities accordingly, no analysis of the sensitivities is presented

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure is higher than in the rest of the period This is due to the acquisition of Fresh which took place on 25 February 2008 which led to a large cash balance being held denominated in Euro as at 31 March 2008

Interest rate risk management

At 31 March 2008 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

Prior to the 25 February 2008 refinancing the Group also had convertible debt and other loans payable, however management do not consider that the Group was exposed to interest rate risk in respect of these as the interest rates payable were fixed

Given the fact that the majority of the interest paid during the period related to borrowings charged at a fixed rate of interest, neither interest rate swaps contracts nor forward interest rate contracts are used to hedge any risks arising

24. Financial instruments (continued)

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 18 for further details on trade receivables, including analyses of bad debts, ageing and profile by currency

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 £715,000 at 31 March 2008 and £14,000 at 31 December 2006) 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

			31 March 2008		31 December 2006	
Counterparty	**Location**	**Rating**	**% of overall cash & cash equivalents**	**Carrying amount £000**	**% of overall cash & cash equivalents**	**Carrying amount £000**
Barclays Bank plc	UK	AA	32 9%	2,352	100%	139
Caja Castilla La Mancha	Spain	A-	66 5%	4,754	-	-

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors At 31 December 2006 and for the majority of the 15 months ended 31 March 2008 the liquidity risk was considered to be high The refinancing which took place on 25 February 2008 addressed this problem and, as at the balance sheet date, liquidity risk is considered to be low given the fact that the Group has a considerable cash and cash equivalent balance and borrowings are limited to bank overdrafts and finance leases

25. Share capital

In order for the refinancing to take place, on 25 February 2008 Mirada completed a reorganisation of its capital structure This reorganisation consisted of two stages

First, each issued 1p Ordinary Share was subdivided into one Ordinary Share of 0 1p each and nine A Deferred Shares of 0 1p each The A Deferred Shares have the same rights as the existing 1p Deferred Shares, that is no right to vote, only limited rights to participate in dividends and only limited deferred rights on any return of capital

Second, every 1,000 0 1p Ordinary Shares were consolidated into 1 Ordinary Share of £1 00 each Authorised but unissued Ordinary Shares of 1p each were also consolidated, every 100 unissued Ordinary Shares of 1p were consolidated into 1 Ordinary Share of £1 00 each

Immediately before the capital reorganisation took place there were 912,242,053 1p Ordinary Shares in issue Immediately after the capital reorganisation there were 912,242 £1 00 Ordinary Shares and 8,210,178,477 0 1p A Deferred Shares in issue

A breakdown of the authorised and issued share capital in place as at 31 March 2008 is as follows

	2008 No.	2008 £'000	2006 No.	2006 £'000
Authorised				
Ordinary shares of £1 each (2006 1p)	25,789,822	25,790	1,200,000,000	12,000
A Deferred shares of 0 1p each	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	2,100,000,000	21,000
Allotted, called up and fully paid				
Ordinary shares of £1 each (2006 1p)	19,805,485	19,805	696,964,276	6,970
A Deferred shares of 0 1p each	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	1,387,786,915	13,878

During the period and prior to the capital reorganisation the following share issues took place

Date of Notice	Total	Shares Issued	Nominal Value	Share Premium
i. Placings:				
21 February 2007	£762,500	67,777,777	£677,778	£84,722
26 July 2007	£375,000	37,500,000	£375,000	-
8 August 2007	£500,000	50,000,000	£500,000	-
	£1,637,500	155,277,777	£1,552,778	£84,722

Date of Notice	Total	Shares Issued	Nominal Value	Share Premium
ii. Debt conversion				
9 May 2007	£250,000	25,000,000	£250,000	-
9 May 2007	£250,000	25,000,000	£250,000	-
16 May 2007	£100,000	10,000,000	£100,000	-
	£600,000	60,000,000	£600,000	-

25. Share capital (continued)

Following the capital reorganisation on 25 February 2008, the following share issues took place

Description	Total	Shares Issued	Nominal Value	Share Premium
i. Capitalisation of directors fees:				
- M Sinclair	£250,000	228,061	£228,061	£21,939
- N MacDonald	£22,500	20,525	£20,525	£1,975
- J Swingewood	£50,000	45,612	£45,612	£4,388
- J Fenn	£15,000	13,684	£13,684	£1,316
	£337,500	307,882	£307,882	£29,618
ii. Debt conversion	£5,211,403	4,754,063	£4,754,063	£457,340
iii. Placing	£8,371,875	7,637,178	£7,637,178	£734,697
iv. Acquistion of Fresh IT[1]	£6,180,436	6,180,436	£6,180,436	-
v. Capitalisation of creditor	£15,000	13,684	£13,684	£1,316

[1] Acquisition of Fresh IT

Under the provisions of s131 of the Companies Act 1985, 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 in the consolidated balance sheet No premium has been recognised in the company balance sheet as the shares have been recorded at nominal value

The mid-market price of Mirada's shares on 25 February 2008 equalled £1 40 meaning that the premium equalled £0 40 per share Therefore £2,472,174 has been taken to the merger reserve (£0 40 multiplied by the consideration of 6,180,436 ordinary shares)

Further details on the acquisition of Fresh are provided in note 30

25. Share capital (continued)

Below is a reconciliation of the movements in the ordinary share capital and share premium balances during the 15 months ending 31 March 2008

Description	Number of shares	Nominal Value £000	Share Premium £000
Balance at 1 January 2007	696,964,276	6,970	78,479
Movements prior to capital reorganisation			
i Placings less share issue costs	155,277,777	1,553	24
ii Debt conversion	60,000,000	600	-
Balance at date of capital reorganisation	912,242,053	9,123	78,503
Balance on completion of share reorganisation	912,242	912	78,503
Movements post capital reorganisation			
i Capitalisation of directors fees	307,882	308	30
ii Debt conversion	4,754,063	4,754	457
iii Placing	7,637,178	7,637	735
iv Acquisition of Fresh IT	6,180,436	6,180	-
v Capitalisation of creditor	13,684	14	1
Other			
Reserves movement on conversion of loans	-	-	5
Balance at 31 March 2008	19,805,485	19,805	79,731

Shares to be issued

Shares to be issued relates to deferred consideration in respect of the acquisition of Via Vision Limited, and is not payable until the completion balance sheet has been agreed A total of 1,700 ordinary shares which are equity in nature are contracted to be issued as deferred consideration for the purchase of Via Vision Limited These have been shown as part of shareholders funds in "shares to be issued"

	Number of shares	Value per share	Total £000
Via Vision Limited	1,700	£165 00	281

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26. Reserves and changes in equity

	Capital redemption reserve £000	Equity component of convertible debt £000	Share option reserve £000	Foreign exchange reserve £000	Merger reserve £000	Share premium account £000	Profit and loss account £000
At 1 January 2007	455	475	1,644	-	-	78,479	(80,114)
Loss for the financial period	-	-	-	-	-	-	(20,563)
Share based payment	-	-	205	-	-	-	-
Movement in foreign exchange reserve	-	-	-	260	-	-	-
Acquisition of subsidiary	-	-	-	-	2,472	-	-
Release of equity component of convertible debt on conversion	-	(475)	-	-	-	-	475
Adjustment to share premium on conversion of debt	-	-	-	-	-	5	-
Arising on share issue	-	-	-	-	-	1,307	-
Share issue costs	-	-	-	-	-	(60)	-
At 31 March 2008	**455**	**-**	**1,849**	**260**	**2,472**	**79,731**	**(100,202)**

	Capital redemption reserve £000	Equity component of convertible debt £000	Share option reserve £000	Foreign exchange reserve £000	Merger reserve £000	Share premium account £000	Profit and loss account £000
At 1 January 2006	455	-	508	-	-	75,521	(53,722)
Loss for the financial period	-	-	-	-	-	-	(26,633)
Share based payment	-	-	1,136	-	-	-	-
Arising on debt issue	-	716	-	-	-	-	-
Release of equity component of convertible debt on conversion	-	(241)	-	-	-	-	241
Adjustment to share premium on part conversion of debt	-	-	-	-	-	(276)	-
Arising on share issue	-	-	-	-	-	3,259	-
Share issue costs	-	-	-	-	-	(25)	-
At 31 December 2006	**455**	**475**	**1,644**	**-**	**-**	**78,479**	**(80,114)**

Capital redemption reserve

This reserve was created on the repurchase of deferred shares which occurred in 2000

Equity component of convertible debt

This reserve relates to the difference between the fair value of the convertible debt instrument as a whole and the amount allocated to the debt component

26. Reserves and changes in equity (continued)

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 s131 of the Companies Act 1985, 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

27. Share based payments

Equity settled share option scheme

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 period under review is subject to a performance criterion being satisfied The exercise of options granted historically 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 the Group before the options vest

Share warrants

In the past the Company has granted share warrants to third parties These warrants are not subject to performance criteria and vest immediately

Share reorganisation

As outlined in note 25 above, on 25 February 2008 the Company completed a share reorganisation All share options and warrants in issue at that date were subject to the same reorganisation process as the issued share capital This has led to the exercise price of the share options and warrants being increased by a multiple of 1,000 and the number of shares that the option/warrant holder is entitled to being divided by 1,000

In order to provide a realistic comparison of the share options and warrants outstanding amounts included for 31 December 2006 in the tables below have been adjusted to take the share consolidation into account

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

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

	15 months ended 31 March 2008			Year ended 31 December 2006		
	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	47,459	45 40	-	32,208	146 03
Granted during period	-	300,000	1 096	54,666	25,550	22 93
Forfeited during period	-	(12,567)	37 43	-	(9,511)	199 59
Exercised during period	-	-	-	-	(788)	10 00
Outstanding at the end of the period	54,666	334,892	11 54	54,666	47,459	45 40
Exercisable at the end of the period	54,666	23,587	50 57	54,666	21,909	54 38

No share options or share warrants have expired during the period

The options outstanding at 31 March 2008 had a weighted average remaining contractual life of 9 6 years (2006 8 8 years)

On 25 February 2008 300,000 share options were granted at an exercise price of £1 0962 The estimated fair value of the share options granted on that date is £278,000 (options granted during 2006 £531,000)

For the 15 months ended 31 March 2008 the Group has recognised a total expense of £205,000 (2006, £488,000) related to equity-settled share-based payment transactions

27. Share based payments (continued)

IFRS2 - Share based payment (continued)

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 15 months ended 31 March 2008 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	0 01	0 15	0 025	0 0185	1 0962
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 15 months ended 31 March 2008 are subject to performance criteria being met, this is for a fixed 3 year period

Share options granted prior to 7 November 2002

The movements during the period are as follows

Period of options	As at 1 January 2007	Exercised during period	Lapsed during period	As at 31 March 2008	Option Price £
28 January 2000 – 28 January 2010	1,043	-	-	1,043	100 00
20 June 2000 – 20 June 2010	5	-	-	5	680 00
5 April 2002 – 5 April 2012	1,000	-	-	1,000	100 00
5 April 2002 – 5 April 2012	60	-	-	60	60 00

28. Operating lease arrangements

	2008 £000	2006 £000
Minimum lease payments under operating leases recognised as an expense in the period	581	866

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

	2008 £000	2006 £000
Within one year	377	372
In second to fifth years inclusive	909	978
After five years	274	543
	1,560	1,893

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

29. Notes supporting cash flow statement

Cash and cash equivalents comprise

	2008 £000	2006 £000
Cash available on demand	7,154	139
Overdrafts	(234)	-
	6,920	139
Net cash increase in cash and cash equivalents	6,781	3,510
Cash and cash equivalents at beginning of period	139	(3,371)
Cash and cash equivalents at end of period	6,920	139

Significant non-cash transactions are follows

	2008 £000	2006 £000
Investing activities		
Equity consideration for business combination	8,653	1,250
Financing activities		
Convertible loans converted into equity	5,811	1,101
Debt converted to equity	338	500
	6,149	1,601

Cash and cash equivalents

Cash and cash equivalents are held in the following currencies

	2008 £000	2006 £000
Sterling	2,352	139
Euro	4,802	-
Total	7,154	139

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

30. Acquisitions during the period

On 25 February 2008 the Group acquired 100% of the voting equity instruments of Fresh Interactive Technologies S A which is a leading provider of interactive digital television solutions to the Spanish and Hispanic markets

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows

	Book value £000	Fair value adjustments £000	Fair value to Group £000
Provisional value of fair assets acquired			
Property, plant and equipment	102	-	102
Completed technology	324	215	539
Receivables	381	-	381
Cash	4,555	-	4,330
Bank overdrafts	(225)		
Payables	(325)	-	(325)
	4,812	215	5,027
Consideration paid			
6,180,436 Ordinary Shares of £1 each			8,653
Costs of acquisition			442
			9,095
Goodwill (note 15)			4,068

The fair value of the shares issued was determined by reference to their quoted market price of £1 40 at the date of acquisition The fair values of receivables and payables are the same as the IFRS carrying amounts immediately prior to the acquisition

One category of intangible assets was identified in relation to completed technology which consisted of capitalised internal development costs in relation to Fresh's interactive television software The fair value of the intangible was valued at the estimated cost of replacing Fresh's internally generated software and IP

The main factors leading to a recognition of goodwill are, the presence of certain intangible assets such as the assembled workforce of the acquired entity which do not qualify for separate recognition, synergistic cost savings and the opportunity for the group to market its variety of products in the Spanish and Hispanic markets

Had the acquisition of Fresh taken place on 1 January 2007 rather than 25 February 2008 the Group would have recorded extra revenue of £1 6 million and an increase in the loss for the financial period of £160,000

31. Events after the balance sheet date

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 reserve

32. First time adoption of International Financial reporting Standards (IFRS)

The principal changes to the Group's reported financial information under UK GAAP arising from the adoption of IFRS are as a result of the following

- the requirement not to amortise goodwill but to conduct annual impairment reviews, and
- the requirement that revenues from fixed odds gaming must no longer be shown gross of customer winnings

As part of the work performed for the transition to adopt IFRS, Mirada also conducted a review of the carrying values of major assets and liabilities held in the balance sheet and during this process identified misstatements in these carrying values Reconciliations and explanatory notes on how the transition to IFRS and the UK GAAP adjustments have affected profit and net assets previously reported under UK Generally Accepted Accounting Principles ("UK GAAP") are given below

IFRS 1 exemptions

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' sets out the procedures that the Group must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements This standard provides a number of optional exceptions to this general principle The most significant of these for the Group relates to business combinations that occurred before the opening IFRS balance sheet date (IFRS 3, 'Business Combinations') The Group has elected not to apply IFRS 3 retrospectively to business combinations prior to 1 January 2006

32. First time adoption of International Financial reporting Standards (continued)

Balance sheet reconciliation as at 1 January 2006

	UK GAAP	a	b	c	d	f	g	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill	43,980							43,980
Intangible assets	1,925							1,925
Property, plant & equipment	2,737							2,737
Investments	13							13
Non-current assets	**48,655**	-	-	-	-	-	-	**48,655**
Trade & other receivables	7,634					(2,350)		5,284
Cash & cash equivalents	117							117
Current assets	**7,751**	-	-	-	-	**(2,350)**	-	**5,401**
Trade & other payables	11,588							11,588
Short term borrowings	3,488							3,488
Provisions for liabilities & charges	-		67					67
Current liabilities	**15,076**	-	**67**	-	-	-	-	**15,143**
Net current liabilities	**(7,325)**	-	**(67)**	-	-	**(2,350)**	-	**(9,742)**
Total assets less current liabilities	**41,330**	-	**(67)**	-	-	**(2,350)**	-	**38,913**
Non current liabilities								
Interest bearings loans & borrowings	1,000							1,000
Long term provisions	1,834	(1,078)						756
Other non current liabilities	1,697							1,697
Total non-current liabilities	**4,531**	**(1,078)**	-	-	-	-	-	**3,453**
Net assets	**36,799**	**1,078**	**(67)**	-	-	**(2,350)**	-	**35,460**
Capital & reserves attributable to equity holders of the company								
Issued capital	12,060							12,060
Shares to be issued	281							281
Share premium	75,521							75,521
Other reserves	455	508						963
Retained earnings	(51,875)	570	(67)			(2,350)		(53,722)
	36,442	**1,078**	**(67)**	-	-	**(2,350)**	-	35,103
Minority interest	357							357
Total equity	**36,799**	**1,078**	**(67)**	-	-	**(2,350)**	-	**35,460**

The adjustments made to the balance sheet as at 1 January 2006 previously reported under UK GAAP are shown in columns a to g above Details of these adjustments are given below

32. First time adoption of International Financial reporting Standards (continued)

Balance sheet reconciliation as at 31 December 2006

	UK GAAP	a	b	c	d	f	g	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill	24,768			753				25,521
Intangible assets	1,378						(1,378)	-
Property, plant & equipment	2,123							2,123
Investments	18							18
Non-current assets	**28,287**	**-**	**-**	**753**	**-**	**-**	**(1,378)**	**27,662**
Trade & other receivables	6,591					(2,154)		4,437
Cash & cash equivalents	139							139
Current assets	**6,730**	**-**	**-**	**-**	**-**	**(2,154)**	**-**	**4,576**
Trade & other payables	9,536							9,536
Provisions for liabilities & charges	-		23					23
Current liabilities	**9,536**	**-**	**23**	**-**	**-**	**-**	**-**	**9,559**
Net current liabilities	**(2,806)**	**-**	**(23)**	**-**	**-**	**(2,154)**	**-**	**(4,983)**
Total assets less current liabilities	**25,481**	**-**	**(23)**	**753**	**-**	**(2,154)**	**(1,378)**	**22,679**
Non current liabilities								
Interest bearings loans & borrowings	5,678				(449)			5,229
Long term provisions	1,210	(1,129)						81
Other non current liabilities	2,271							2,271
Total non-current liabilities	**9,159**	**(1,129)**	**-**	**-**	**(449)**	**-**	**-**	**7,581**
Net assets	**16,322**	**1,129**	**(23)**	**753**	**449**	**(2,154)**	**(1,378)**	**15,098**
Capital & reserves attributable to equity holders of the company								
Issued capital	13,878							13,878
Shares to be issued	281							281
Share premium	78,755				(276)			78,479
Other reserves	759	1,047			768			2,574
Retained earnings	(77,351)	82	(23)	753	(43)	(2,154)	(1,378)	(80,114)
	16,322	1,129	(23)	753	449	(2,154)	(1,378)	15,098
Minority interest	-							-
Total equity	**16,322**	**1,129**	**(23)**	**753**	**449**	**(2,154)**	**(1,378)**	**15,098**

The adjustments made to the balance sheet as at 31 December 2006 previously reported under UK GAAP are shown in columns a to g above Details of these adjustments are given below

Mirada plc
Notes to consolidated accounts
15 months ended 31 March 2008

32. First time adoption of International Financial reporting Standards (continued)

Income statement reconciliation for the year ended 31 December 2006

	UK GAAP	a	b	c	d	e	f	g	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	62,586					(46,004)		196	16,778
Cost of sales	(54,171)					43,545			(10,626)
Gross profit	**8,415**	**-**	**-**	**-**	**-**	**-**	**-**	**196**	**6,152**
Net gaming income	-					2,459			2,459
Depreciation	(1,276)								(1,276)
Amortisation of deferred development costs	(1,252)						(1,378)		(2,630)
Amortisation of goodwill	(2,668)			2,668					-
Impairment of goodwill	(14,512)			(1,915)					(16,427)
Share based payment charge	-	(488)							(488)
Restructuring costs	(2,988)								(2,988)
Other administrative expenses	(9,939)		44						(9,895)
Total administrative costs	**(32,635)**	**(488)**	**44**	**753**	**-**	**-**	**(1,378)**	**-**	**(33,704)**
Operating loss	**(24,220)**	**(488)**	**44**	**753**	**-**	**-**	**(1,378)**	**196**	**(25,093)**
Finance income	3								3
Finance expense	(1,259)				(284)				(1,543)
Loss on before taxation	**(25,476)**	**(488)**	**44**	**753**	**(284)**	**-**	**(1,378)**	**196**	**(26,633)**
Taxation	-								-
Loss for financial year	**(25,476)**	**(488)**	**44**	**753**	**(284)**	**-**	**(1,378)**	**196**	**(26,633)**

The adjustments made to the income statement for the year ended 31 December 2006 previously reported under UK GAAP are shown in columns a to g above Details of these adjustments are given below

32. First time adoption of International Financial reporting Standards (continued)

Adjustments

Explanations of the IFRS adjustments and prior year UK GAAP adjustments made to the previously reported income statement and balance sheets are as follows

(a) Share based payments

As at 1 January 2006 the company held a provision of £862,000 in relation to a charge on unapproved share options under UITF 17 IFRS 2 requires the company to charge the income statement with the fair value of the options issued and this charge is spread over the vesting period of the option (which is typically 2 years), the company has calculated the fair value using the Black-Scholes method The result of the adjustments to reflect the change from UITF 17 to IFRS 2 is an increase in net assets of £1,129,000 as at 31 December 2006 and an increase in the loss for the year ended 31 December 2006 of £488,000

(b) Employee Benefits*

Under IAS 19, short-term benefits such as annual leave and sick leave, falling due within 12 months are required to be accrued at nominal value A review of unused holiday pay at each period end (including interim) and any other short term compensated absences (i e sick leave) has resulted in a net decrease in net assets as at 31 December 2006 of £23,000 and an increase in retained profit for the year ended 31 December 2006 of £44,000

(c) Goodwill and Intangible Assets*

IFRS 3 'Business Combinations' requires that, when businesses are acquired, any intangible assets acquired with the business are valued separately and capitalised as an intangible asset Any residual difference between the consideration paid or payable and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill IFRS 3 also requires that goodwill is not amortised but is instead subject to an annual impairment review, whereas intangible assets are amortised over their useful lives As the Group has elected not to apply IFRS 3 retrospectively to business combinations prior to 1 January 2006 under IFRS, the goodwill arising from combinations before that date therefore remain at the amount shown within goodwill under UK GAAP at 1 January 2006 so there is no impact from those acquisitions on the 2006 opening balance sheet

As IFRS 3 requires that goodwill is not amortised, amounts previously amortised in the 31 December 2006 accounts under UK GAAP of £2,668,000 have been written back Subject to IAS 36 the directors have identified cash generating units within the business and reviewed for any possible impairment that may be required Following this review a goodwill amount of £1,915,000 was impaired in the year ended 31 December 2006 The net result of these two adjustments is an increase in net assets as at 31 December 2006 of £753,000

(d) Financial Instruments

Under IAS 32, financial instruments are classified as financial liabilities and equity instruments Compound financial instruments may contain both a liability and an equity component Mirada's convertible debt in the balance sheet as at 31 December 2006 has been split into debt and equity components using fair value accounting principles Interest is calculated by applying a rate that would have been payable on a similar debt without any equity conversion option, the rate used equalled 20% The effect of this adjustment has been an increase in net assets of £449,000 as at 31 December 2006 and an increase in the interest charge in the year ended 31 December 2006 of £284,000

(e) Gaming revenues*

Under IAS 39 revenues from fixed odds gaming must no longer be shown gross of customer winnings The result is that the revenue and cost of sales recognised in the income statement for the year ended 31 December 2006 have been reduced by £43 5 million

32. First time adoption of International Financial reporting Standards (continued)

Adjustments (continued)

(f) Write off of accrued income

As at 1 January 2006 the Group held accrued income on the balance sheet in relation to income generated from a channel sale and an associated minimum revenue guarantee contract In discussion with the auditors, management have reviewed the accounting treatment previously adopted and have concluded that the income statement and balance sheet were misstated A prior year adjustment has been made to write off the accrued income as at 1 January 2006 The effect of this adjustment is to decrease net assets as at 1 January 2006 by £2,350,000 and as at 31 December 2006 by £2,154,000, and to increase the revenue recognised in the income statement for the year ended 31 December 2006 by £196,000

(g) Write off of intangibles assets

Under IFRS 3 in order for development costs to be capitalised certain specific criteria has to be met In addition only direct costs of development such as the salary costs of the development staff, are allowed to be capitalised These requirements are very similar to the requirements of UK GAAP The result of this review was that in many cases not all the criteria were met and that the overhead capitalised included non staff overhead The effect of this is that intangible assets with a carrying value of £1,378,000 were fully impaired at 31 December 2006

* The directors have distinguished the IFRS conversion adjustments with a *

Mirada plc
Company Balance Sheet
31 March 2008

	Notes	31 March 2008 £000	31 December 2006 (as restated) £000
Goodwill	v	-	57
Tangible fixed assets	vi	2	24
Investments	vii	20,287	29,651
Fixed assets		**20,289**	**29,732**
Debtors	viii	4,745	664
Cash at bank and in hand		2,237	10
Current assets		**6,982**	**674**
Total assets		**27,271**	**30,406**
Creditors – amounts falling due within one year	ix	(6,480)	(2,101)
Net current assets/(liabilities)		**502**	**(1,427)**
Total assets less current liabilities		**20,791**	**28,305**
Interest bearing loans and borrowings	x	-	(4,988)
Other non-current liabilities	x	(450)	-
Accruals & deferred income	x	-	(2,191)
Creditors – amounts falling due in more than one year		**(450)**	**(7,179)**
Provisions for liabilities	xi	(8)	(81)
Total creditors		**(6,938)**	**(9,361)**
Net assets		**20,333**	**21,044**
Capital and reserves			
Issued capital		34,924	13,878
Shares to be issued		281	281
Share premium	xiii	79,731	78,479
Other reserves	xiii	2,304	2,573
Retained earnings	xiii	(96,907)	(74,168)
Shareholders' funds	xvi	**20,333**	**21,044**

These financial statements were approved and authorised for issue on 29 July 2008

Signed on behalf of the Board of Directors

Michael Sinclair
Chairman

José Luis Vázquez
Chief Executive Officer

Mirada plc
Notes to Company accounts
15 months ended 31 March 2008

i. Accounting policies

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%
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

Mirada plc
Notes to Company accounts
15 months ended 31 March 2008

1. **Accounting policies (continued)**

Convertible debt

Convertible debt is regarded as a compound instrument, consisting of a liability component and an equity component At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue The portion relating to the equity component is charged directly against equity

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note

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 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

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. Prior period adjustments

As stated in the Chairman's Statement and note 32, First Time Adoption of International Financial Reporting Standards ("IFRS"), as part of the work performed for the transition to adopt IFRS, Mirada also conducted a review of the carrying values of major assets and liabilities held in the balance sheet and during this process identified adjustments to be made The reasons for these adjustments are described in note 32, First Time Adoption of International Financial Reporting Standards ("IFRS"), the impact of these adjustments on the balance sheet as at 31 December 2006 previously reported are outlined below

- Share based payments

The result of the adjustments is an increase in net assets of £1,129,000 as at 31 December 2006 and an increase in the loss for the year ended 31 December 2006 of £488,000

- Financial Instruments

The effect of this adjustment has been an increase in net assets of £449,000 as at 31 December 2006 and an increase in the interest charge in the year ended 31 December 2006 of £284,000

- Write off of accrued income

The effect of this adjustment is to decrease net assets as at 31 December 2006 by £2,154,000, and to increase the revenue recognised in the profit and loss account for the year ended 31 December 2006 by £196,000

- Write off of intangibles assets

The effect of this adjustment is that intangible assets with a carrying value of £1,378,000 were fully impaired at 31 December 2006

iii. Staff costs and employee information

	15 months ended 31 March 2008 £000	Year ended 31 December 2006 £000
Wages and salaries	1,788	1,792
Social security costs	149	129
Other pension costs	78	67
Staff costs	2,015	1,988

The Group operates a defined contribution pension scheme for certain employees and two directors (2006 2 directors) The outstanding amount of pension contributions accruing at the period end was £8,000 (2006 £8,000)

iii. Staff costs and employee information

The average number of persons, including executive directors, employed by the Company during the period was

	15 months ended 31 March 2008	Year ended 31 December 2006
By activity		
Office and management	15	19
Sales and marketing	4	4
	19	23

iv. Loss attributable to members of the parent company

As permitted by section 230 of the Companies Act 1985 the Company has elected not to present its own profit and loss account for the period The Company reported a loss after tax for the financial period ended 31 March 2008 of £23 2 million (2006 £31 8 million)

v. Intangible assets

	Goodwill £000
Cost	
At 1 January 2007 & 31 March 2008	174
Accumulated amortisation	
At 1 January 2007	117
Provision for impairment	57
At 31 March 2008	174
Net book value	
At 31 March 2008	-
At 31 December 2006	57

vi. Tangible fixed assets

	Office & computer equipment £000	Short-leasehold improvements £000	Total £000
Cost			
At 1 January 2007	1,566	38	1,604
Additions	5	-	5
At 31 March 2008	1,571	38	1,609
Depreciation			
At 1 January 2007	1,548	32	1,580
Provided during the period	21	6	27
At 31 March 2008	1,569	38	1,607
Net book value			
At 31 March 2008	2	-	2
At 31 December 2006	18	6	24

vii. Investments

	£000
Cost or valuation	
At 1 January 2007	38,705
Additions	7,217
Disposals*	(1,098)
At 31 March 2008	44,824
Amounts provided	
At 1 January 2007	9,054
Provided during the period	15,483
At 31 March 2008	24,537
Net book value	
At 31 March 2008	20,287
At 31 December 2006	29,651

*Sale of Yoomedia Dating Group Ltd

vii. **Investments (continued)**

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
Digital Interactive Broadband Services 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
Via Vision Limited	Ordinary Shares	100%	UK	Interactive TV services
Cheltrading 418 Limited	Ordinary Shares	100%	UK	Dormant
YooMedia Mobile Limited	Ordinary Shares	100%	UK	Dormant
Fresh Interactive Technologies S A	Ordinary Shares	100%	Spain	Interactive TV services
Honeycone Limited	Ordinary Shares	50%	UK	Mobile telephone technology provider
Broadband TV Group Limited	Ordinary Shares	50%	UK	Broadband TV services

viii. Debtors

	2008 £000	2006 £000
Trade debtors	26	75
Amounts owed by subsidiary undertakings	4,041	-
Accrued income	6	19
Other debtors	419	360
Prepayments	253	210
	4,745	664

At 31 December 2006 other debtors included £52,022 relating to rent deposits which are recoverable in more than one year

ix. Creditors – amounts falling due within one year

	2008 £000	2006 £000
Trade creditors	867	1,010
Amounts owed to group undertakings	2,062	-
Accruals and deferred income	1,351	579
Other taxation and social security	756	370
Other creditors	1,429	142
Obligations under finance leases and hire purchase contracts	15	-
	6,480	2,101

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

	2008 £000	2006 £000
Convertible debt	-	4,324
Other loans	-	664
Other creditors	450	-
	450	4,988
Deferred income	-	2,191
	450	7,179

x. Creditors - amounts falling due in more than one year (continued)

Borrowings are repayable as follows

	2008 £000	2006 £000
Convertible debt		
Between one and two years	-	4,324
	-	4,324
Other loans		
Between one and two years	-	664
	-	664
Other creditors		
Between one and two years	450	-
	450	-
Finance leases		
On demand or within one year	15	-
Between one and two years	-	-
	15	-
Total borrowings including finance leases		
On demand or within one year	15	-
Between one and two years	450	4,988
	465	4,988

xi Provisions for liabilities

	Employers' National Insurance on share options £000	Provision for dilapidations £000	Total £000
At 1 January 2007	8	73	81
Taken to short term liabilities	-	(73)	(73)
At 31 March 2008	8	-	8

xii. Deferred taxation

Deferred taxation provided in the financial statements is nil (2006 £nil) and the amounts not recognised are as follows

	2008 £000	2006 £000
Accelerated capital allowances	304	319
Other timing differences	-	222
Losses	6,079	8,399
	6,383	8,940

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

xiii. Reserves

	Capital redemption reserve £000	Equity component of convertible debt £000	Share option reserve £000	Share premium account £000	Profit and loss account £000
At 1 January 2007	455	475	1,644	78,479	(74,168)
Loss for the financial period	-	-	-	-	(23,214)
Share based payment	-	-	205	-	-
Arising on debt issue	-	-	-	-	-
Release of equity component of convertible debt on conversion	-	(475)	-	-	475
Adjustment to share premium on part conversion of debt	-	-	-	5	-
Arising on share issue	-	-	-	1,307	-
Share issue costs	-	-	-	(60)	-
At 31 March 2008	**455**	**-**	**1,849**	**79,731**	**(96,907)**

xiv. Reconciliation of movements in shareholders' funds

	2008 £000	2006 £000
Loss for the period	(23,214)	(31,827)
New shares issued	22,293	5,052
Equity component of convertible debt	-	716
Movement in share premium arising on conversion of convertible loan	5	(276)
Additions to capital reserves re share option charge	205	1,135
Net increase/(reduction) in shareholders' funds	(711)	(25,200)
Opening shareholders' funds	21,044	46,244
Closing shareholders' funds	20,333	21,044

xv. Financial commitments

At 31 March 2008 the Company had annual commitments under non-cancellable operating leases expiring as follows

	Buildings 2008 £000	Buildings 2006 £000
Within one year	118	500

Leases of buildings are subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

xvi Post balance sheet events

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 reserve