

**REGISTRAR OF
COMPANIES**

Gameplay Limited
(formerly Gameplay plc)

Report and Financial Statements

Year ended

31 May 2004

BDO

BDO Stoy Hayward
Chartered Accountant



A43
COMPANIES HOUSE

A9ZK63MG

0598
16/03/05

Gameplay Limited

Annual report and financial statements for the year ended 31 May 2004

Contents

Page:

1	Directors' report
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

Cheam Directors Limited
Stawell Services Limited

Secretary and registered office

Line Secretaries Limited, 8 Baker Street, London, W1U 3LL.

Company number

3734233

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Gameplay Limited

Report of the directors for the year ended 31 May 2004

The directors present their report together with the audited financial statements for the year ended 31 May 2004.

Change of name

On 29 March 2004 the company, which was formerly registered as a public company, was re-registered under the Companies Act 1985 as a private limited company.

Results and dividends

The company's principal activity is that of an investment company.

The directors do not recommend the payment of a dividend for the year.

Future developments

The directors continue to seek opportunities for the future.

Directors

The directors of the company during the year were:

Cheam Directors Limited
Stawell Services Limited

The directors have no beneficial interest in the shares of the company or its parent company, Topland Group Holdings International Limited.

Directors' responsibilities

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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Gameplay Limited

Report of the directors for the year ended 31 May 2004 (*Continued*)

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the Board



Line Secretaries Limited
Secretary

Date 8 march 2005

Gameplay Limited

Report of the independent auditors

To the shareholders of Gameplay Limited

We have audited the financial statements of Gameplay Limited for the year ended 31 May 2004 on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 United Kingdom Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Gameplay Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

8 March 2005

Gameplay Limited**Profit and loss account for the year ended 31 May 2004**

		Year ended 31 May 2004 £	10 months ended 31 May 2003 £
Administrative expenses		(84,028)	(761,675)
Interest receivable		273	3,867
Loss on ordinary activities before taxation	2	(83,755)	(757,808)
Taxation on loss from ordinary activities	5	(330,115)	-
Profit/(loss) for the year	10	246,360	(757,808)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

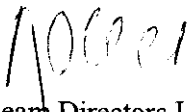
The notes on pages 7 to 12 form part of these financial statements.

Gameplay Limited

Balance sheet at 31 May 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Investments	6		2,602,000		-
Current assets					
Debtors	7	137,885		-	
Cash at bank and in hand		246,139		-	
		<u>384,024</u>		<u>-</u>	
Creditors: amounts falling due within one year	8	3,110,253		370,589	
		<u></u>		<u></u>	
Net current liabilities			(2,726,229)		(370,589)
			<u>(124,229)</u>		<u>(370,589)</u>
Capital and reserves					
Called up share capital	9		445,817		445,817
Share premium account	10		195,753,986		195,753,986
Profit and loss account	10		(196,324,032)		(196,570,392)
			<u></u>		<u></u>
Equity shareholders' deficit	11		(124,229)		(370,589)
			<u></u>		<u></u>

The financial statements were approved by the Board on 8 March 2005


Cheam Directors Limited
Director

The notes on pages 7 to 12 form part of these financial statements.

Gameplay Limited

Notes forming part of the financial statements for the year ended 31 May 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Group financial statements

The financial statements contain information about Gameplay Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by S.248 of the Companies Act 1985 not to produce consolidated financial statements as the group it heads qualifies as a small group.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Loss on ordinary activities before taxation

	Year ended 31 May 2004 £	10 months ended 31 May 2003 £
This is arrived at after charging:		
Audit services	1,821	-
	<hr/>	<hr/>

3 Employees

Other than the directors there were no persons employed by the company during the year (2003 – Nil).

Gameplay Limited

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

4 Directors' remuneration

	Year ended 31 May 2004 £	10 months ended 31 May 2003 £
Directors' emoluments	-	163,075
Compensation for loss of office	-	274,113
	-	437,188

Emoluments of the highest paid director amounted to £Nil (2003 - £281,667).

5 Taxation on loss from ordinary activities

	Year ended 31 May 2004 £	10 months ended 31 May 2003 £
<i>UK corporation tax</i>		
Group tax subvention receipt	(330,115)	-
<i>Tax reconciliation:</i>		
Loss on ordinary activities before tax	(83,755)	(757,808)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	(25,126)	(227,342)
Effects of:		
Expenses not deductible for tax purposes	8,387	70,529
Tax losses carried forward	16,739	156,813
Capital gains on deemed transfers from group undertakings	2,458,404	-
Utilisation of capital losses	(2,458,404)	-
Group tax subvention receipt	(330,115)	-
Current tax credit for year	(330,115)	-

Subject to agreement with the Inland Revenue, the company has tax losses of approximately £93 million (2003 - £101 million) available for offset against future taxable profits.

No provision has been made for deferred tax asset on the grounds that it is not sufficiently certain whether or not any future economic benefit will arise.

Gameplay Limited

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

6 Fixed asset investments

	Group undertakings £
<i>Cost</i>	
At 1 June 2003	9,000
Addition	2,602,000
	<hr/>
At 31 May 2004	2,611,000
	<hr/>
<i>Provision</i>	
At 1 June 2003 and at 31 May 2004	(9,000)
	<hr/>
<i>Net book value</i>	
At 31 May 2004	2,602,000
	<hr/>
At 31 May 2003	-
	<hr/>

The addition in the year represents the purchase of 100% interest in the share capital of Templeway House Limited which is registered in Gibraltar and is currently in liquidation.

The following figures have been extracted from the latest unaudited financial statements of Templeway House Limited for the period ended 31 May 2002:

	£
Called up share capital	10,000
Share premium account	2,592,000
Profit and loss account	(12,079)
	<hr/>
	2,589,921
	<hr/>

Gameplay Limited

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

6 Fixed asset investments (Continued)

The following were the principal group undertakings at the end of the year:

Name	Country of incorporation or registration	Proportion of voting rights held	Nature of business
Internet Digital Media Limited	UK	100%	Dormant
Gameplay Retail Limited	UK	100%	Dormant
Shout TV Limited	UK	20%	Dormant
Gameplay B.V.	Netherlands	100%	Dormant *
Gameplay Media Limited	UK	100%	Dormant *
Gameplay TV Limited	UK	100%	Dormant *
Gameplay.com Limited	UK	100%	Dormant *
douno Limited	UK	100%	Dormant *
Gameplay Ireland Limited	Eire	100%	Dormant *
Templeway House Limited	Gibraltar	100%	Dormant *

* In liquidation

7 Debtors

	2004 £	2003 £
Amounts due from group undertakings	120,589	-
Other debtors	17,296	-
	<u>137,885</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts due to group undertakings	3,106,963	370,589
Accruals and deferred income	3,290	-
	<u>3,110,253</u>	<u>370,589</u>

Gameplay Limited

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

9 Share capital

	2004 £	2003 £
<i>Authorised</i>		
160,000,000 ordinary shares at 1/2p each	800,000	800,000
<i>Allotted, called up and fully paid</i>		
89,163,478 ordinary shares of 1/2p each	445,817	445,817

10 Reserves

	Share premium account £	Profit and loss account £
At 1 June 2003	195,753,986	(196,570,392)
Profit for the year	-	246,360
At 31 May 2004	195,753,986	(196,324,032)

11 Reconciliation of movements in shareholders' funds

	Year ended 31 May 2004 £	10 months ended 31 May 2003 £
Profit/(loss) for the year	246,360	(757,808)
Net movement in shareholders' (deficit)/funds	246,360	(757,808)
Opening shareholders' (deficit)/funds	(370,589)	387,219
Closing shareholders' deficit	(124,229)	(370,589)

Gameplay Limited

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

12 Related party disclosures

During the year the company received a group tax subvention payment of £330,115 (2003 - £Nil) from Riverland Portfolio No 1 Limited, a fellow subsidiary.

Also during the year the company purchased 100% interest in Templeway House Limited for £2,602,000 from Topland Property Holdings Limited, a fellow subsidiary.

The following balances existed with the group undertakings (see notes 7 and 8):

	2004		2003	
	Debtor £	Creditor £	Debtor £	Creditor £
Riverland Portfolio No 1 Ltd	91,583	-	-	-
Topland Property Holdings Ltd	29,006	-	-	-
Templeway House Ltd	-	2,589,921	-	-
Berkley Estates London Ltd	-	41,085	-	-
Topland Group Holdings International Ltd	-	475,957	-	370,589
	<u>120,589</u>	<u>3,106,963</u>	<u>-</u>	<u>370,589</u>

13 Parent company

At 31 May 2004 the immediate and ultimate parent company and controlling party was Topland Group Holdings International Limited which is registered in the British Virgin Islands.

14 Contingent liabilities

The directors are not aware of any material contingent liabilities at 31 May 2004 and at 31 May 2003.