

Company Registration No. 4234460

**Digital Interactive Studio Centre
Limited
Report and Financial Statements
Year ended 31 December 2005**

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Digital Interactive Studio Centre Limited

Report and financial statements 2005

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Digital Interactive Studio Centre Limited

Report and financial statements 2005

Officers and professional advisers

Directors

N MacDonald (appointed 26 October 2006)

J Apps (resigned 26 September 2006)

D Docherty (resigned 24 June 2005)

A Fearon (resigned 31 March 2005)

Secretary

Georgia Gordon

Registered Office

Northumberland House
155-157 Great Portland Street
London
W1W 6QP

Bankers

Lloyds TSB Bank plc
Park Row
Leeds

Solicitors

Finers Stephens Innocent
177 Great Portland Street
London

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Digital Interactive Studio Centre Limited

Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2005

Activities

The principal activity of the company is to provide cost-effective digital studio facilities to broadcasters

Review of developments

The company has continued to provide office and studio facilities to broadcasters of digital interactive television. The director anticipates continuing growth in this market

Results for the period, dividends and transfers to reserves

Profit after taxation for the year was £103,274 (2004 loss of £450,783)

There were no dividends paid in the year (2004 £nil)

Future prospects

The future prospects of the company reflect the growing trend in the broadcasting industry to incorporate revenue-generating interactivity within programme content, and planned developments within the group

Director and his interests

The directors who served during the year, except as noted, are stated on page 1

N MacDonald's interests in YooMedia plc, the company's ultimate parent company are shown in the financial statements of that company. The options to subscribe in shares are also shown in those financial statements

Except as disclosed above the director does not have any disclosable interests in the company or other group companies

Financial risk management

The director considered the risks attached to the company's financial instruments which principally comprise operating debtors, operating creditors and loans to and from other group companies. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the company. The company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements

The company had no hedged transactions during the year

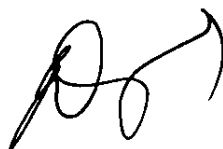
Digital Interactive Studio Centre Limited

Director's report

Auditors

Deloitte & Touche LLP have expressed their willingness to continue as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved and signed by the Sole Director



Director

20th Dec 2007

Digital Interactive Studio Centre Limited

Statement of director's responsibilities

United Kingdom company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the members of Digital Interactive Studio Centre Limited

We have audited the financial statements of Digital Interactive Studio Centre Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the director's 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 other transactions is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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.

**Independent auditors' Report to the members of
Digital Interactive Studio Centre Limited (continued)**

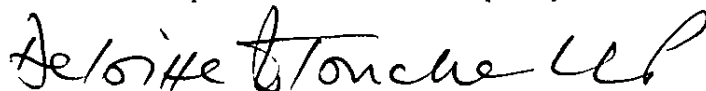
Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985

Emphasis of matter - Going Concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements concerning the company's ultimate parent, YooMedia plc and subsidiary companies', ability to continue as a going concern. The company's activities form an integral part of the overall business activities of the group. The group incurred a net loss of £11.2 million during the year ended 31 December 2005 and, as of that date, the group had current net liabilities of £7.3 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the companies's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

26/4/2007

Digital Interactive Studio Centre Limited

Profit and loss account Year ended 31 December 2005

| | Notes | Year ended 31 December 2005 £ | Year ended 31 December 2004 £ |
|---|-------|--|--|
| Turnover | 2 | 5,638,297 | 2,906,876 |
| Cost of sales | | (3,547,634) | (1,632,605) |
| Gross profit | | 2,090,663 | 1,274,271 |
| Administrative expenses | | (1,868,507) | (1,703,414) |
| Exceptional items | 4 | (102,721) | - |
| Operating profit/(loss) | 4 | 119,435 | (429,143) |
| Interest payable and similar charges | 5 | (16,161) | (21,640) |
| Profit/(loss) on ordinary activities before taxation | | 103,274 | (450,783) |
| Tax on profit/(loss) on ordinary activities | 6 | - | - |
| Profit/(loss) for the year | | 103,274 | (450,783) |
| Profit and loss account brought forward | | (1,774,782) | (1,323,999) |
| Profit and loss account carried forward | | (1,671,508) | (1,774,782) |

There are no recognised gains or losses for the current period or preceding financial year other than as included in the profit and loss account and therefore no statement of total recognised gains and losses is presented

All turnover and operating profits/(losses) arise from continuing operations

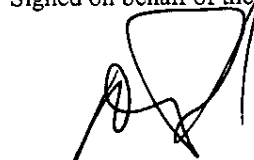
Digital Interactive Studio Centre Limited

Balance sheet at 31 December 2005

| | Note | 31 December 2005 £ | 31 December 2004 £ |
|--|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 1,590,745 | 2,069,287 |
| | | <u>1,590,745</u> | <u>2,069,287</u> |
| Current assets | | | |
| Debtors due within one year | 8 | 2,865,282 | 4,559,221 |
| Debtors due after one year | 8 | - | 164,804 |
| Cash at bank and in hand | | 22,642 | 1,069,155 |
| | | <u>2,887,924</u> | <u>5,973,180</u> |
| Creditors' amounts falling due within one year | 9 | (6,146,067) | (9,513,878) |
| Net current liabilities | | <u>(3,258,143)</u> | <u>(3,720,698)</u> |
| Total assets less current liabilities | | <u>(1,667,398)</u> | <u>(1,651,411)</u> |
| Creditors' amounts falling due after more than one year | 11 | (4,109) | (123,370) |
| Net Liabilities | | <u>(1,671,507)</u> | <u>(1,774,781)</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 1 | 1 |
| Profit and loss account | | (1,671,508) | (1,774,782) |
| Total equity shareholder's deficit | 13 | <u>(1,671,507)</u> | <u>(1,774,781)</u> |

These financial statements were approved by the Board of Directors on 20th Dec 2007

Signed on behalf of the Board of Directors



Director

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2005

1. Accounting policies

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current period and the prior year, are described below.

Going concern

YooMedia plc, the ultimate parent, has confirmed that it will continue to support Digital Interactive Studio Centre Limited as a going concern, as the company's activities form an integral part of the overall business of the Group.

During the year ended 31 December 2005, the Group recorded a loss of £11.2 million and at 31 December 2005 the Group had net current liabilities of £7.3 million. Net cash outflow from operating activities in 2005 was £8.3 million and during the six months ended 30 June 2006 the Group recorded an unaudited loss of £5.9 million and at 30 June 2006 the Group had unaudited net current liabilities of £6.6 million and unaudited net cash outflow from operating activities of £2.1 million.

The Directors consider that the acquisition of DITG and TGC and the increase of its shareholding in Yoomedia Dating Group Limited to 100 per cent were significant milestones for the Group. The acquisitions have enabled management to realise significant synergies and cost savings in the combined Group and the Group is also implementing the proposals identified by the strategic review carried out in 2005, these synergies realised an unaudited operating cost saving of 17 per cent for the six months ended 30 June 2006.

As part of their considerations of going concern, the directors have prepared working capital projections for the period to 30 June 2008. These projections assume growth in revenue above historic levels, further cost reductions and additional synergy benefits beyond those already actioned following the acquisitions referred to above. The projections, taken together with unaudited management accounts to date, show the Group becoming EBITDA positive during 2007, as the Group has succeeded to become cash flow positive during 2006.

The group concluded new banking arrangements and an on demand £2.9m credit facility with Mentor Marketing and Investments Limited on 21 July 2006, replacing the previous on demand facilities provided by Lloyds TSB.

The directors believe that the actions above, taken in conjunction with other financing options, including ongoing restructuring will ensure that adequate working capital is available to the Group.

Consequently, the directors consider that it is appropriate to prepare the accounts on the going concern basis. However, in common with similar businesses at this stage of their development, the directors recognise that there will remain a material uncertainty over the Group's ability to realise future profitability and positive cash flows until the Group has established a track record of profitable trading, cash generation and meeting its working capital projections.

There is, therefore, material uncertainty related to the above events and conditions which may cast significant doubt on the entity's ability to continue as a going concern and it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company is exempt from the requirement of FRS 1 (revised) to present a cash flow statement because it is a wholly owned subsidiary of Yoomedia plc which prepares consolidated accounts which are publicly available.

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2005

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

| | |
|---|---------------------------------|
| Land & buildings | 6.7% per annum |
| Plant and machinery | Between 20% and 66.7% per annum |
| Fixtures, fittings, tools and equipment | Between 20% and 25% per annum |

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result from an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Assets obtained under finance leases are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable for the period are charged to the profit and loss account.

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax profit, all of which arise in the United Kingdom, are attributable to the provision of digital studio facilities to broadcasters.

| | Year ended 31 December 2005 £ | Year ended 31 December 2004 £ |
|--------------------|--|--|
| With third parties | 4,856,431 | 2,315,613 |
| Within the group | 781,866 | 591,263 |
| | <u>5,638,297</u> | <u>2,906,876</u> |

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2005

3. Information regarding director and employees

| | Year ended 31 December 2005 £ | Year ended 31 December 2004 £ |
|---|--|--|
| Director's remuneration | | |
| Emoluments | - | - |
| Pension contributions | - | - |
| | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| | No | No. |
| Average number of persons employed (including directors) | | |
| Production | 21 | 14 |
| Administration | 2 | 2 |
| | <u>23</u> | <u>16</u> |
| | £ | £ |
| Staff costs during the period (including directors) | | |
| Wages and salaries | 580,700 | 302,502 |
| Social security costs | 50,938 | 31,783 |
| Pension costs | 3,708 | 2,738 |
| | <u>635,346</u> | <u>337,023</u> |

The director's emoluments for services to group companies were paid by Digital Interactive Television Group Limited, the parent company, and Yoomedia plc, the company's ultimate parent, and it is not considered practical to allocate this cost to individual group companies

4. Operating profit/(loss)

| | Year ended 31 December 2005 £ | Year ended 31 December 2004 £ |
|--|--|--|
| Operating profit/(loss) is after charging | | |
| Depreciation | | |
| Owned assets | 567,609 | 298,203 |
| Leased assets | 188,653 | 188,654 |
| Auditors remuneration | 10,000 | 10,000 |
| Rentals under operating leases - other | 177,503 | 123,475 |
| Inter company adjustments | | |
| Trading | <u>102,721</u> | <u>-</u> |

The inter company adjustment relates to sister companies balances aggregated and written off in each Group company

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2005

5. Interest payable and similar charges

| | Year ended 31 December 2005 £ | Year ended 31 December 2004 £ |
|--|--|--|
| Interest element of finance leases and hire purchase contracts | <u>16,161</u> | <u>21,640</u> |

6. Tax on profit/(loss) on ordinary activities

Factors affecting the tax charge for the year

| | Year ended 31 December 2005 £ | Year ended 31 December 2004 £ |
|--|--|--|
| Profit/(Loss) on ordinary activities before taxation | <u>103,274</u> | <u>(450,783)</u> |
| United Kingdom corporation tax at 30% | (30,982) | 135,235 |
| Explained by | | |
| Non-deductible expenditure | (274) | (13,686) |
| Capital allowances in excess of depreciation | (226,939) | (121,549) |
| Group relief claimed | <u>258,195</u> | <u>-</u> |
| Current tax charge for the year | <u>-</u> | <u>-</u> |

Digital Interactive Studio Centre Limited

Notes to the accounts Year ended 31 December 2005

7. Tangible fixed assets

| | Land and buildings £ | Plant and machinery £ | Fixtures, fittings, tools and equipment £ | Total £ |
|---------------------------------|----------------------------|-----------------------------|---|------------------|
| Cost | | | | |
| At 1 January 2005 | 912,383 | 2,818,304 | 115,672 | 3,846,359 |
| Additions | 2,100 | 267,786 | 7,834 | 277,720 |
| | <u>914,483</u> | <u>3,086,090</u> | <u>123,506</u> | <u>4,124,079</u> |
| Accumulated depreciation | | | | |
| At 1 January 2005 | 200,923 | 1,497,832 | 78,317 | 1,777,072 |
| Charge for the period | 60,834 | 685,173 | 10,255 | 756,262 |
| | <u>261,757</u> | <u>2,183,005</u> | <u>88,572</u> | <u>2,533,334</u> |
| Net book value | | | | |
| At 31 December 2005 | <u>652,726</u> | <u>903,085</u> | <u>34,934</u> | <u>1,590,745</u> |
| At 31 December 2004 | <u>711,460</u> | <u>1,320,472</u> | <u>37,355</u> | <u>2,069,287</u> |

Included within the net book value of tangible fixed assets is £274,910 (year ended 31 December 2004 £526,449), which relates to leased assets held under finance leases

8. Debtors

Amounts falling due within one year

| | 2005 £ | 2004 £ |
|--|------------------|------------------|
| Trade debtors | 1,130,620 | 1,090,174 |
| Amounts owed by group undertakings | - | 2,909,671 |
| Other debtors | 169,045 | 699 |
| Amounts owed by parent company | 609,560 | |
| Prepayments and accrued income | 956,057 | 558,677 |
| | <u>2,865,282</u> | <u>4,559,221</u> |
| Amounts falling due after more than one year: | | |
| Other debtors | - | 164,804 |
| | <u>-</u> | <u>164,804</u> |

Digital Interactive Studio Centre Limited

Notes to the accounts Year ended 31 December 2005

9. Creditors: amounts falling due within one year

| | 2005 £ | 2004 £ |
|--|------------------|------------------|
| Obligations under finance leases (see note 14) | 60,376 | 198,127 |
| Trade creditors | 4,069,969 | 3,332,398 |
| Amounts owed to group undertakings | | |
| Parent company | 1,270,781 | 5,494,358 |
| Other taxes and social security | 197,018 | 41,185 |
| Other creditors | 229,042 | - |
| Accruals and deferred income | 318,881 | 447,810 |
| | <u>6,146,067</u> | <u>9,513,878</u> |

10. Bank loans and overdrafts

| | 2005 £ | 2004 £ |
|------------------------------------|-----------|-----------|
| Wholly repayable within five years | | |
| Unsecured | - | - |
| | <u>-</u> | <u>-</u> |
| Due within one year | - | - |
| | <u>-</u> | <u>-</u> |

YooMedia plc, the ultimate parent company of Digital Interactive Studio Centre Limited, has a revolving credit facility granted by Lloyds TSB plc involving itself and all its subsidiary companies

11. Creditors: amounts falling due after more than one year

| | 2005 £ | 2004 £ |
|--|--------------|----------------|
| Obligations under finance leases (see note 14) | 4,109 | 68,041 |
| Other creditors | - | 55,329 |
| | <u>4,109</u> | <u>123,370</u> |

12. Called up share capital

| | 2005 £ | 2004 £ |
|------------------------------------|--------------|--------------|
| Authorised: | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| Called up, allotted and fully paid | | |
| 1 ordinary shares of £1 each | <u>1</u> | <u>1</u> |

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2005

13 Reconciliation of movements in equity shareholder's deficit

| | 2005 £ | 2004 £ |
|--|--------------------|--------------------|
| Profit/(loss) for the financial year | 103,274 | (450,783) |
| Net increase in equity shareholder's deficit | 103,274 | (450,783) |
| Opening equity shareholder's deficit | (1,774,781) | (1,323,998) |
| Closing equity shareholder's deficit | <u>(1,671,507)</u> | <u>(1,774,781)</u> |

14. Financial lease commitments

| | 2005 £ | 2004 £ |
|--|---------------|----------------|
| Obligations under finance leases and hire purchase contracts | | |
| Minimum lease payments due | | |
| Within one year | 60,376 | 198,127 |
| Within two to five years | 4,109 | 68,041 |
| | <u>64,485</u> | <u>266,168</u> |

15. Operating lease commitments

At 31 December 2005, Digital Interactive Studio Centre Limited had annual commitments under non-cancellable operating leases as set out below

| | 2005 | | 2004 | |
|--------------------------|----------------------------|------------|----------------------------|--------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Leases which expire | | | | |
| Within one year | - | - | - | 187 |
| Within two to five years | - | - | - | 2,843 |
| More than 5 years | 80,520 | - | 161,040 | - |
| | <u>80,520</u> | <u>-</u> | <u>161,040</u> | <u>3,030</u> |

16. Pension

The company provides pension arrangements to all full-time employees through a defined contribution scheme. The pension cost charge in the period was £3,708 (year ended 31 December 2004 £2,738).

17. Ultimate parent company

The company's immediate and ultimate parent and ultimate controlling party is YooMedia plc, a company incorporated in Great Britain. YooMedia plc is the parent of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the group financial statements are available from Northumberland House, 155-157 Great Portland Street, London, W1W 6QP.

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2005

18. Related party transactions

The company has taken advantage of the exemption from related party disclosures available in Financial Reporting Standard No 8 Related Party Disclosures, as the consolidated financial statements of the ultimate parent company are publicly available as noted above