

Company Registration No. 4234460

**Digital Interactive Studio Centre
Limited
Report and Financial Statements**

Year ended 31 December 2006

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Digital Interactive Studio Centre Limited

Report and financial statements 2006

Contents	Page
Officers and professional advisers	1
Director's report	2-3
Statement of director's responsibilities	4
Independent auditors' report	5-6
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9-15

Digital Interactive Studio Centre Limited

Report and financial statements 2006

Officers and professional advisers

Director

N MacDonald (resigned 27 March 2008)
Jose Luis Vazquez (appointed 25 February 2008)

Secretary

Graham Duncan (appointed 1 May 2008)

Registered Office

6 & 7 Princes Court
Wapping Lane
London
E1W 2DA

Bankers

Barclays Bank PLC
1 Churchill place
London
E14 5HP

Solicitors

Finers Stephens Innocent
179 Great Portland Street
London
W1W 5LS

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 2006. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

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 £4,053,693 (2005: £103,274).

The director has not declared a dividend for the year (2005: £nil).

The Group's Interactive Service business made significant progress in mobile marketing activity, but this was offset by a reduction in general demand for interactive television services, and the impact from the charges to the Sky programme guide in February 2006.

The Group's Enhanced Services addresses the growing mobile phone based advertising and marketing sector and continued to innovate with new services combining mobile phone and internet for clients such as Budweiser, Nestle and Hardys Wine. New services were developed for remote payments for the car parking sector which is set to introduce the ability to pay charges via mobile phone in the near future. An initial agreement with Central Parking Services was announced in December. Further new development based on interactive kiosk was undertaken in 2006 and we expect announcement of the deployment of these to be made in 2007, including the pilot with L'Oreal in a retail product promotion which was undertaken in March 2007. We have continued to provide the Real Time Messaging System which uniquely measures the time when an SMS message is sent for the Who Wants to Be a Millionaire programme on behalf of Celador and ITV.

In the part of the Interactive Services business targeted at the broadcast and digital content sectors, we continued to operate the NHS Direct Interactive service throughout 2006 and we announced that the contract had been extended until April 2008. New data-casting services for the Freeview platform were launched and 3 year agreements were made with amongst others Gemstar TV Guide and Virgin Radio.

While demand remains uncertain in the interactive television sector, we believe many of our technologies and services are applicable to new broadband video channels and IPTV platforms which are at early stages of development in the UK. The interactive advertising sector and, in particular, the mobile-phone-based advertising and promotion sectors are set for continued strong growth and we believe the development we have made in the area will deliver new and growing revenue streams. It remains to be seen how quickly phone based payment will be taken up for car parking and other services however we believe that the Mirada offering in this area is highly competitive.

Digital Interactive Studio Centre Limited

Director's report

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.

Directors

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

Going concern

The director would like to draw attention to the going concern note, Note 1, in the Notes to the Accounts. The note sets out the current position of the director that the company is a going concern.

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 director has 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.

Auditors

The director at the date of approval of this report confirms that:

so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;

the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's 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 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 Sole Director
and signed on behalf of the Board



Jose Luis Vazquez

28 November 2008

Digital Interactive Studio Centre Limited

Statement of director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing these 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 director is 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. 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 2006 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 19. 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 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 directors and auditors

The director's responsibilities for preparing the 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 Director's 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we 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 director's remuneration and other transactions is not disclosed.

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

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)

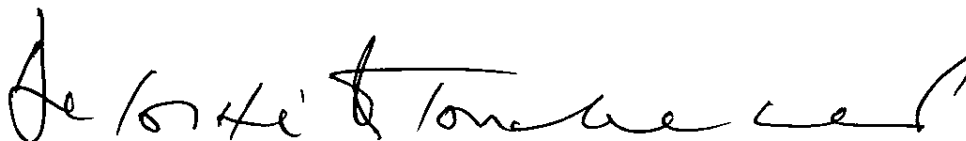
Opinion

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 2006 and of its profit for the year then ended;
- 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.

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to disclosures made in note 1 of the financial statements concerning the company's ultimate parent, Mirada plc (formerly 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 £15.8 million during six months ended 31 December 2007. This lack of profitability, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company'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, United Kingdom

25/11/ 2008

Digital Interactive Studio Centre Limited

Profit and loss account Year ended 31 December 2006

	Notes	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Turnover	2	5,811,673	5,638,297
Cost of sales		(1,429,742)	(3,547,634)
Gross profit		4,381,931	2,090,663
Administrative expenses		(3,038,917)	(1,868,507)
Operating profit	4	1,343,014	222,156
Exceptional items	5	2,714,521	(102,721)
Profit after exceptional items		4,057,535	119,435
Interest payable and similar charges		(3,842)	(16,161)
Profit on ordinary activities before taxation		4,053,693	103,274
Tax on profit/(loss) on ordinary activities	6	-	-
Profit ordinary activities after taxation		4,053,693	103,274

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 (losses)/profits arise from continuing operations.

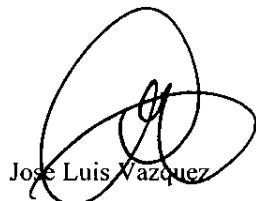
Digital Interactive Studio Centre Limited

Balance sheet

As at 31 December 2006

	Notes	31 December 2006 £	31 December 2005 £
Fixed assets			
Tangible assets	7	1,160,318	1,590,745
		<u>1,160,318</u>	<u>1,590,745</u>
Assets in course of construction		311,574	-
Current assets			
Debtors: due within one year	8	4,231,167	2,865,282
Cash at bank and in hand		2,121	22,642
		<u>4,233,288</u>	<u>2,887,924</u>
Creditors: amounts falling due within one year	9	<u>(3,322,994)</u>	<u>(6,146,067)</u>
Net current assets/(liabilities)		<u>910,294</u>	<u>(3,258,143)</u>
Total assets less current liabilities		<u>2,382,186</u>	<u>(1,667,398)</u>
Creditors: amounts falling due after more than one year	10	-	(4,109)
Total net assets/(liabilities)		<u><u>2,382,186</u></u>	<u><u>(1,671,507)</u></u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	2,382,185	(1,671,508)
Shareholders' funds/(deficit)	13	<u><u>2,382,186</u></u>	<u><u>(1,671,507)</u></u>

These financial statements were approved by the Sole Director on 28 November 2008.


Jose Luis Vazquez

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2006

1. Accounting policies

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

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom accounting standards.

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 Mirada plc which prepares consolidated accounts which are publicly available.

Going concern

Mirada plc (formerly Yoomedia plc), the ultimate parent, has confirmed that it will continue to support Digital Interactive Studio Centre Ltd

During the 6 months ended 31 December 2007, Mirada plc recorded a loss before interest, tax, depreciation, amortisation and exceptionals of £1.6 million and a net loss of £15.8 million, and at 31 December 2007 the Group had net current liabilities of £8.1 million. Net cash outflow from operations in the period was £0.4 million.

On 25 February 2008 Mirada plc completed a refinancing and the acquisition of 100% of the issued share capital of Fresh Interactive Technologies S.A. ("Fresh"). The refinancing consisted of £8.42 million being raised via a placing of shares for cash and the conversion into shares of convertible loans, including interest, totaling £5.21 million. At the date of acquisition Fresh had received €6 million from an equity cash investment from Baring Private Equity Partners Espana S.A. Directors believe that the cash received from the placing and the cash held by Fresh will be sufficient to fund the Group's working capital requirements for at least the next twelve months. Consequently the Directors consider that it is appropriate to prepare the accounts on a going concern basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

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.

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2006

1. Accounting policies (continued)

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 arises in the United Kingdom, is attributable to the provision of digital studio facilities to broadcasters.

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
With third parties	5,058,712	4,856,431
Within the group	752,961	781,866
	<u>5,811,673</u>	<u>5,638,297</u>

3. Information regarding directors and employees

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
	No.	No.
Average number of persons employed (including directors)		
Production	21	21
Administration	2	2
	<u>23</u>	<u>23</u>

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2006

3. Information regarding directors and employees

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Staff costs during the period (including directors)		
Wages and salaries	841,580	580,700
Social security costs	85,807	50,938
Pension costs	8,724	3,708
	<u>936,111</u>	<u>635,346</u>

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

4. Operating (loss)/profit

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Operating (loss)/profit is after charging		
Depreciation		
Owned assets	567,899	567,809
Leased assets	188,654	188,654
Auditors remuneration – audit services	10,000	10,000
Rentals under operating leases - other	210,837	177,503
	<u>977,390</u>	<u>944,016</u>

5. Exceptional item

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Intercompany balance written back/(off)	974,068	(102,721)
Reduction in contractual liabilities	1,740,453	-
	<u>2,714,521</u>	<u>(102,721)</u>

The intercompany balances written off relate to amounts forgiven by parent and fellow group companies.

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2006

6. Tax on profit on ordinary activities

Factors affecting the tax charge for the year

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Profit on ordinary activities before taxation	4,053,693	103,274
United Kingdom corporation tax at 30%	(1,216,108)	(30,982)
Explained by:		
Non-deductible expenditure	-	(274)
Intercompany write back disallowed	292,220	-
Capital allowances in excess of depreciation	(226,996)	(226,939)
Tax losses utilised	1,150,884	258,195
Current tax charge for the period/year	-	-

Deferred tax

The actual and potential liability to deferred tax is nil due to the availability of tax losses.

No deferred tax asset has been recognised due to the uncertainty over making sufficient profits in future.

7. Tangible fixed assets

	Land and buildings £	Computer hardware £	Fixtures and fittings £	Capitalised software £	Total £
Cost					
At 1 January 2006	914,483	703,408	2,417,174	89,015	4,124,080
Additions	4,890	325,872	9,094	55,661	395,517
At 31 December 2006	919,373	1,029,280	2,426,268	144,676	4,519,597
Accumulated depreciation					
At 1 January 2006	261,757	447,848	1,782,576	41,154	2,533,335
Adjustment re additions	2,900	43,845	(1,754)	24,400	69,391
Charge for the period	61,621	299,910	345,484	49,538	756,553
At 31 December 2006	326,278	791,603	2,126,306	115,092	3,359,279
Net book value					
At 31 December 2006	593,095	237,677	299,962	29,584	1,160,318
At 31 December 2005	652,726	255,560	634,598	47,861	1,590,745

Included within the net book value of tangible fixed assets is £95,007 (year ended 31 December 2005: £274,910), which relates to leased assets held under finance leases.

Digital Interactive Studio Centre Limited

Notes to the accounts Year ended 31 December 2006

8. Debtors

Amounts falling due within one year

	2006 £	2005 £
Trade debtors	593,929	1,130,620
Amounts owed by group undertakings	2,229,550	-
Other debtors	438,918	169,045
Amounts owed by parent company	-	609,560
Prepayments and accrued income	968,770	956,057
	<u>4,231,167</u>	<u>2,865,282</u>

9. Creditors: amounts falling due within one year

	2006 £	2005 £
Obligations under finance leases (see note 14)	7,416	60,376
Trade creditors	1,461,940	4,069,969
Amounts owed to parent company	-	1,270,781
Other taxes and social security	589,121	197,018
Other creditors	1,069,338	229,042
Accruals and deferred income	195,179	318,881
	<u>3,322,994</u>	<u>6,146,067</u>

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

	2006 £	2005 £
Obligations under finance leases (see note 14)	-	4,109
	<u>-</u>	<u>4,109</u>

11. Called up share capital

	2006 £	2005 £
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 2006

12. Profit and loss account

	2006 £	2005 £
Profit for the year	4,053,693	103,274
Balance at 1 January 2006	(1,671,508)	(1,774,782)
Balance at 31 December 2006	<u>2,382,185</u>	<u>(1,671,508)</u>

13. Reconciliation of movements in shareholders' deficit

	2006 £	2005 £
Profit for the financial year	4,053,693	103,274
Opening shareholders' deficit	(1,671,507)	(1,774,781)
Closing shareholders' funds/(deficit)	<u>2,382,186</u>	<u>(1,671,507)</u>

14. Financial commitments

	2006 £	2005 £
Obligations under finance leases and hire purchase contracts		
Minimum lease payments due:		
Within one year	7,416	60,376
Within two to five years	-	4,109
	<u>7,416</u>	<u>64,485</u>

15. Operating lease commitments

At 31 December 2006 Digital Interactive Studio Centre Limited had annual commitments under non-cancellable operating leases as set out below:

Obligations under finance leases and hire purchase contracts
Minimum lease payments due:

	2006 Land and buildings £	2005 Land and buildings £
Leases which expire:		
More than 5 years	<u>80,520</u>	<u>80,520</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 £8,724 (year ended 31 December 2005: £3,708).

Digital Interactive Studio Centre Limited

Notes to the accounts

Year ended 31 December 2006

17. Ultimate parent company

The company's immediate and ultimate parent and ultimate controlling party is Mirada plc (formerly YooMedia plc), a company incorporated in the United Kingdom. Mirada plc is the parent of the largest and smallest group of which the company is a member and for which the group accounts are drawn up. Copies of the group financial statements are available from 6 & 7 Princes Court Court, Wapping Lane, London, E1W 2DA.

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.

19. Subsequent events

On 25 February 2008 Mirada plc completed a refinancing and the acquisition of 100% of the issued share capital of Fresh Interactive Technologies S.A. ("Fresh"). The refinancing consisted of £8.42 million being raised via a placing of shares for cash and the conversion into shares of convertible loans, including interest, totaling £5.21 million. At the date of acquisition Fresh had received €6 million from an equity cash investment from Baring Private Equity Partners Espana S.A.