

Company Registration No. 04274612

**The Gaming Channel Bookmakers
Limited
Report and Financial Statements**

31 December 2006



The Gaming Channel Bookmakers Limited

Report and financial statements 2006

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9

The Gaming Channel Bookmakers Limited

Report and financial statements 2006

Officers and professional advisers

Directors

N MacDonald
Jose Luis Vazquez (appointed 25 February 2008)

Secretary

Georgia Gordon

Registered Office

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

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

The Gaming Channel Bookmakers Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Activities

The principal activity of the company is the provision of bookmaking services to interactive broadcasters

Profit after taxation for the year was £1,766,853 (year ended 31 December 2005 Loss (£3,061,966))

Significant progress was made in the turnaround of the profitability of the division during the year. Under the agreement with Gala Group, a Gala-branded channel was launched on 4 October 2006, enabling the Company to make substantial cost saving in terms of production, staffing, broadcast and transmission costs and platform carriage costs, while securing guaranteed annualised revenues of £1 million.

The launch of the new video-rich 'Roulette TV' broadcast channel offering in May 2006 enabled presenter-led roulette broadcast channels with integrated interactive multiplayer gaming. Roulette TV is currently available on 4 channels on Sky, with plans underway to launch across additional platforms, including IPTV and cable.

An agreement with Playboy TV was completed in October 2006 and a Playboy branded interactive TV and mobile phone gaming service was subsequently launched in November 2006.

Since the passing of the Gambling Act 2005, Mirada has been anticipating significant changes in the UK gambling sector and, in particular, the presentation of gambling on television. We have prepared for these changes in addition to the work undertaken to restructure the business. The Act is expected to come into force later on this year and Mirada has submitted an application for new UK remote gaming licence in order to continue operating under UK regulations.

As the group has always operated its gaming services under the UK issued licence, we have been unaffected by the changes in the market in 2006 related to offshore gaming operators. The contract with William Hill to produce a channel on Sky ended on 31 October 2006 and the channel was taken off air in November 2006.

An exclusive licence for the game Tringo was acquired in 2006 and a pilot of an interactive TV version was aired on a channel on Sky in early 2007 with a view to evaluating the game's potential as a multiplayer skill based game player for cash prizes. An agreement was entered into with Catalyst Media Group to develop a head-to-head gaming system which will include Tringo as one of the games, and this is scheduled for launch in 2007.

The Company announced its first agreement for delivering games to IPTV with an agreement to develop and operate games on the BT Vision service.

The Company is currently in negotiations to grant an option to a third party which would enable the option holder to acquire the Group's Games and Gambling division. The price to be paid for this option will be £0.8 million and the option will expire on 31 October 2007. The ultimate consideration to be paid for the Games and Gambling division under the terms of the option has yet to be determined. We hope to announce further information in the coming weeks.

The Gaming Channel Bookmakers Limited

Directors' report (continued)

We believe that Mirada's Games and Gambling business is of interest to businesses seeking to exploit developments in the market and technical platforms that will enable entertainment-based gambling and gaming to be offered and promoted in the UK in ways not previously possible. While the regulatory situation in other markets outside the UK remains uncertain we have not sought to expand the business outside the UK but where certain markets, such as Spain, are expected to open up in the near to mid term we believe that our interests are best suited through working with the right partner in that territory.

Review of developments

The director anticipates continuing growth in this market.

Going concern

The director would like to draw attention to Note 1 which sets out the current position of the director that the company is a going concern.

Dividends and transfers to reserves

There were no dividends paid in the current year or prior period, the retained profit being transferred to reserves.

Directors

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

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.

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 Board of Directors
and signed on behalf of the Board
Director

29th JUL 2008

The Gaming Channel Bookmakers Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the 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 The Gaming Channel Bookmakers Limited

We have audited the financial statements of The Gaming Channel Bookmakers Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. 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 directors and auditors

The directors' 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 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' 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 directors' remuneration and other transactions 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.

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 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 The Gaming Channel Bookmakers 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 loss 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 Director's 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
4 August 2008

The Gaming Channel Bookmakers Limited

Profit and loss account Year ended 31 December 2006

		Year ended 31 December 2006 £	Year ended 31 December 2005 £
	Note		
Turnover, continuing operations	2	46,004,069	62,869,143
Cost of sales		45,192,153	60,881,617
Gross profit		<u>811,916</u>	<u>1,987,526</u>
Administrative expenses		(161)	(1,853)
Operating profit, continuing operations		<u>811,755</u>	<u>1,985,673</u>
Exceptional items	5	955,098	(5,047,639)
Profit/(Loss) on ordinary activities before taxation	4	<u>1,766,853</u>	<u>(3,061,966)</u>
Tax on profit on ordinary activities	6	-	-
Profit/(Loss) on ordinary activities after taxation		<u><u>1,766,853</u></u>	<u><u>(3,061,966)</u></u>

There are no recognised gains or losses for the current period or prior year other than as shown above. Accordingly no separate statement of total recognised gains and losses is presented.

The Gaming Channel Bookmakers Limited

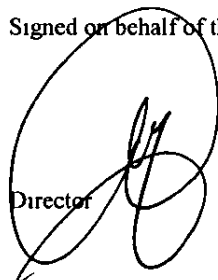
Balance sheet As at 31 December 2006

	Note	2006 £	2005 £
Current assets			
Debtors	7	6,810,548	5,085,314
Creditors: amounts falling due within one year	8	(10,211)	(51,830)
Net current assets and total assets less current liabilities		<u>6,800,337</u>	<u>5,033,484</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	<u>6,800,336</u>	<u>5,033,483</u>
Total shareholders' funds	11	<u>6,800,337</u>	<u>5,033,484</u>

These financial statements were approved by the Board of Directors on 29TH July 2008

Signed on behalf of the Board of Directors

Director



The Gaming Channel Bookmakers 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 period and the prior year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable 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 Television Production Company Limited as a going concern.

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.

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.

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 loss, all of which arises in the United Kingdom, is attributable to the provision of interactive software for digital television.

The Gaming Channel Bookmakers Limited

Notes to the accounts

Year ended 31 December 2006

3 Information regarding directors and employees

The directors' emoluments were paid by Digital Interactive Television Group Limited, another group 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

There were no direct employees of the Company in this year or in the prior period with all employee services being performed by The Gaming Channel Limited, another group company

4 Profit/(Loss) on ordinary activities before taxation

The auditors' remuneration amounting to £5,000 (2005 £5,000) was paid by the Digital Interactive Television Group Limited, another group company for the current period and prior year

5. Exceptional item

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Inter-company balance written back	955,098	(5,047,639)

The inter-company balances written back relate to amounts forgiven by parent and fellow group companies

6. Tax on profit on ordinary activities

Factors affecting tax charge for the year

Analysis of tax on ordinary activities

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Profit /(Loss) before tax	1,766,853	(3,061,966)
United Kingdom corporation tax	(530,056)	102,202
Effects of		
Inter company funding write off - disallowable	(65,940)	
Tax losses not utilised	595,996	(102,202)
Current year tax	-	-

The Gaming Channel Bookmakers Limited

Notes to the accounts Year ended 31 December 2006

7. Debtors

	2006 £	2005 £
Amount owed by parent undertaking	6,459,116	5,012,616
Other debtors	351,432	72,698
	<u>6,810,548</u>	<u>5,085,314</u>

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Other creditors	10,211	51,830
	<u>10,211</u>	<u>51,830</u>

9. Called up share capital

	2006 £	2005 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

10. Profit and loss account

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Balance at 1 January 2006	5,033,483	8,095,449
Profit/(Loss) for the year	1,766,853	(3,061,966)
	<u>6,800,336</u>	<u>5,033,483</u>
Balance at 31 December 2006		

The Gaming Channel Bookmakers Limited

Notes to the accounts

Year ended 31 December 2006

11. Reconciliation of movements in shareholders' funds

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Profit / (Loss) for the financial year	1,766,853	(3,061,966)
Net addition to shareholders' funds	1,766,853	(3,061,966)
Opening shareholders' funds	5,033,484	8,095,450
Closing shareholders' funds	6,800,337	5,033,484

12. Ultimate parent company and controlling party

The company's immediate and ultimate parent and ultimate controlling party is Mirada plc, a company incorporated in Great Britain. 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 Northumberland House, 155-157 Great Portland Street, London, W1W 6QP.

13. 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.

14. 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.