MIRRIAD LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

REGISTERED NUMBER: 5879899

MirriAd Limited

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COMPANY INFORMATION

Directors
Peter Bazalgette (Chairman)
Stephen Bullock
Anmar Kawash (appointed 14 October 2010)
Anthony Isaacs
Michael Penington
Mark Popkiewicz
Bruce Smith

Company Secretary
Anthony Isaacs

Registered office
MirriAd Limited
22 Great James Street
London
WC1N 3ES

Independent Auditor
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
West London
The Atrium
1 Harefield Road
Uxbridge
UB8 1EX

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011

The directors present their annual report and audited consolidated financial statements of the group and company for the year ended 30 September 2011 The group comprises MirriAd Limited and its overseas subsidiaries MirriAd Advertising Private Limited (India) and MirriAd Inc (USA)

Principal activities
MirriAd Limited is engaged in the provision of embedded advertising into video which can also be described as digital product placement The principal activity of the company comprised the development of the unique technology required to embed advertising imagery into video and the use of this technology to provide such embedded advertising services to broadcasters, advertisers and brand owners, and their agencies The company assists in the sourcing of video content inventory as well as digitally embedding branded advertising into such content This content is then delivered to the target audience on any platform (such as TV and internet) The process is managed online using MirriAd's sales platform MirriAd Advertising Private Limited and MirriAd Inc also provide digital product placement services to their respective markets but no technology development is carried out by them

Business review and future developments
During the year further development was carried out in relation to the company's cornerstone technology ZoneSense and in particular in relation to enabling this technology to be deployed remotely at a broadcaster's premises on dedicated hardware The company delivered further, significant improvements to its online sales platform and announced the availability of its catalogue, targeting and analytics products in November 2011 During the year the Company was successful in winning a grant from the Technology Strategy Board entitled Slipstream and will be working with partners MEC/MediaEdge and STV Group Plc The Company intends to apply for further technology related grants in its relevant field of expertise, if and when available

The Company has raised just over £2million in funding during the year via three, successful rights issues as follows,

- A 1 for 5 rights issues raised £988,212 in November 2010 at 1p per share
- A 1 for 12 rights issues raised £543,417 in April 2011at 1 1p per share
- A 1 in 14 rights issues raised £504,694 in September 2011 at 1 1p per share

In February 2011 a new Broadcast code was published enabling UK broadcasters to secure revenues for product placements and most other EU countries have published similar guidelines The Group was successful securing contracts with major broadcasters during the year including Seven Network in Australia and ITV and BSkyB in the UK The company also continued to build key relationships with major broadcasters and agencies during the year and the Group reduced its US presence and activities in order to reduce costs and focus on the newly de-regulated markets in the EU (including the UK)

The Group and Company intends to further develop its ZoneSense technology as well as launch a mobile application in the coming year It will also continue to improve its catalogue, targeting and analytics offerings to the market The Board is confident further, major customer contracts will be secured over the coming 12 months

Results and dividends
The Group results for the year are shown in the Profit and Loss account on page 7 The loss after tax for the financial year ended 30 September 2011 was £2,083,417 (year ended 30 September 2010 £2,782,688) There were no dividends in the year (2010 £130,000) In 2010 the Company's share capital was reorganised such that cumulative convertible participating preferred ordinary shares ('B' Shares) were converted into "2010 ordinary shares" Dividends were payable at 6 5% on these 'B' Shares but were classed as interest in the profit and loss account in accordance with FRS 25 "Financial Instruments - Disclosure and Presentation" (see note 5(b)) Following the share restructure all accrued dividends on the 'B' shares were recorded within share premium

Going concern
The financial statements have been prepared on the going concern basis which assumes that the Group will continue in operational existence in the foreseeable future

The Group has successfully raised over £2m of funding from existing investors during the year and has the Board has received confirmation that the company's investors are prepared to invest a further £500,000 if and when required A number of outside investors have also expressed an interest in investing in the company Furthermore sales have increased markedly over the year ended 30 September 2011 The amount of funding required in the future will be dependent upon the results of the business but it is expected that further funding will be necessary Although the directors are confident of obtaining the necessary funding, at the time of approving these accounts this funding was not committed and without such funding the Company and the Group would not be able to continue as a going concern This indicates the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue in operational existence for the foreseeable future However based on the Group cash flow forecasts and the funding expected to be available to the Company, the Directors are confident that the Company will have sufficient working capital for at least 12 months from the date of approval of these financial statements Accordingly they believe that it is appropriate for the financial statements to be prepared on a going concern basis

The financial statements do not contain any adjustments that would arise if the financial statements were not drawn up on a going concern basis If required, these adjustments would be made to the balance sheet of the company to increase or reduce the balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities

Donations
No donations were made during the year (2010 £Nil)

Directors
Directors who served during the year and up to the date of signing the financial statements (unless otherwise noted) were as follows

Peter Bazalgette (Chairman)
Stephen Bullock
Anthony Isaacs
Anmar Kawash (appointed 14 October 2010)
Michael Penington
Mark Popkiewicz
Bruce Smith

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and 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 directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011 (continued)

Statement of directors' responsibilities (continued)

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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Statement as to disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will be deemed reappointed for the next financial year in accordance with section 478(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006

On behalf of the Board

Anthony Isaacs
Director
31 January 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRRIAD LIMITED

We have audited the group and parent company financial statements (the "financial statements") of MirriAd Limited for the year ended 30 September 2011 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets and the Accounting Policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify any material inconsistencies with the audited financial statements If we become aware of any apparent material inconsistencies we consider the implication for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Emphasis of Matter – Going Concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning future financial support The financial statements have been prepared on a going concern basis, the validity of which depends on future funds being made available from the Company's investors and other potential sources of finance These funds are not committed at the date of this report which indicates the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern The financial statements do not include any adjustments that would arise if the Company was not able to continue as a going concern

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRRIAD LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Terence Hopcroft (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

2 Febry 2012

MirriAd Limited

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Note	**Year ended 30 September 2011 £**	Year ended 30 September 2010 £
TURNOVER		**244,278**	157,820
Cost of sales		**(125,319)**	(86,045)
GROSS PROFIT		**118,959**	71,775
General and Administrative expenses		**(2,295,760)**	(2,807,800)
OPERATING LOSS	2	**(2,176,801)**	(2,736,025)
Interest receivable and similar income	5(a)	**2,549**	-
Interest payable and similar charges	5(b)	**(14,674)**	(280,645)
Grant income		-	214,650
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(2,188,926)**	(2,802,020)
Tax on loss on ordinary activities	6	**105,509**	19,332
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION	14	**(2,083,417)**	(2,782,688)

The operating loss for the year arises from continuing operations

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated here and their historical cost equivalents

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account

MirriAd Limited

GROUP AND COMPANY BALANCE SHEETS AS AT 30 SEPTEMBER 2011

	Note	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
FIXED ASSETS					
Tangible assets	7	**218,828**	123,703	**188,988**	97,402
Intangible assets	8	**-**	-	**-**	-
Investments	9	**-**	-	**1,200**	1,200
		218,828	123,703	**190,188**	98,602
CURRENT ASSETS					
Debtors	10	**317,783**	266,216	**286,928**	2,449,446
Cash at bank and in hand		**995,793**	1,117,772	**971,638**	1,078,102
TOTAL CURRENT ASSETS		**1,313,576**	1,383,988	**1,258,566**	3,527,548
CREDITORS					
Amounts falling due within one year	11	**(419,279)**	(287,626)	**(417,073)**	(283,864)
NET CURRENT ASSETS		**894,297**	1,096,362	**841,493**	3,243,684
CREDITORS Amounts falling due after one year	12	**(883,038)**	(942,986)	**(883,038)**	(942,986)
NET ASSETS		**230,087**	277,079	**148,643**	2,399,300
CAPITAL AND RESERVES					
Called up equity share capital	13	**6,888,581**	4,947,448	**6,888,581**	4,947,448
Share premium	14	**3,810,817**	3,715,525	**3,810,817**	3,715,525
Profit and loss account	14	**(10,469,311)**	(8,385,894)	**(10,550,755)**	(6,263,673)
TOTAL SHAREHOLDERS' SURPLUS	15	**230,087**	277,079	**148,643**	2,399,300

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 7 to 20 were approved by the Board of directors on 31 January 2012 and were signed on behalf of the Board of Directors

Anthony Isaacs
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011

1. Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008) The principal accounting policies, which have been applied consistently throughout the year, are set out below

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Group and Company will continue in operational existence in the foreseeable future

The Company has successfully raised over £2m of funding from existing investors during the year and the Board has received confirmation that the company's investors are prepared to invest a further £500,000 if and when required A number of outside investors have also expressed an interest in investing in the Company Furthermore sales have increased markedly over the year ended 30 September 2010 The amount of funding required in the future will be dependent upon the results of the business but it is expected that further funding will be necessary Although the directors are confident of obtaining the necessary funding, at the time of approving these accounts this funding was not committed and without such funding the Company and the Group would not be able to continue as a going concern This indicates the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue in operational existence for the foreseeable future However based on the Group cash flow forecasts and the funding expected to be available to the Company, the Directors are confident that the Company will have sufficient working capital for at least 12 months from the date of approval of these financial statements Accordingly they believe that it is appropriate for the financial statements to be prepared on a going concern basis

The financial statements do not contain any adjustments that would arise if the financial statements were not drawn up on a going concern basis If required, these adjustments would be made to the balance sheet of the company to increase or reduce the balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities

Basis of consolidation

The consolidated financial statements are the consolidation of the financial statements of the MirriAd Limited and its subsidiary undertakings MirriAd Advertising Private Limited and MirriAd Inc All the subsidiaries have uniform accounting policies Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated

The company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company profit and loss account The loss for the financial year of the company was £4,287,082 (2010 loss of £2,282,696)

Turnover and revenue recognition

Turnover represents the value (excluding Value Added Tax) of fees for the services provided The company provides advertising services consisting of monthly retainers, CPS (Cost per second) revenues where there is an agreed fee payable or profit share arrangement in place with customers based on the seconds aired or delivered ,and hub related revenues which consists of revenues related to option fees, set up or mobilisation fees and exclusivity or market entrance fees Revenues relating to these advertising services are recognised when the services are delivered , provided to customers in accordance with contractual terms and conditions and there are no further significant obligations attached

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011 (CONTINUED)

1. Accounting policies (continued)

Deferred Revenue

Where there are amounts invoiced to customers and/or cash advances received from customers and the related services have not yet been delivered or significant obligations remain, the relevant portion of income will be recorded as deferred revenue

Tangible fixed assets and depreciation

Tangible fixed assets are stated at original cost less accumulated depreciation Depreciation is calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life at the following rates

Computer hardware and office equipment – three years

Leasehold improvements – over the minimum lease term

Intangible fixed assets and amortisation

Purchased intangible fixed assets are capitalised and amortised over their useful economical lives on a straight line basis Useful economic lives are reviewed at the end of each reporting period and revised if necessary The company evaluates the carrying value of goodwill in each financial year to determine if there has been impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account The intangible asset relating to licensed intellectual property was fully written off in 2010 after the Board reviewed the remaining useful economic life

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment Investments are reviewed for impairment indicators by the directors, on an annual basis and provisions are made where required

Share based payments, equity warrants and premium on conversion of preferred shares

As permitted under FRSSE (2008) the company is not required to account for share based payments

'B' preferred shares and preferred dividend

As a result of a share reorganisation in March 2010 all accrued dividends on the B Shares up to 31 March 2010 were treated as consideration for 2010 Ordinary Shares issued to the holders of B shares at that time The fixed cumulative dividend was accrued on a daily basis in 2010 The B Shares also had a preferential right to return of capital on winding up Given the nature of the 'B' ordinary shares, in 2009 and prior years they were classified as creditors in accordance with FRSSE (effective 2008) and the presentation requirements of Financial Reporting Standard 25 "Financial Instruments - Disclosure and Presentation" The dividend was accrued on a daily basis beginning on the date of issue of each 'B' preferred shares and was expensed as interest payable

1. Accounting policies (continued)

Research and Development

Research and Development costs are written off in the profit and loss account in the period in which they are incurred

Foreign currencies

The Company translates foreign currency transactions into sterling at the rate of exchange prevailing at the transaction date Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date or if hedged by way of a forward contract, at the forward rate Exchange differences arising are taken to the profit and loss account The transactions of subsidiaries are translated into sterling using the temporal method The transactions are translated into sterling at the average monthly rate Exchange losses arising are taken to the profit and loss account

Deferred taxation

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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Grant income

Government grants are recognised in the profit and loss account when the conditions for receipt have been complied with and there is reasonable assurance that the grant will be received so as to match such receipt with the expenditure toward which they are intended to contribute

Cash flow from operating activities

The company, as a small reporting entity, is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard for Smaller Entities (effective April 2008) Consequently the company has taken advantage of the exemption from preparing a cash flow statement

Convertible loan notes

As a result of the share reorganisation during the 2010 all convertible loan notes then outstanding were converted into 2010 Ordinary shares Prior to 2010 convertible loan notes were separately classified as liabilities and the finance cost (being the difference between the net proceeds of the notes and the total amount of payments the company is required to make) was amortised pro-rata over the period of the notes, and charged to the profit and loss account The notes were initially stated at the net proceeds received, and the carrying amount of the note increased by the accrued finance cost up to the date of conversion In 2010 at the date of conversion an additional finance cost was recognised so that the carrying value of the notes was equal to the par value of 2010 Ordinary Shares issued to the loan note holders

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011 (CONTINUED)

2. Operating Loss on ordinary activities before taxation

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Research and development costs	597,242	393,516
Amortisation of intangible fixed assets (note 8)	-	664,227
Depreciation on tangible fixed assets (note 7)	111,908	60,744
Auditors remuneration – audit services	14,000	13,000

3. Staff costs

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Wages and salaries	661,094	1,032,666
Social security costs	57,196	126,347
Staff benefits	14,897	14,804
	733,187	1,173,817

The number of employees at end of year amounted to as follows

By Activity

	Year ended 30 September 2011	Year ended 30 September 2010
General and administrative	1	2
Sales, marketing and delivery	25	20
Research and development	10	8
	36	30

The average number of persons, excluding directors, employed by the Group during the year was 32 (2010 24)

Included in the above costs for 2010 are certain staff costs relating to the period to 30 September 2010 that were paid in 2010 under a staff deferral plan should the Company close funding Such payments were triggered by funding closed in March 2010 Under the plan staff accepted reduced remuneration in return for full repayment upon the completion of a fundraise exceeding £1m together with a 100% uplift for amounts deferred in excess of 10% of remuneration A number of staff including two directors received 2010 ordinary shares in the Company instead of receiving the net cash proceeds due to them under the plan Such net cash proceeds were applied to the purchase of shares after the appropriate deduction of relevant Pay As You Earn taxes and National Insurance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011 (CONTINUED)

4. Directors' emoluments

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Aggregate emoluments	219,809	351,249

The Group and Company had seven directors during the year (2010 eight) The emoluments include monitoring fees payable to the director in person or payable to funds over which they have a controlling interest The emoluments relating to the highest paid director amounted to £100,792 (2010 £128,230) No other remuneration was paid to directors during the year. The emoluments in 2010 include £143,077 due to the staff deferral plan as described in Note 3

5 (a) Interest receivable and similar income

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Bank interest received	2,549	-

5 (b) Interest payable and similar charges

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Bridge Loan Interest	-	(6,201)
Preferred dividend	-	(130,000)
Finance cost of convertible loan note	-	(138,046)
Foreign Exchange	(14,674)	(6,398)
	(14,674)	(280,645)

The bridge loan interest in 2010 was paid in relation to advance funding provided to the Company by certain institutional investors in January 2010

6. Tax on loss on ordinary activities

	Year ended 30 September 2011	Year ended 30 September 2010
Current tax	£	£
Tax charge for the year at rate of corporation tax in the UK of 20 5% (2010 21%)	-	-
Research and development tax credit	105,509	19,332
	105,509	19,332

6. Tax on loss on ordinary activities (continued)

Factors affecting tax charge for year

The tax for the year differs from the standard rate of corporation tax in the United Kingdom of 20 5% (2010 21%) The differences are explained below

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Loss on ordinary activities before tax	(2,188,926)	(2,802,020)
Loss on ordinary activities multiplied by rate of corporation tax in the UK of 20 5% (2010 21%)	(448,729)	(588,424)
Effects of		
Expenses not deductible	4,949	43,950
Accelerated capital allowances/other timing differences	222,808	544,474
Utilisation of losses	163,241	-
Permanent difference arising from change in rate of corporation tax	57,731	-
Research and development tax credit	(105,509)	(19,332)
Current tax credit for year	**(105,509)**	(19,332)

Factors that may affect future tax charges

The deferred tax asset at 30 September 2011 not recognised in the financial statements of £1,663,772 (2010 £1,113,678) consists of £13,512 (2010 £4,361) excess of capital allowances over depreciation and tax losses of £1,650,260 (2010 £1,118,039) The deferred tax asset has not been recognised due to uncertainty regarding sustainable future profits

7. Tangible fixed assets

Group	**Furniture and fixtures and Computer equipment £**
Cost	
At 1 October 2010	251,500
Adjustment	13,433
Additions during the year	207,033
At 30 September 2011	**471,966**
Accumulated depreciation	
At 1 October 2010	(127,797)
Adjustment	(13,433)
Charged during the year	(111,908)
At 30 September 2011	**(253,138)**
Net Book Value	
At 30 September 2010	123,703
At 30 September 2011	**218,828**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011 (CONTINUED)

7. Tangible fixed assets (continued)

Company	Furniture and fixtures and Computer equipment £
Cost	
At 1 October 2010	181,304
Transfer from US subsidiary in year	49,605
Additions during the year	176,415
At 30 September 2011	**407,324**
Accumulated depreciation	
At 1 October 2010	(83,902)
Transfer from US subsidiary in year	(38,374)
Charged during the year	(96,060)
At 30 September 2011	**(218,336)**
Net Book Value	
At 30 September 2010	97,402
At 30 September 2011	**188,988**

8. Intangible fixed assets

Group and company	Intellectual Property £
Cost	
At 1 October 2010 and 30 September 2011	1,052,737
Accumulated amortisation	
At 1 October 2010	(1,052,737)
Charged during the year	(-)
At 30 September 2011	**(1,052,737)**
Net Book Value	
At 30 September 2010	-
At 30 September 2011	-

The intangible asset was being amortised over a period of seven years, however as a result of a review of the economic useful life the Board determined that it was appropriate to write off the intangible fixed asset in full in 2010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011 (CONTINUED)

9. Fixed Asset Investments

Company – investments in subsidiary companies	**£**
Cost at 1 October 2010	**1,200**
Additions during the year	**-**
Cost at 30 September 2011	**1,200**

The directors consider that no adjustment is required to the impairment provision at 30 September 2011

During the year the Company had interests in the following investments, all of which are consolidated in the Group financial statements

Name of subsidiary or group undertaking	Nature of business	Country of registration and operation	Proportion of nominal value of shares and voting rights held
MirriAd Advertising Private Limited	Provision of embedded advertising into video	India	100%
MirriAd Inc	Provision of embedded advertising into video	U S A	100%

All of the above shares held are ordinary share capital

10. Debtors

	Group At 30 September 2011	Group At 30 September 2010	**Company At 30 September 2011**	Company At 30 September 2010
	£	£	**£**	£
Trade Debtors	**44,413**	3,958	**44,413**	3,958
Prepayments	**154,278**	115,563	**118,745**	60,593
Amounts owed by subsidiary undertakings	**-**	-	**4,678**	2,238,200
Other debtors	**-**	117,546	**-**	117,546
Research and development tax credit	**105,509**	19,332	**105,509**	19,332
Other tax receivable	**13,583**	9,817	**13,583**	9,817
	317,783	266,216	**286,928**	2,449,446

11. Creditors – Amounts falling due within one year

	Group At 30 September 2011	Group At 30 September 2010	**Company At 30 September 2011**	Company At 30 September 2010
	£	£	**£**	£
Deferred consideration for purchase of intellectual property (see note 12)	**101,850**	53,513	**101,850**	53,513
Trade creditors	**97,615**	97,311	**97,615**	97,150
Deferred revenue	**89,903**	-	**89,903**	-
Accrued expenses	**129,911**	136,802	**127,705**	133,201
	419,279	287,626	**417,073**	283,864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011 (CONTINUED)

12. Creditors – Amounts falling due after more than one year

	Group At 30 September 2011	Group At 30 September 2010	**Company At 30 September 2011**	Company At 30 September 2010
	£	£	**£**	£
Deferred consideration for purchase of intellectual property	**883,038**	942,986	**883,038**	942,986
	883,038	942,986	**883,038**	942,986

Deferred consideration

The deferred consideration relates to the purchase of intellectual property in February 2007 The company purchased licensed software from Imagineer Systems Limited The purchase consideration agreed pursuant to a sale and purchase agreement and intellectual property licence agreement amounted to £1,052,737 of which £52,737 was settled in 2007 The balance of the consideration of £1m was deferred and is payable on an annual basis at the rate of 3 75% of the company's annual gross revenue subject to a maximum period of seven years If the deferred consideration is not paid in full by the seventh year (i e February 2014), the entire outstanding balance will fall due at this time

The current portion of the deferred consideration (see note 11) is estimated based on the estimated revenue for the subsequent year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 2011 (CONTINUED)

13. Called up share capital

	At 30 September 2011 £	At 30 September 2010 £
Issued, allotted and fully paid		
638,430 (2010 638,430) Deferred shares of £0 01 each	**6,384**	6,384
688,219,665 (2010 494,106,425) "2010" Ordinary shares of £0 01 each	**6,882,197**	4,941,064
	6,888,581	4,947,448

New funding by way of three rights totalling £2 04m was received during the year as follows,

- in November 2010 via a 1 for 5 rights issue resulting in the issue of 98,821,286 "2010" ordinary shares at 1p (par value) raising £988,212
- in April 2011 via a 1 for 12 rights issue resulting in the issue of 49,410,643 "2010" ordinary shares at 1 1p raising £543,517
- in September 2011via a 1 for 14 rights issue resulting in the issue of 45,881,311 "2010" ordinary shares at 1 1p raising £504,694

14. Reserves

Group	**Share premium account £**	**Profit and loss account £**
At 1 October 2010	**3,715,525**	(8,385,894)
Loss for the financial year	**-**	(2,083,417)
1 in 12 rights issue	**49,411**	-
1 in 14 rights issue	**45,881**	-
At 30 September 2011	**3,810,817**	**(10,469,311)**

Company	**Share premium account £**	**Profit and loss account £**
At 1 October 2010	**3,715,525**	(6,263,673)
Loss for the year	**-**	(4,287,082)
1 in 12 rights issue	**49,411**	-
1 in 14 rights issue	**45,881**	-
At 30 September 2010	**3,810,817**	**(10,550,755)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011 (CONTINUED)

15. Reconciliation of movements in equity shareholders' funds

	2011	2010
Group	**£**	£
Loss for the financial year	**(2,083,417)**	(2,782,688)
Increase in called up share capital	**1,941,133**	4,941,064
Increase in share premium	**95,292**	3,356,086
Opening equity shareholders' funds	**277,079**	(5,237,383)
Closing equity shareholders' funds	**230,087**	277,079

	2011	2010
Company	**£**	**£**
Loss for the financial year	**(4,287,082)**	(2,282,696)
Increase in called up share capital	**1,941,133**	4,941,064
Increase in share premium	**95,292**	3,356,086
Opening equity shareholders' funds	**2,399,300**	(3,615,154)
Closing equity shareholders' funds	**148,643**	2,399,300

16. Share Based Payments

A new share option plan was implemented during the year Major awards under this plan are generally reserved for employees at senior management level or above although UK employees are currently eligible to participate The company made 14 grants under the plan during the year (2010 - nil) Options granted under the plan are annually over three years and are generally exerciseable on vesting subject to continued employment All options are to vest on an exit No performance conditions were included in the fair value calculations and the options were equity settled 41,359,174 options were outstanding as at the balance sheet date (2010 nil) The options can be exercised at prices of either 1p or 1 1p As at 30 September 2011 there were 14 employees holding options (2010 nil)

17. Related party transactions

During the year ended 30 September 2011, the company had the following significant related party transactions which were carried out at arms length

Party	Relationship	Transaction details
Peter Bazalgette	Chairman and Non-executive director	Purchase of shares in each of the right issues as follows, • 2,777,455 "2010" ordinary shares at 1p in November 2010 (1 in 5 rights issue) • 1,277,745 "2010" ordinary shares at 1 1p in April 2011 (1 in 12 rights issue) • 1,003,943 "2010" ordinary shares at 1 1p in September 2011 (1 in 14 rights issue)
Stephen Bullock	Non-executive director	Purchase of shares in each of the right issues as follows, • 12,401,107 "2010" ordinary shares at 1p in November 2010 (1 in 5 rights issue) • 5,723,106 "2010" ordinary shares at 1 1p in April 2011 (1 in 12 rights issue) • 5,315,705 "2010" ordinary shares at 1 1p in September 2011 (1 in 14 rights issue)
Anthony Isaacs	Director	Purchase of shares of 340,000 "2010" ordinary shares at 1p in November 2010 (1in 5 rights issue)
Michael Penington	Director with controlling interest in Oxford Technology ECF LP (OTECF) an investor in the Company	Purchase of shares in each of the right issues as follows, • 22,598,540 "2010" ordinary shares at 1p in November 2010 (1 in 5 rights issue) • 11,299,270 "2010" ordinary shares at 1 1p in April 2011 (1 in 12 rights issue) • 10,492,179 "2010" ordinary shares at 1 1p in September 2011 (1in 14 rights issue)
Mark Popkiewicz	Director	Purchase of shares of 370,000 "2010" ordinary shares at 1p in November 2010 (1in 5 rights issue)
Bruce Smith	Non-executive director	Purchase of shares in each of the right issues as follows, • 12,588,513 "2010" ordinary shares at 1p in November 2010 (1 in 5 rights issue) • 5,553,309 "2010" ordinary shares at 1 1p in April 2011 (1 in 12 rights issue) • 5,374,329 "2010" ordinary shares at 1 1p in September (1 in 14 rights issue)

Monitoring fees relating to directors have been included in directors emoluments (see note 4)

18. Controlling party

No single shareholder has a controlling interest and no single party is considered as a controlling party of the company