

REGISTERED NUMBER: 06138814 (England and Wales)

**AQUARIUS MEDIA PLC**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 MARCH 2008**

Kingston Smith LLP  
Chartered Accountants and Registered Auditors  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

FRIDAY



LD3

\*LH8E33NH\*

03/10/2008

COMPANIES HOUSE

79

**AQUARIUS MEDIA PLC**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

---

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Chairman's Statement</b>	<b>2-3</b>
<b>Report of the Directors</b>	<b>4-5</b>
<b>Corporate Governance</b>	<b>6-7</b>
<b>Report on Directors' Remuneration</b>	<b>8</b>
<b>Report of the Independent Auditors</b>	<b>9-10</b>
<b>Consolidated Income Statement</b>	<b>11</b>
<b>Consolidated Balance Sheet</b>	<b>12</b>
<b>Company Balance Sheet</b>	<b>13</b>
<b>Consolidated Cash Flow Statement</b>	<b>14</b>
<b>Company Cash Flow Statement</b>	<b>15</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>16</b>
<b>Company Statement of Changes in Equity</b>	<b>17</b>
<b>Notes to the Financial Statements</b>	<b>18-31</b>

---

**AQUARIUS MEDIA PLC**

**COMPANY INFORMATION  
FOR THE PERIOD ENDED 31 MARCH 2008**

---

<b>DIRECTORS:</b>	D Turnbull (Non Executive Chairman) T Maharajh (Chief Executive Officer) A Ward (Finance Director)
<b>SECRETARY:</b>	A Ward
<b>REGISTERED OFFICE</b>	Hilden Park House 79 Tonbridge Road Hildenborough Kent TN11 9BH
<b>REGISTERED NUMBER:</b>	06138814 (England and Wales)
<b>AUDITORS:</b>	Kingston Smith LLP Chartered Accountants and Registered Auditors Devonshire House 60 Goswell Road London EC1M 7AD
<b>SOLICITORS:</b>	Beachcroft LLP 100 Fetter Lane London EC4A 1BN
<b>REGISTRARS:</b>	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA

**CHAIRMAN'S STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008**

---

I am pleased to be able to make this report to you as Chairman of the Company and of the Group

**Review of Activities**

The Company was incorporated on 5 March 2007 with the strategy of making investments in the public relations and marketing services sectors and was admitted to the PLUS Market on 19 July 2007

On admission, the Company acquired the entire issued share capital of Full Portion Media Limited ("Full Portion") for a consideration of £1.36 million, satisfied by £30,000 payable in cash and by the issue of 44,333,333 new Ordinary Shares in the Company

Full Portion is a public relations business which aims to create, launch and sustain clients in prominent positions within the media. Full Portion takes a very hands-on approach to public relations, organising day events, promotion sales and launches, press conferences, media interviews and reviews. It also provides guidance to clients on managing media interest. These services depend on Full Portion employing and continuing to employ high quality staff who are committed to maintaining good working relationships with both clients and media contacts.

Full Portion's strategy is to expand its client base and exploit the rapidly escalating interest from the public in the cult of celebrity. This sector is promoted by the tabloid press and glossy publications such as Hello!, OK!, Grazia and Heat.

The Public Relations division took on a significant number of new clients during the period under review and the Directors of Full Portion are pleased with the response and satisfaction levels of these clients to the work performed on their behalf. The Directors of Full Portion are pleased to report that a further six new clients have already been signed to the Company since the period end, including several clients in the corporate sector which is exciting new territory for Full Portion.

The Celebrity Management division continues to represent a number of high profile people and recently secured a US TV contract for one of the UK's celebrity chefs, with an option for ongoing series.

The Event Organisation division has again secured renewals for repeat business this year.

The Directors of Full Portion report that the Music Management division has been restructured and is now focused only on high impact clients. The Lifestyle division has not progressed as expected and the clients associated with this division have been incorporated into the other operating divisions.

The Directors of Full Portion have steered the business through the period under review which has been immensely challenging but note that Full Portion has made significant progress since the period end and are confident that this progress can be sustained over the coming year.

**Key Performance Indicators**

The directors consider that the results of the Group are dependent upon the trading activity of its subsidiary company in the period under review.

The results of Full Portion are dependent upon the number of monthly retainers under contract and the level of one-off fees for celebrity and event work undertaken. The performance of Full Portion is measured by reference to its level of sales compared to previous periods.

**CHAIRMAN'S STATEMENT - continued  
FOR THE PERIOD ENDED 31 MARCH 2008**

---

**Post balance sheet events**

The Board regrets that it must announce that Aroon Maharajh, the Chief Executive of the Company, unexpectedly passed away on Tuesday 19 August 2008. The Final Results Announcement has been delayed, with the approval of PLUS Markets, to allow the Board to determine the effect on the Company of this tragic event and to allow the Board time to assess the options for the Company going forward.

The Board is pleased to report that Teresa Maharajh remains fully committed to driving the business forward and that Full Portion has received strong indications of support from both its staff, customers and associates. On this basis, the Board believes that Full Portion can continue the growth achieved since the date of these results and that the strategy of the Group should therefore remain unchanged.

The Board notes that Full Portion is dependent upon its existing customer base and that any adverse reaction to the passing of Aroon Maharajh may change the Company's and Group's circumstances.

**Financial Overview**

The financial statements have been prepared using the reverse accounting provisions of International Financial Reporting Standard 3 ("IFRS3"). The financial statements include the results of Full Portion Media Limited from 1 February 2007 to 31 March 2008 and the results of Aquarius Media plc from 19 July 2007 (the acquisition date) to 31 March 2008. The comparatives required under IFRS3 show the prior year results for Full Portion Media Limited only and are for the accounting period prior to its acquisition by the Company.

As at 31 March 2008, shareholders' funds were £697,356 and cash balances were £10,322. The loss before tax and basic loss per share for the period amounted to £513,372, after accounting for a share-based payments charge of £120,500, and 0.89p respectively. The Directors do not propose to declare a dividend (2007 - £Nil).

**Outlook**

The Directors wish to thank the staff of Full Portion for their extraordinary efforts during the period and look forward to continued progress from Full Portion in the coming year. The Directors will continue to seek further opportunities to enhance the value of the business.



**Dominic Turnbull**  
Chairman

## **AQUARIUS MEDIA PLC**

### **REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2008**

---

The Directors present their report with the financial statements of the Company for the period 1 February 2007 to 31 March 2008

#### **PRINCIPAL ACTIVITY**

The principal activity of the Group is that of making investments in the public relations and marketing sectors with the objective of producing long-term capital growth

#### **REVIEW OF BUSINESS**

The results for the period and financial position of the Group are as shown in the annexed financial statements. A detailed review of the business is included in the Chairman's Statement

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

At present, Aquarius Media plc is dependent upon the performance of its wholly-owned subsidiary, Full Portion Media Limited ("Full Portion"). The principal risks and uncertainties associated with Full Portion are as follows

The market sector may not continue to grow at the rate previously experienced, making it harder for Full Portion to locate clients and promote opportunities for them

Full Portion is dependent upon high quality staff in order to be able to provide the high quality services expected by its clients. As the business expands, the Company may not be able to locate suitable staff to service new clients

#### **DIVIDENDS**

No dividends will be distributed for the period ended 31 March 2008 and no dividends were paid for the period ended 31 January 2007

#### **DIRECTORS**

The Directors during the period under review were

D Turnbull	- appointed 19 07 07	
A Maharajh	- appointed 19 07 07	- died 19 08 08
T Maharajh	- appointed 19 07 07	
A Ward	- appointed 02 04 07	
V Nicholls	- appointed 02 04 07	- resigned 19 07 07

At 31 March 2008, A Maharajh had an interest in 27.77% of the issued share capital of the Company. At 31 March 2008, Media Holdings plc, a company of which A Ward is a director, had an interest in 7.05% of the issued share capital of the company

All the Directors, being eligible, offer themselves for election at the forthcoming Annual General Meeting

#### **SUBSTANTIAL SHAREHOLDERS**

At 31 March 2008, the Company had been notified of the following beneficial interests in 3% or more of its issued share capital pursuant to Part VI of the Companies Act 1985

	% of issued share capital
ISI Nominees Limited	37.32%
A Maharajh	27.77%
Financial One Securities Limited	17.24%
Media Holdings plc	7.05%
Pershing Nominees Limited	5.32%

## **AQUARIUS MEDIA PLC**

### **REPORT OF THE DIRECTORS - continued FOR THE PERIOD ENDED 31 MARCH 2008**

---

#### **DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent, and
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

The Directors confirm that they have complied with the above requirements in preparing these financial statements.

#### **CREDITORS PAYMENT POLICY**

Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions. Creditor days for the trading members of the Group have been calculated at 45 days.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **AUDITORS**

The auditors, Kingston Smith LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

#### **ON BEHALF OF THE BOARD**



**A Ward**  
Secretary

Date 24<sup>th</sup> September 2008

## **AQUARIUS MEDIA PLC**

### **CORPORATE GOVERNANCE FOR THE PERIOD ENDED 31 MARCH 2008**

---

The Directors acknowledge the importance of the Principles set out in The Combined Code issued by the Committee on Corporate Governance. Although the Combined Code is not compulsory for PLUS Markets-listed companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows

#### **The Board of Directors**

Throughout the period, the Board comprised a Chairman and at least one Executive Director

The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. The Board has a formal schedule of matters specifically reserved to it for decision. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

A nominations committee is not considered appropriate because of the small size of the Board and the Company but all appointments or potential appointments are fully discussed by all Board members.

Directors are subject to re-election by the shareholders at Annual General Meetings. The Articles of Association provide that Directors will be subject to re-election at the first opportunity after their appointment and that one third of the Board will submit to re-election each year.

#### **Audit Committee**

The Audit Committee currently consists of D Turnbull, Non Executive Chairman. The Audit Committee meets at least twice a year and considers the appointment and fees of the external auditors and discusses the scope of the audit and its findings. The Committee is also responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board.

#### **Remuneration Committee**

The Remuneration Committee currently consists of D Turnbull, Non Executive Chairman. The Committee's role is to consider and approve the remuneration and benefits of the Executive Directors. In framing the Company's remuneration policy, the Remuneration Committee has given full consideration to Section B of The Combined Code. The Report on Directors' Remuneration is set out on page 8.

#### **Internal Financial Control**

The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

- The Company's organisational structure has clear lines of responsibility
- The Company prepares a comprehensive annual budget that is approved by the Board. Monthly results are reported against the budget and variances are closely monitored by the Directors
- The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the system of internal financial control as it operated during the period to 31 March 2008.



**Relations with Shareholders**

Communications with shareholders are given high priority. There is a regular dialogue with shareholders including presentations after the Company's preliminary announcement of the period end results and at the half period. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairman aims to ensure that the Directors are available at Annual General Meetings to answer questions.

**Statement by Directors on Compliance with the Provisions of the Combined Code**

The Board considers that they have complied with the provisions of The Combined Code, as far as practicable and appropriate for a public company of this size, in accordance with the recommendations on corporate governance of the City Group for Smaller Companies.

**Going Concern**

The directors have prepared cashflow forecasts for the group for the next 12 months which show that the group is able to meet its liabilities as they fall due. The directors therefore consider it appropriate to prepare these financial statements on a going concern basis.

## AQUARIUS MEDIA PLC

### REPORT ON DIRECTORS' REMUNERATION FOR THE PERIOD ENDED 31 MARCH 2008

---

The Remuneration Committee is responsible for determining and reviewing the terms of appointment and the remuneration of executive directors. The Committee takes external advice, as appropriate, on remuneration issues and takes cognisance of major surveys covering all aspects of the pay and benefits of directors and senior executives in many companies.

The Committee aims to provide base salaries and benefits which are competitive in the relevant external market and which take account of Company and individual performance thus enhancing the Company's ability to recruit and to retain individuals of the calibre required for its continuing business success. It is the policy of the Committee to provide financial incentives and to reward superior performance over the medium and long term by creating opportunities to enable senior executives to earn cash bonuses and share-related payments which result from achievement of performance targets.

The Remuneration Committee currently consists of D Turnbull, Non Executive Chairman.

#### Service Agreements

The Directors have service agreements, which require not more than 12 months notice of termination. The remuneration packages consist of basic salary or fees.

#### Directors Remuneration (audited)

	<u>Salary or fees</u>	<u>Employer pension contributions</u>	<u>Total 31 03.08</u>
	£	£	£
<b>Executives</b>			
D Turnbull	12,623	-	12,623
A Maharajh	76,875	-	76,875
T Maharajh	76,875	-	76,875
A Ward	-	-	-
V Nicholls	-	-	-
<b>Total</b>	<u>166,373</u>	<u>-</u>	<u>166,373</u>

In addition to the amounts shown above, fees of £41,940 were paid to Griffin Corporate Finance Limited for management and administrative services, including the services of A Ward as director.

#### Directors Interests

The Directors' interests in the ordinary shares of the Company are set out in the Directors Report on page 4.

On behalf of the Remuneration Committee



**D Turnbull**  
Chairman

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AQUARIUS MEDIA PLC**

---

We have audited the Group and Parent Company financial statements of Aquarius Media Plc for the period ended 31 March 2008 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Company Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes. 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**

As described in the statement of directors' responsibilities on page 5 the Company's Directors are responsible for the preparation of financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements and the part of the Report on Directors' Remuneration to be audited give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS regulation. We also report to you whether, in our opinion, the information given in the Report of the Directors is consistent with the financial statements. The information given in the Report of the Directors includes the information given in the Chairman's Statement that is cross referred from the Business Review Section of the Report of the Directors. 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 other information contained in the Annual Report and consider whether it is inconsistent with the audited financial statements. The other information comprises only the Report of the Directors, the Corporate Governance Statement and the unaudited part of the Report on Directors' Remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK & 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 and the part of the Report on Directors' Remuneration to be audited. 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 group'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
AQUARIUS MEDIA PLC - continued**

---

**Opinion**

In our opinion

- The Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs at 31 March 2008 and of the Group's loss for the period then ended,
- The Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs at 31 March 2008 and of the Company's loss for the period then ended,
- The financial statements and the part of the Report on Directors' Remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulations,
- The information given in the Report of the Directors is consistent with the financial statements

**Emphasis of matter – going concern**

In giving our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures in note 1(a) to the financial statements concerning the group's ability to continue as a going concern. The group made a net loss of £513,372 during the period ended 31 March 2008, and at that date had net current liabilities of £65,818 and cash in hand of £10,322. However, the directors are confident the group has sufficient resources to continue in operational existence for the foreseeable future due to available cashflow headroom and other factors detailed in note 1(a), although this cannot be determined with certainty. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.



Kingston Smith LLP  
Chartered Accountants and Registered Auditors  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date 30/09/2008.

**AQUARIUS MEDIA PLC****CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008**

---

	Notes	Period 01 02 07 to 31.03 08	Period 06.01 06 to 31.01 07 £
<b>REVENUE</b>		463,207	179,589
Cost of sales		(86,145)	(67,515)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		377,062	112,074
Administrative expenses		(766,298)	(181,269)
Share-based payments		(120,500)	-
		<hr/>	<hr/>
<b>LOSS FROM OPERATIONS</b>	4	(509,736)	(69,195)
Finance revenue	5	686	-
Finance costs	6	(4,322)	(811)
		<hr/>	<hr/>
<b>LOSS BEFORE TAX</b>		(513,372)	(70,006)
Taxation	7	-	-
		<hr/>	<hr/>
<b>LOSS FOR THE PERIOD</b>		(513,372)	(70,006)
		<hr/>	<hr/>
Basic and diluted loss per share from continuing and total operations	8	(0 89)p	(0 16)p

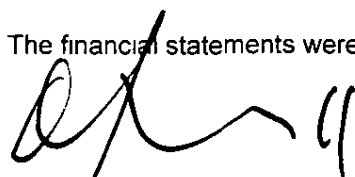
---

**AQUARIUS MEDIA PLC**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2008**

	Notes	31 03.08 £	31 01 07 £
<b>Non-current assets</b>			
Goodwill	9	748,690	-
Property, plant and equipment	11	14,484	10,193
		<u>763,174</u>	<u>10,193</u>
<b>Current assets</b>			
Trade and other receivables	12	49,349	157,390
Cash and cash equivalents	16	10,322	21,581
		<u>59,671</u>	<u>178,971</u>
<b>Current liabilities</b>			
Trade and other payables	13	(125,489)	(119,070)
Financial liabilities - borrowings	14	-	(8,000)
		<u>(125,489)</u>	<u>(127,070)</u>
<b>Net current (liabilities)/assets)</b>		<u>(65,818)</u>	<u>51,901</u>
<b>Total assets less current liabilities</b>		<u>697,356</u>	<u>62,094</u>
<b>Non-current liabilities</b>			
Financial liabilities - borrowings	14	-	(82,000)
<b>NET ASSETS/(LIABILITIES)</b>		<u>697,356</u>	<u>(19,906)</u>
<b>Equity</b>			
Issued share capital	15	212,917	115
Share premium account		289,360	49,985
Merger reserve		1,219,167	-
Reverse acquisition reverse		(561,210)	-
Retained losses		(462,878)	(70,006)
<b>SHAREHOLDERS' FUNDS/(LIABILITIES)</b>		<u>697,356</u>	<u>(19,906)</u>

The financial statements were approved by the Board of Directors and authorised for issue on



**D Turnbull**  
Director

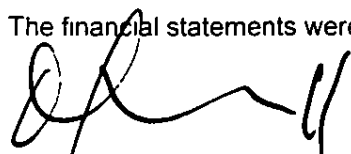
29th September 2008

**AQUARIUS MEDIA PLC**

**COMPANY BALANCE SHEET  
AS AT 31 MARCH 2008**

	<b>Notes</b>	<b>31.03.08 £</b>
<b>Non-current assets</b>		
Investments in subsidiaries	10	1,360,000
Property, plant and equipment	11	-
		<u>1,360,000</u>
<b>Current assets</b>		
Trade and other receivables	12	407,033
Cash and cash equivalents	16	826
		<u>407,859</u>
<b>Current liabilities</b>		
Trade and other payables	13	(73,906)
Financial liabilities - borrowings	14	-
		<u>(73,906)</u>
<b>Net current assets</b>		<u>333,953</u>
<b>Total assets less current liabilities</b>		<u>1,693,953</u>
<b>Non-current liabilities</b>		
Financial liabilities - borrowings	14	-
		<u>-</u>
<b>NET ASSETS</b>		<u>1,693,953</u>
<b>Equity</b>		
Issued share capital	15	212,917
Share premium account		289,360
Merger reserve		1,219,167
Retained losses		(27,491)
		<u>1,693,953</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>1,693,953</u>

The financial statements were approved by the Board of Directors and authorised for issue on



**D Turnbull**  
Director

22nd September 2008

**AQUARIUS MEDIA PLC**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008**

	Notes	Period 01.02.07 to 31.03.08 £	Period 06 01 06 to 31.01 07 £
<b>Cash flow from operating activities</b>			
Loss before taxation		(513,372)	(70,006)
<b>Adjusted for.</b>			
Finance revenue		(686)	-
Finance costs		4,322	811
Depreciation		7,152	-
Increase in trade and other receivables		(51,890)	(107,390)
Increase in trade and other payables		198,124	118,259
Share-based payments		120,500	-
<b>Net cash outflow from operating activities</b>		<u>(235,850)</u>	<u>(58,326)</u>
<b>Cash flows from investing activities</b>			
Purchase of investments		(30,000)	-
Purchase of property, plant & equipment		(21,636)	(10,193)
Finance revenue		686	-
Finance costs		(4,322)	-
<b>Net cash outflow from investing activities</b>		<u>(55,272)</u>	<u>(10,193)</u>
<b>Cash flows from financing activities</b>			
Issue of shares		650,000	100
Expenses of share issues		(258,556)	-
Loans received		30,000	90,000
Loans repaid		(120,000)	-
<b>Net cash used in financing activities</b>		<u>301,444</u>	<u>90,100</u>
<b>Net increase in cash and cash equivalents</b>		10,322	21,581
<b>Cash and cash equivalents at 01.02.07</b>		-	-
<b>Cash and cash equivalents at 31.03.08</b>	16	<u>10,322</u>	<u>21,581</u>



**AQUARIUS MEDIA PLC**

**COMPANY CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008**

	<b>Notes</b>	<b>Period 01.02.07 to 31.03 08 £</b>
<b>Cash flow from operating activities</b>		
Loss before taxation		(147,991)
<b>Adjusted for:</b>		
Finance revenue		(686)
Finance costs		-
Increase in trade and other receivables		(7,033)
Increase in trade and other payables		47,124
Share-based payments		120,500
<b>Net cash inflow from operating activities</b>		<u>11,914</u>
<b>Cash flows from investing activities</b>		
Purchase of investments		(30,000)
Purchase of property, plant & equipment		-
Loans advanced		(373,218)
Interest income		686
<b>Net cash outflow from investing activities</b>		<u>(402,532)</u>
<b>Cash flows from financing activities</b>		
Issue of shares		650,000
Expenses of share issues		(258,556)
Loans received		-
<b>Net cash used in financing activities</b>		<u>391,444</u>
<b>Net increase in cash and cash equivalents</b>		<u>826</u>
<b>Cash and cash equivalents at 01.02.07</b>		<u>-</u>
<b>Cash and cash equivalents at 31.03 08</b>	<b>16</b>	<u><u>826</u></u>

AQUARIUS MEDIA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2008

GROUP – PERIOD ENDED 31 MARCH 2008

	Share Capital £	Share premium £	Merger reserve £	Reverse acquisition reserve £	Profit and loss account £	Total equity £
Total recognised income and expense for the period	-	-	-	-	(513,372)	(513,372)
Share issues	212,917	572,917	1,219,167	(561,210)	(70,006)	1,373,785
Expenses of issue	-	(283,557)	-	-	-	(283,557)
Share-based payments	-	-	-	-	120,500	120,500
At 01 02 07	-	-	-	-	-	-
At 31 03 08	<u>212,917</u>	<u>289,360</u>	<u>1,219,167</u>	<u>(561,210)</u>	<u>(462,878)</u>	<u>697,356</u>

GROUP – PERIOD ENDED 31 JANUARY 2007

	Share Capital £	Share Premium £	Merger reserve £	Reverse acquisition reserve £	Profit and loss account £	Total equity £
Total recognised income and expense for the period	-	-	-	-	(70,006)	(70,006)
Share issues	115	49,985	-	-	-	50,100
At 06 01 06	-	-	-	-	-	-
At 31 01 07	<u>115</u>	<u>49,985</u>	<u>-</u>	<u>-</u>	<u>(70,006)</u>	<u>(19,906)</u>

**AQUARIUS MEDIA PLC**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2008**

**COMPANY – PERIOD ENDED 31 MARCH 2008**

	Share Capital	Share premium	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
Total recognised income and expense for the period	-	-	-	(147,991)	(147,991)
Share issues	212,917	572,917	1,219,167	-	2,005,001
Expenses of issue	-	(283,557)	-	-	(283,557)
Share-based payments	-	-	-	120,500	120,500
At 01 02 07	-	-	-	-	-
At 31 03 08	<u>212,917</u>	<u>289,360</u>	<u>1,219,167</u>	<u>(27,491)</u>	<u>1,693,953</u>

**1 GENERAL INFORMATION**

Aquarius Media plc is a public limited company incorporated in the United Kingdom under the Companies Act 1985 (Registration Number 06138814). The address of the registered office is given on page 1.

As disclosed in the Report of the Directors, the principal activity of the Company is that of making investments in the public relations and marketing sectors with the objective of producing long-term capital growth.

**STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted by the European Union ("IFRS").

**ACCOUNTING POLICIES**

**(a) Basis of preparation of the financial statements**

At the year end the group had net current liabilities of £65,818 and a cash balance of £10,322. Despite this, the Group has maintained good relations with its creditors who continue to support the business during its initial growth. Since the period end, 6 additional monthly retainer clients have been added, increasing the level of guaranteed monthly income, and the directors continue to minimise and reduce expenses whilst ensuring that a professional service continues to be provided. Monthly management accounts produced since the year end show that the group has been able to continue to operate within its available funds.

The directors have prepared cashflow forecasts for the next 12 months which show that the group is able to meet its liabilities as they fall due. The unexpected passing away of Aroon Maharajh, Chief Executive of the business, has inevitably added a degree of uncertainty, however the directors and staff remain committed to driving the business forward. Furthermore, a significant supplier of the group has indicated that it would extend the terms of credit under which it supplies its services in the event that the group experiences funding difficulties. This extended credit has not been factored into the cashflow forecasts prepared by the directors and therefore adds additional headroom in terms of funding.

The directors are confident that the results of the business since the year end provide a strong indication that forecasts are achievable and on this basis consider that the group has sufficient resources to continue in operational existence for the foreseeable future and that it is appropriate to prepare these financial statements on a going concern basis.

The financial statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations as issued by the International Accounting Standards Board and adopted by the EU, and have been prepared using the historical cost convention unless as otherwise stated below. The financial statements are prepared in Pounds Sterling, which is the functional currency of Aquarius Media plc, rounded to the nearest pound.

**(b) Basis of consolidation**

The financial statements have been prepared using the reverse accounting provisions of International Financial Reporting Standard 3. The financial statements include the results of Full Portion Media Limited from 1 February 2007 to 31 March 2008 and the results of Aquarius Media plc from 19 July 2007 (the acquisition date) to 31 March 2008. The comparatives shown are the audited results of Full Portion Media Limited to 31 January 2007.

**1 GENERAL INFORMATION - continued**

**(b) Basis of consolidation - consolidation**

Reverse accounting has been determined to be required in accounting for the business combination of the Company and Full Portion Media Limited because following the business combination, the Parent company is effectively controlled by the Board and the former shareholders of Full Portion Media Limited. In effect, the transaction is accounted for as though Full Portion Media Limited was the acquiring company rather than the acquired and Aquarius Media plc has been treated as a subsidiary.

The Group has calculated the Goodwill arising on the business combination as being the fair value of the consideration deemed to have been paid by Full Portion Media Ltd, as calculated in accordance with IFRS 3 Appendix B, less the fair value of the Parent company's assets and liabilities at the date of the business combination.

The fair value of the consideration has been calculated based on the fair value of the shares in Full Portion Media Limited at the date of the business combination, as determined with reference to the fair value of the shares issued in the Placing that was linked to the acquisition.

The financial information of subsidiaries is included in the consolidated financial statements using the acquisition method of accounting. On the date of acquisition the assets and liabilities of the relevant subsidiaries are measured at their fair values. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

**(c) Revenue**

Revenue consists of fees for public relations work undertaken. Monthly retainer fees are recognised in the month to which they relate. Fees for specific work are recognised on completion of the project.

**d) Goodwill**

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in the subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**(e) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over three to five years.

**1 GENERAL INFORMATION - continued**

**(f) Trade receivables**

Trade receivables are not interest-bearing and are stated at their nominal value, reduced by appropriate allowances for estimated recoverable amounts

**(g) Financial Instruments**

Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise current and deposit account bank balances which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the cash flow statement

**(i) Trade payables**

Trade payables are not interest-bearing and are stated at their nominal value

**(j) Borrowings**

Borrowing costs are recognised in profit and loss over the period from the earliest date of repayment of the applicable borrowing to the expected date of repayment

**(k) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax

**(i) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

**(ii) Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

**1 GENERAL INFORMATION - continued**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

**(iii) Current and deferred tax for the period**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination

**(l) Share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of the equity-settled share-based transactions are set out in Note 22

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the profit and loss reserve

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service

**(m) The Group as lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. Rentals payable under an operating lease are charged to the Income Statement on a straight line basis over the lease term

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

**1 GENERAL INFORMATION - continued**

**(n) Standards, interpretations and amendments to published standards that are not yet effective**

Certain new standards, amendments and interpretations have been issued by the IASB that are not yet effective. The Group has not adopted any of these standards, amendments or interpretations early.

International Financial Reporting Standards

- IAS 1 – Presentation of financial statements (revised 2007) (effective 1st January 2009)
- IAS 23 – Borrowing costs (revised 2007) (effective 1st January 2009)
- IFRS 8 – Operating Segments (effective 1st January 2009)
- IFRS3 (Revised) – Business Combinations (effective 1st July 2009)

IFRIC interpretations

- IFRIC 12 – Service concession arrangements (effective 1st January 2008)
- IFRIC 13 – Customer loyalty programmes (effective 1st July 2008)

**2 STAFF COSTS**

	Period 01.02.07 to 31.03.08 £	Period 06.01.06 to 31.01.07 £
Staff costs	344,137	64,529
Social security costs	34,659	6,251
	<u>378,796</u>	<u>70,780</u>

Directors' salaries and fees totaled £166,377 (2007 - £17,500), with the remuneration of the highest paid director being £76,875 (2007 - £8,750). In addition, fees of £41,940 were paid to Griffin Corporate Finance Limited for administrative and accounting services, including the services of A Ward as director.

	Period 01.02.07 to 31.03.08	Period 06.01.06 to 31.01.07
The average monthly number of employees was as follows		
Directors and employees	<u>8</u>	<u>5</u>

**3 COMPANY PROFIT AND LOSS ACCOUNT**

As permitted by section 230 of the Companies Act 1985 the income statement of the Parent Company is not presented as part of these financial statements. The Company made a loss for the period of £147,991.



**4 SEGMENT REVENUES AND RESULTS**

The segmental analysis of revenues and results is determined by the Group having a single business segment and no discontinued operations in the period under review. This is considered to be the provision of public relations related services, being the services provided by Full Portion Media Limited, the Group's trading subsidiary. All of the Group's operations are carried out in the UK and therefore no primary or secondary segmental analysis is required to be presented.

The operating loss is stated after charging

	Period 01.02.07 to 31.03.08 £	Period 06.01.06 to 31.01.07 £
Auditors remuneration - audit	12,848	3,500
- services related to corporate finance transactions	15,000	-
- other	1,683	-
	<u>          </u>	<u>          </u>

The services related to corporate finance transactions were posted to the Share Premium Account.

**5 FINANCE REVENUE**

	Period 01.02.07 to 31.03.08 £	Period 06.01.06 to 31.01.07 £
Bank interest	686	-
	<u>          </u>	<u>          </u>

**6 FINANCE COSTS**

	Period 01.02.07 to 31.03.08 £	Period 06.01.06 to 31.01.07 £
Loan note interest	4,322	811
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

**7 TAXATION**

	Period 01.02.07 to 31.03.08 £	Period 06.01.06 to 31.01.07 £
Tax expense comprises		
Current tax	-	-
Loss from continuing operations	(513,372)	(70,006)
Income tax expense calculated at 30%	(154,012)	(21,002)
Effect of expenses that are not deductible in determining taxable profit	56,056	2,146
Effect of capital allowances	1,998	-
Effect of unused tax losses and tax offsets	95,958	18,856
	-	-

The total amount of unused tax losses for which no deferred tax asset is recognised in the balance sheet is £400,168 (2007 - £62,854). This asset has not been recognised on the basis that it will only be recoverable when sufficient profits have accrued and this is not expected to happen for the foreseeable future.

**8 LOSS PER SHARE**

The basic loss per share is calculated by dividing the loss for the financial period attributable to shareholders by the weighted average number of shares in issue. The remaining securities in issue are not dilutive as at 31 March 2008.

	Period 01.02.07 to 31.03.08 Number	Period 06.01.06 to 31.01.07 Number
The weighted average number of shares were		
Weighted average number of ordinary shares	57,938,775	44,333,333
Basic loss per share	(0.89)p	(0.16)p

Details of equity instruments which could potentially dilute basic earnings in future but which are not included because they are anti-dilutive for the period under review are stated in Note 22.

**9 GOODWILL**

	Group 31.03.08 £	Group 31.01.07 £	Company 31.03.08 £
Goodwill (Note 21)	748,690	-	-

Goodwill arising on consolidation represents the excess of the cost of the reverse acquisition over the net assets of Aquarius Media plc at the date of the business combination.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

**10 INVESTMENTS IN SUBSIDIARIES**

	<b>Group</b> <b>31.03.08</b> <b>£</b>	<b>Group</b> <b>31 01.07</b> <b>£</b>	<b>Company</b> <b>31 03.08</b> <b>£</b>
Investment (Note 21)	-	-	1,360,000

The Company acquired 100% of the issued share capital of Full Portion Media Limited, a company registered in the UK, on 19 July 2007. The accounting treatment of this acquisition is detailed in Note 1(b).

**11 PROPERTY, PLANT AND EQUIPMENT**

<b>GROUP – PERIOD ENDED 31 MARCH 2008</b>	<b>Office equipment £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
Brought forward at 01 02 07	-	-	-
Additions	17,123	4,513	21,636
Carried forward at 31 03 08	17,123	4,513	21,636
<b>Depreciation</b>			
Brought forward at 01 02 07	-	-	-
Charge for the period	6,097	1,055	7,152
Carried forward at 31 03 08	6,097	1,055	7,152
Net book value at 31 03 08	11,026	3,458	14,484
Net book value at 01 02 07	-	-	-
<b>GROUP - PERIOD ENDED 31 JANUARY 2007</b>	<b>Office equipment £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
Additions and carried forward at 31 01 07	11,293	816	12,109
<b>Depreciation</b>			
Additions and carried forward at 31 01 07	1,799	117	1,916
Net book value at 31 01 07	9,494	699	10,193
Net book value at 06 01 06	-	-	-

The Company had no property, plant and equipment during the period ended 31 March 2008

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

**12 TRADE AND OTHER RECEIVABLES**

	<b>Group</b> <b>31.03.08</b> £	<b>Group</b> <b>31.01.07</b> £	<b>Company</b> <b>31.03.08</b> £
Amounts falling due within one year			
Trade debtors	55,452	77,962	-
Bad debt provision	(23,192)	(8,429)	-
Other debtors	4,000	83,070	1,073
Prepayments	13,089	4,787	5,960
Amounts falling due after one year			
Amounts owed from group undertakings	-	-	400,000
	<u>49,349</u>	<u>157,390</u>	<u>407,033</u>

Amounts owed from group undertakings consist of a £400,000 loan note to Full Portion Media Limited. The loan note is secured by a debenture over the assets of that company, carries interest at a rate of 8% and is repayable on 31 March 2010.

**13 TRADE AND OTHER PAYABLES**

	<b>Group</b> <b>31.03.08</b> £	<b>Group</b> <b>31.01.07</b> £	<b>Company</b> <b>31.03.08</b> £
Amounts falling due within one year			
Trade creditors	37,606	32,621	14,115
Other taxes and social security	33,322	18,427	19,851
Other creditors	40,276	45,206	34,390
Accruals	14,285	22,816	5,550
	<u>125,489</u>	<u>119,070</u>	<u>73,906</u>

**14 BORROWINGS**

	<b>Group</b> <b>31.03.08</b> £	<b>Group</b> <b>31.01.07</b> £	<b>Company</b> <b>31.03.08</b> £
Current - 8% term loan	-	8,000	-
Non-Current - 8% term loan	-	82,000	-
	<u>-</u>	<u>90,000</u>	<u>-</u>

Borrowings as at 31 January 2007 consisted of a loan totalling £90,000 from Media Holdings plc. The loan was fully repaid during the period.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

**15 CALLED UP SHARE CAPITAL**

	Group 31.03.08 £	Group 31.01.07 £
Authorised		
800,000,000 ordinary shares of 0.25p each	2,000,000	
200 Ordinary shares of £1 each		200
	<u>          </u>	<u>          </u>
Allotted, called up & fully paid		
85,166,666 ordinary shares of 0.25p each	212,917	
115 ordinary shares of £1 each		115
	<u>          </u>	<u>          </u>

During the period, the company issued share capital as follows

	Issue Price	Number of Shares
For cash consideration		
Ordinary shares of £1 each (subsequently subdivided)	100p	50,000
Ordinary shares of 0.25p each	3p	20,833,333
For non-cash consideration		
Ordinary shares of 0.25p each		44,333,333
		<u>          </u>

On 31 May 2007, each of the existing 50,000 ordinary £1 shares in issue were subdivided into 200 ordinary shares of 0.5 pence each

**16 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of balances with banks and comprise the following balance sheet amounts

	Group 31.03.08 £	Group 31.01.07 £	Company 31.03.08 £
Cash and cash equivalents	10,322	21,581	826
	<u>          </u>	<u>          </u>	<u>          </u>

**17 RELATED PARTY TRANSACTIONS**

At 31 March 2008, £373,218 was owed to the Company by its subsidiary, Full Portion Media Limited, in respect of loan notes secured over the assets of the subsidiary. Management charges of £180,000 were made by the Company to its subsidiary during the period. These amounts are eliminated on consolidation.

During the period, the Company paid management charges relating to administrative and accounting services, including directors' fees for A Ward, to Griffin Corporate Finance Limited amounting to £41,940. Other fees paid to Griffin Corporate Finance Limited were £160,000 in respect of fees relating to the Company's PLUS-Markets admission. At the period end, the Company owed Griffin Corporate Finance Limited £6,625.

**17 RELATED PARTY TRANSACTIONS - continued**

The Company paid fees for public relations services to Griffin Communications Limited amounting to £2,420. Other fees paid to Griffin Communications Limited were £4,000 in respect of fees relating to the Company's PLUS-Markets admission. No amounts were outstanding at the period end.

Griffin Corporate Finance Limited and Griffin Communications Limited are wholly-owned subsidiaries within the Griffin Group plc group of companies, of which V Nicholls is a director.

**18 FINANCIAL INSTRUMENTS****(a) Market risk**

The Group's financial instruments comprise equity investments, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main risk arising from the Company's financial instruments are liquidity risk and changes in market values. The Group has not entered into any derivative transactions.

Short term debtors and creditors have been excluded from the disclosures.

**(b) Currency risk**

The Group is not subject to foreign exchange risk in respect of its normal trading activities.

**(c) Fair value interest rate risk**

	<u>Total</u>	<u>Floating Rate Financial Assets</u>	<u>Fixed rate Financial Liabilities</u>
	£	£	£
As at 31 March 2008			
Currency – Pounds Sterling			
Cash and cash equivalents	10,322	10,322	-
Loan notes	400,000	-	400,000

Floating rate financial assets comprise cash deposits on overnight deposit at variable short-term rates, ranging from 2.5% to 3.5%. The Company has no borrowing facilities agreed with its bankers.

**(d) Price risk**

The Directors do not consider price risk to be significant.

**(e) Credit risk**

Cash investments are allowed only with major financial institutions. At 31 March 2008, there was no significant credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

**(f) Liquidity risk**

The Group currently has no obligations or commitments associated with its financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

**18 FINANCIAL INSTRUMENTS – continued**

**(g) Cash flow interest rate risk**

Interest rate changes may affect the Group's ability to raise funds for future projects by influencing the amount to which investors are willing to commit

**(h) Fair value**

There is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the Group's financial instruments. For current trade and other receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value.

**19 NON-CANCELLABLE OPERATING LEASING COMMITMENTS**

	Group 31.03.08 £	Group 31.01.07 £	Company 31.03.08 £
Longer than 1 and not longer than 5 years	31,692	59,570	-

Operating lease payments represent rentals payable by the Company for office property

**20 CONTROLLING PARTY**

The Directors do not consider that any one party has overall control of the Company or Group

**21 ACQUISITIONS**

On 22 July 2007, the Company acquired 100% of the ordinary share capital of Full Portion Media Limited. The fair value of the identifiable assets and liabilities of Full Portion Media Limited at the date of acquisition were as follows:

	£
Fixed assets	15,439
Debtors	98,070
Cash	21,275
Creditors	(294,459)
	<u>(159,675)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

**21 ACQUISITIONS - continued**

As stated in note 1 the acquisition of Full Portion Media Ltd has been accounted for as a reverse acquisition. At the date of acquisition, the fair value of the net assets of Aquarius Media plc, which was identical to their book values, was £50,000. To effect the combination Aquarius Media Plc incurred a cash payment of £30,000 as well as the issue of 44,333,333 ordinary shares at 3 pence per share.

In accordance with the principles of IFRS 3 Appendix B on reverse acquisition accounting and as noted in note 1, the cost of the combination to FPM, the acquirer for accounting purposes, was calculated at a total consideration of £768,690 being the total fair value of the equity instruments issued by Full Portion Media Limited to effect the combination. After taking into account the fair value of the net assets of Aquarius Media Plc and the cash consideration incurred, goodwill of £748,690 was recognised on the business combination as follows:

	£
Fair value of Full Portion Media Limited deemed to have been issued on acquisition	768,690
Incidental costs of the business combination	30,000
	<u>798,690</u>
Net assets of parent company acquired	(50,000)
	<u>748,690</u>
Goodwill acquired	<u>748,690</u>

**22 SHARE-BASED PAYMENTS**

On Admission to PLUS Markets, the Company issued warrants convertible into New Ordinary shares of 0.25 pence on exercise. The warrants carry neither rights to dividends nor voting rights. The warrants may be exercised at any time from the date of vesting to the date of their expiry.

The following warrants were in existence during the period (no warrants were in existence during the comparative period):

	<u>Number</u>	<u>Period</u>	<u>Exercise price</u> (pence)	<u>Fair value at date of grant</u> (pence)
Warrants				
Issued 19 July 2007	12,500,000	19/07/2007-19/07/2010	1.00	0.1
Issued 19 July 2007	5,000,000	19/07/2007-19/07/2010	1.00	2.16

The 12,500,000 warrants with a fair value of 0.1 pence at date of grant have been priced using an estimate of the fair value of the services performed and for which they have been issued as part consideration.

The 5,000,000 warrants with a fair value of 2.16 pence at date of grant have been priced using the Black-Scholes method. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the warrants), and behavioural considerations. Expected volatility is based on management's best estimate of the historic volatility of similar shares in the market.



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 31 MARCH 2008

---

22 SHARE-BASED PAYMENTS - continued

Inputs into the model

Grant date share price	1p
Exercise price	3p
Expected volatility	40%
Warrant life	3 years
Risk-free interest rate	5.25%

None of the 17,500,000 warrants issued on 19 July 2007 had been exercised by 31 March 2008