

Digi-Guys Limited
Directors' Report and Financial statements
for the period from 1 January 2007 to 31 March 2007

Company Registration No: 4255453

Tylors
Chartered Accountants & Registered Auditors
Battle House
1 East Barnet Road
Herts
EN4 8RR

Digi-Guys Limited
Contents

	Page
Company information	1
Directors' report	2-3
Independent auditors' report	4-5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8-12

Digi-Guys Limited
Company Information

Directors

A J Whitehurst
R J D'Mello
R S Screwvala

Secretary

Aldwych Secretaries Limited

Auditors

Taylor's
Battle House
1 East Barnet Road
Herts
EN4 8RR

Solicitors

Osborne Clarke
1 London Wall
London
EC2Y 5EB

Registered office

9400 Garsington Road
Oxford Business Park
Oxford
OX4 2HN

Registered number

4255453

Digi-Guys Limited Directors' Report

The directors present their report and accounts for the period ended 31 March 2007.

Principal activities and review of the business

The company's principal activity during the year continued to be of animated film and video game producers.

Results and dividends

The results for the year are shown on Pages 6 and losses are to be transferred to accumulated losses.

Future developments

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years.

The Company is continuing its research and development programme in new technologies in computer generated graphics for computer games and movies.

Directors

The directors who served during the period and their interests in the share capital of the company were as follows:

		£1 Ordinary shares	
		31 Mar 2007	1 Jan 2007
T H Qumer	Resigned on 12 March 2007	-	662
A J Whitehurst		-	828
R J D'Mello	Appointed on 12 March 2007	-	-
R S Screwvala	Appointed on 12 March 2007	-	-

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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.

Digi-Guys Limited
Directors' Report

Disclosure of information to auditors


So far as each director at the date of approval of this report is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution to reappoint Taylors as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 10th May 2007


Director

Aldwych Secretaries Limited
Secretary

Digi-Guys Limited

Independent auditors' report to the shareholders of Digi-Guys Limited

We have audited the accounts of Digi-Guys Limited for the period ended 31 March 2007 which comprise pages 6 to 12. These accounts have been prepared in accordance with 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 auditor's 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 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Policies).

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

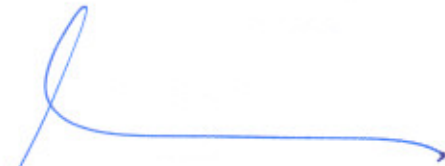
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Digi-Guys Limited
Independent auditors' report
to the shareholders of Digi-Guys Limited (Continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Taylors
Registered auditors

Battle House
1 East Barnet Road
Herts
EN4 8RR

10 May 2007

Digi-Guys Limited
Profit and Loss Account
for the period from 1 January 2007 to 31 March 2007

	Notes	2007 £	2006 £
Turnover		-	1,060,438
Cost of sales		(2,644,316)	(71,924)
Gross (loss)/profit		<u>(2,644,316)</u>	<u>988,514</u>
Administrative expenses		(250,491)	(1,436,090)
Other operating income		-	227,807
Operating loss		<u>(2,894,807)</u>	<u>(219,769)</u>
Interest receivable		-	46
Interest payable	5	(2,859)	(15,740)
Loss on ordinary activities before taxation		<u>(2,897,666)</u>	<u>(235,463)</u>
Tax on loss on ordinary activities		-	-
Loss for the period		<u>(2,897,666)</u>	<u>(235,463)</u>
Retained loss for the period	14	<u><u>(2,897,666)</u></u>	<u><u>(235,463)</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two periods.

Statement of total recognised gains and losses


The company has no recognised gains or losses other than the loss for the above two periods.

Digi-Guys Limited
Balance Sheet
as at 31 March 2007

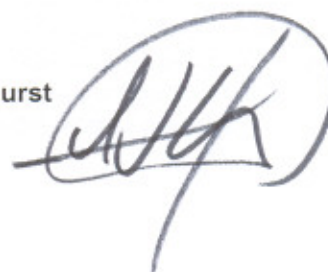
	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	6	193,551	126,478
Current assets			
Stocks	7	790,618	3,434,934
Debtors	8	63,641	88,614
Cash at bank and in hand		48,282	17,544
		<u>902,541</u>	<u>3,541,092</u>
Creditors: amounts falling due within one year	9	(2,760,213)	(2,429,159)
Net current (liabilities)/assets		<u>(1,857,672)</u>	<u>1,111,933</u>
Total assets less current liabilities		<u>(1,664,121)</u>	<u>1,238,411</u>
Creditors: amounts falling due after more than one year	10	(197,293)	(202,159)
		<u>(1,861,414)</u>	<u>1,036,252</u>
Capital and reserves			
Called up share capital	12	5,000	5,000
Share premium	13	2,561,479	2,561,479
Profit and loss account	14	(4,427,893)	(1,530,227)
Shareholders funds	15	<u>(1,861,414)</u>	<u>1,036,252</u>

R J D'Mello
 Director

Approved by the board on


 10 May 2007

A J Whitehurst
 Director



Digi-Guys Limited
Notes to the Accounts
for the period from 1 January 2007 to 31 March 2007

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures, fittings & equipment	25 % on reducing balance
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Stocks and work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes direct expenditure and an appropriate proportion of fixed variable overheads.

Costs attributable to the development and production of the company's sole current project are carried forward as work in progress and included in sales to be released to the profit and loss account when the project realises anticipated revenues.

Payment received by the company in the form of advance royalty payments against money that will be payable upon completion and delivery of the above project are carried forward as deferred income.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Research and Development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred, except that development expenditure incurred on individual projects is carried forward as permitted by SSAP 13 when its' future recoverability can reasonably be regarded as assured. The expenditure is carried forward as work in progress and released to the profit and loss account so as to match the expenditure with the anticipated sales from the related projects.

Digi-Guys Limited
Notes to the Accounts
for the period from 1 January 2007 to 31 March 2007

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2 Operating profit	2007	2006
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	10,666	83,357
Depreciation of assets held under finance leases and hire purchase contracts	8,890	37,870
Auditors' remuneration	3,000	-
Research & development	110,466	645,192
	<u>110,466</u>	<u>645,192</u>
3 Directors' emoluments	2007	2006
	£	£
Emoluments	24,118	66,800
	<u>24,118</u>	<u>66,800</u>
4 Staff costs	2007	2006
	£	£
Wages and salaries	147,288	860,256
Social security costs	23,955	91,994
	<u>171,243</u>	<u>952,250</u>
5 Interest payable	2007	2006
	£	£
Bank loans and overdrafts	176	755
Other loans	300	6,962
Finance charges payable under finance leases and hire purchase contracts	2,383	8,023
	<u>2,859</u>	<u>15,740</u>

Digi-Guys Limited
Notes to the Accounts
for the period from 1 January 2007 to 31 March 2007

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2007	743,926
Additions	<u>86,629</u>
At 31 March 2007	<u><u>830,555</u></u>
Depreciation	
At 1 January 2007	617,448
Charge for the period	<u>19,556</u>
At 31 March 2007	<u><u>637,004</u></u>
Net book value	
At 31 March 2007	<u><u>193,551</u></u>
At 31 December 2006	<u><u>126,478</u></u>

The net book value of Fixtures, fittings & equipment includes assets held under finance leases or hire purchase contracts with a net book value amounting to £76,061 (2006 £84,951).

7 Stocks	2007 £	2006 £
Work in progress	<u>790,618</u>	<u>3,434,934</u>
8 Debtors	2007 £	2006 £
Trade debtors	-	83,798
Other debtors	32,324	2,849
Prepayments and accrued income	<u>31,317</u>	<u>1,967</u>
	<u><u>63,641</u></u>	<u><u>88,614</u></u>
9 Creditors: amounts falling due within one year	2007 £	2006 £
Obligations under finance lease and hire purchase contracts	18,816	32,797
Trade creditors	139,322	52,196
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,215,514	-
Other taxes and social security costs	319,269	296,079
Other creditors	48,610	50,699
Accrued expenses	<u>18,682</u>	<u>1,997,388</u>
	<u><u>2,760,213</u></u>	<u><u>2,429,159</u></u>

Digi-Guys Limited
Notes to the Accounts
for the period from 1 January 2007 to 31 March 2007

10 Creditors: amounts falling due after one year	2007	2006
	£	£
Obligations under finance lease and hire purchase contracts	7,582	12,448
Other creditors	189,711	189,711
	<u>197,293</u>	<u>202,159</u>

11 Obligations under finance leases and hire purchase contracts	2007	2006
	£	£
Amounts payable:		
Within one year	18,816	32,797
Within two to five years	7,582	12,448
	<u>26,398</u>	<u>45,245</u>

12 Share capital	2007	2006
	£	£
Authorised:		
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
	2007	2006
	No	No
Allotted, called up and fully paid:		
Ordinary shares of £1 each	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

On 12 March 2007 the entire issued share capital of the company was acquired by Ignition Entertainment Limited, a company registered in England.

13 Share premium	2007	2006
	£	£
At 1 January 2007	2,561,479	2,561,479
At 31 March 2007	<u>2,561,479</u>	<u>2,561,479</u>

14 Profit and loss account	2007	2006
	£	£
At 1 January 2007	(1,530,227)	(1,294,764)
Retained loss	(2,897,666)	(235,463)
At 31 March 2007	<u>(4,427,893)</u>	<u>(1,530,227)</u>

Digi-Guys Limited
Notes to the Accounts
for the period from 1 January 2007 to 31 March 2007

15 Reconciliation of movement in shareholders' funds	2007	2006
	£	£
At 1 January 2007	1,036,252	1,271,715
Loss for the financial period	(2,897,666)	(235,463)
At 31 March 2007	<u>(1,861,414)</u>	<u>1,036,252</u>

16 Controlling party

The ultimate parent company and controlling party is UTV Software Communications Limited, a company registered in India.

The consolidated accounts of UTV Software Communications Limited can be obtained from their registered office at Parijat House, 1076, Dr. E. Moses Road, Worli Naka, Mumbai 400 018, India.