

**IGNITION ENTERTAINMENT, LTD**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**FOR THE PERIOD FROM JANUARY 1, 2007 TO MARCH 31, 2007**

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**INDEPENDENT AUDITORS' REPORT**

To  
The Member  
IGNITION ENTERTAINMENT, LTD

We have audited the accompanying balance sheet of IGNITION ENTERTAINMENT, LTD as of March 31, 2007, and the related statements of income and member's equity for the period ended March 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis of our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IGNITION ENTERTAINMENT, LTD as of March 31, 2007 and the results of operations for the period ended March 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Rajeev Aggarwal", written over a horizontal line.

**RAJEEV AGGARWAL**  
Certified Public Accountant

May 10, 2007

Member: New York State Society of Certified Public Accountants

IGNITION ENTERTAINMENT, LTD

BALANCE SHEET  
March 31, 2007

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	25,839
Accounts receivable	214,330
Prepayment & Accrued income	21,720
Inventories	139,069
<b>Total current assets</b>	<u>400,958</u>
<b>Total assets</b>	<u><b>400,958</b></u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>	
Current Liabilities	
Accounts payable	395,528
Loans & Advances	240,000
Accruals & deferred income	8,005
Due to related party	540,194
<b>Total current liabilities</b>	1,183,727
Member's Equity	
Share Capital	<u>2,000</u>
Profit & Loss Account	<u>(784,769)</u>
<b>Total Member's Equity</b>	<u>(782,769)</u>
<b>Total liabilities and Member's equity</b>	<u><b>400,958</b></u>

The accompanying notes and auditors' report should be read with financial statements.

IGNITION ENTERTAINMENT, LTD

STATEMENT OF INCOME AND MEMBER'S EQUITY

For the Period from January 1, 2007 to March 31, 2007

Sales	34,687
Cost of sales	(41,444)
Gross Loss	(6,757)
General and administrative expenses	(219,283)
Loss from operations	(226,040)
Interest income	40
Interest Expense	(226)
Loss before income taxes	(226,226)
Provision for income taxes	0
Net Loss	(226,226)
Member's equity - Profit & Loss account - beginning	(558,543)
<b>Member's equity - Profit &amp; Loss account - end</b>	<b>(784,769)</b>

The accompanying notes and auditors' report should be read with financial statements.

## IGNITION ENTERTAINMENT, LTD

### **Summary of Significant Accounting Policies**

#### *Nature of Business*

Ignition Entertainment, Ltd was formed on May 22, 2006, under the laws of the State of California. The Company engages in distribution, marketing and sale of gaming software and products. The Company's sole member is Ignition Entertainment Ltd, United Kingdom.

#### *Accounts Receivable*

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. At March 31, 2007, the Company has not provided any provision for doubtful accounts.

#### *Inventories*

Inventories are valued at the lower of cost and net realizable value.

#### *Income Taxes*

In view of the losses no provision for income tax has been made. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

#### **Foreign Exchange Transaction:**

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All differences are taken in the profit and loss account.

## IGNITION ENTERTAINMENT, LTD

### **Related Party Dues:**

As of March 31, 2007, the company owes \$540,194 to a related party.

### **Commitment and Contingency**

#### *Cash and Cash Equivalents*

During the period ended March 31, 2007, the bank balances does not exceed FDIC insured limit of \$100,000 per bank from time to time.

IGNITION ENTERTAINMENT, LTD

SUPPLEMENTARY INFORMATION

COST OF SALES

For the period from January 1, 2007 to March 31, 2007

Purchases	24,311
Carriage	0
Discounts Allowed	0
Commissions Payable	16,798
Storage & Logistics	335
<b>Cost of Sales</b>	<b><u>41,444</u></b>

IGNITION ENTERTAINMENT, LTD

GENERAL AND ADMINISTRATIVE EXPENSES  
For the period from January 1, 2007 to March 31, 2007

Employee Cost	121,954
Premises Cost	9,638
General Administrative Expenses	44,165
Legal & Professional Expenses	43,526
	<b>219,283</b>