

Registration number 5222227

IG Interactive Entertainment Limited
Directors' report and financial statements
for the year ended 31 March 2010

IG Interactive Entertainment Limited

Company information

Directors	Hitesh Chandarana Deven Khote
Secretary	Mrs B Chandarana
Company number	5222227
Registered office	51 - 53 Station Road Harrow Middlesex HA1 2TY
Auditors	Nagle James Associates Limited 51- 53 Station Road Harrow Middlesex HA1 2TY

IG Interactive Entertainment Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 18

IG Interactive Entertainment Limited

Directors' report for the year ended 31 March 2010

The directors present their report and the financial statements for the year ended 31 March 2010.

Principal activity

The principal activity of the company is that of distribution and marketing of entertainment software including motion pictures.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year are as stated below:

Hitesh Chandarana

Deven Khote

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required

- select suitable accounting policies and apply them consistently;
- make judgements and 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;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

IG Interactive Entertainment Limited

**Directors' report
for the year ended 31 March 2010**

..... continued

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Nagle James Associates Limited are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

This report was approved by the Board on 28 April 2010 and signed on its behalf by


.....
Deven Khote
Director

**Independent auditor's report to the shareholders of
IG Interactive Entertainment Limited**

We have audited the financial statements of IG Interactive Entertainment Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds 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).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1 - 2, 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 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 (APB's) Ethical Standards for Auditors.

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 company's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its 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 matter 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.

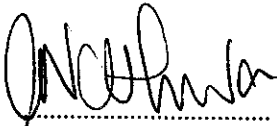
**Independent auditor's report to the shareholders of
IG Interactive Entertainment Limited**

.....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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



.....
Kaushik Nathwani (senior statutory auditor)
For and on behalf of Nagle James Associates Limited
Chartered Accountants and
Registered Auditors
51- 53 Station Road
Harrow
Middlesex
HA1 2TY

Date : 30 April 2010

IG Interactive Entertainment Limited

**Profit and loss account
for the year ended 31 March 2010**

		Continuing operations	
		2010	2009
		£	£
	Notes		
Turnover	2	717,185	618,286
Cost of sales		(977,805)	(680,770)
Gross loss		(260,620)	(62,484)
Administrative expenses		(172,252)	10,855
Other operating income		75	100
Operating loss	3	(432,797)	(51,529)
Exceptional item	4	(1,350,182)	-
Loss on ordinary activities before interest		(1,782,979)	(51,529)
Other interest receivable and similar income	6	733,188	502,618
Interest payable and similar charges	7	(346,704)	(426,508)
(Loss)/profit on ordinary activities before taxation		(1,396,495)	24,581
Tax on (loss)/profit on ordinary activities	9	(7,036)	(12,272)
(Loss)/profit for the year	17	(1,403,531)	12,309

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 18 form an integral part of these financial statements.

IG Interactive Entertainment Limited

**Balance sheet
as at 31 March 2010**

	Notes	2010		2009	
		£	£	£	£
Fixed assets					
Tangible assets	10		-		1,000
Investments	11		25,999,803		12,336,962
			<u>25,999,803</u>		<u>12,337,962</u>
Current assets					
Stocks	12	7,502		202,606	
Debtors	13	9,268,723		22,707,893	
Cash at bank and in hand		121,471		51,199	
		<u>9,397,696</u>		<u>22,961,698</u>	
Creditors: amounts falling due within one year	14	(14,985,820)		(13,484,450)	
Net current (liabilities)/assets			<u>(5,588,124)</u>		<u>9,477,248</u>
Total assets less current liabilities			<u>20,411,679</u>		<u>21,815,210</u>
Net assets			<u>20,411,679</u>		<u>21,815,210</u>
Capital and reserves					
Called up share capital	15		21,778,895		21,778,895
Profit and loss account	16		(1,367,216)		36,315
Shareholders' funds	17		<u>20,411,679</u>		<u>21,815,210</u>

The financial statements were approved by the Board on 28 April 2010 and signed on its behalf by


Deven Khote
Director

Registration number 522227

The notes on pages 8 to 19 form an integral part of these financial statements.

IG Interactive Entertainment Limited

**Cash flow statement
for the year ended 31 March 2010**

	Notes	2010 £	2009 £
Reconciliation of operating loss to net cash inflow from operating activities			
Operating loss		(432,797)	(51,529)
Depreciation		1,131	488
Decrease in stocks		195,104	20,201
Decrease in debtors		13,439,170	(18,509,249)
(Decrease) in creditors		(2,733,812)	(3,118,524)
Net cash inflow from operating activities		<u>10,468,796</u>	<u>(21,658,613)</u>
Cash flow statement			
Net cash inflow from operating activities		10,468,796	(21,658,613)
Returns on investments and servicing of finance	22	386,484	76,110
Taxation	22	(8,900)	46,317
Capital expenditure	22	(131)	(1,249)
Acquisitions and disposals	22	(15,013,024)	(765,350)
		<u>(4,166,775)</u>	<u>(22,302,785)</u>
Financing	22	4,237,047	22,111,552
Increase in cash in the year		<u>70,272</u>	<u>(191,233)</u>
Reconciliation of net cash flow to movement in net debt (Note 23)			
Increase in cash in the year		70,272	(191,233)
Cash outflow from decrease in debts and lease financing		(4,237,047)	(7,342,657)
Change in net debt resulting from cash flows		(4,166,775)	(7,533,890)
Net debt at 1 April 2009		<u>(7,291,458)</u>	242,432
Net debt at 31 March 2010		<u>(11,458,233)</u>	<u>(7,291,458)</u>

IG Interactive Entertainment Limited

Notes to the financial statements for the year ended 31 March 2010

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Revenue from distribution of movies is recognised in accordance with the distribution agreement or on physical delivery of the movies, whichever is later.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	20% straight line
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1.4. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.5. Inventory

Inventory is valued at the lower of cost and net realisable value.

The Company begins amortization of capitalized film costs when a film is released and begins to recognize the revenue from that film. The film cost is stated at the lower of unamortized cost or estimated value on an individual film. Revenue forecasts for the films are continually reviewed by management and revised when warranted by changing conditions. When estimates of total revenues and other events or changes in circumstances indicate that a film has a value that is less than its unamortized cost, a loss is recognized currently for the amount by which the unamortized cost exceeds the film fair value.

1.6. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

1.7. Group accounts

The company is entitled to the exemption under s401 Companies Act 2006 from the obligation to prepare group accounts.

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

2. Turnover

	2010	2009
	£	£
Geographical market		
UK	593,769	526,650
Rest of the World	123,416	91,636
	<u>717,185</u>	<u>618,286</u>

Turnover attributable to geographical markets outside the United Kingdom amounted to 17% for the year.

3. Operating loss

	2010	2009
	£	£
Operating loss is stated after charging:		
Depreciation and other amounts written off tangible assets	1,131	250
Loss on disposal of tangible fixed assets	-	238
Auditors' remuneration (Note 5)	11,500	8,000
and after crediting:		
Net foreign exchange gain	<u>33,842</u>	<u>140,303</u>

4. Exceptional item

This relates to loss on disposal of the company's interest in Indiagames Limited as explained further in Note 11.1.

5. Auditors' remuneration

	2010	2009
	£	£
Auditors' remuneration - audit of the financial statements	<u>11,500</u>	<u>8,000</u>

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

6. Interest receivable and similar income	2010	2009
	£	£
Bank interest	-	3,818
Group interest	733,188	498,800
	<u>733,188</u>	<u>502,618</u>
7. Interest payable and similar charges	2010	2009
	£	£
On amounts payable to group companies	276,527	-
On bank loans and overdrafts	70,177	426,508
	<u>346,704</u>	<u>426,508</u>
8. Employees		
Number of employees	2010	2009
The average monthly numbers of employees (including the directors) during the year were:		
Administration	<u>3</u>	<u>3</u>
Employment costs	2010	2009
	£	£
Wages and salaries	43,896	46,168
Social security costs	4,180	4,971
	<u>48,076</u>	<u>51,139</u>
8.1. Directors' remuneration	2010	2009
	£	£
Remuneration and other emoluments	<u>1,200</u>	<u>1,440</u>

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

9. Tax on (loss)/profit on ordinary activities

Analysis of charge in period	2010	2009
	£	£
Current tax		
UK corporation tax	7,036	7,876
Adjustments in respect of previous periods	-	4,396
	<u>7,036</u>	<u>12,272</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28.00 per cent). The differences are explained below:

	2010	2009
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(1,396,495)</u>	<u>24,581</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.00% (31 March 2009 : 28.00%)	(391,019)	6,883
Effects of:		
Expenses not deductible for tax purposes	397,796	1,279
Capital allowances for period in excess of depreciation	280	(258)
Adjustments to tax charge in respect of previous periods	-	4,396
Income not taxable	(21)	(28)
Current tax charge for period	<u>7,036</u>	<u>12,272</u>

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

10. Tangible fixed assets	Fixtures, fittings and equipment £	Total £
Cost		
At 1 April 2009	1,250	1,250
Additions	131	131
At 31 March 2010	<u>1,381</u>	<u>1,381</u>
Depreciation		
At 1 April 2009	250	250
Charge for the year	1,131	1,131
At 31 March 2010	<u>1,381</u>	<u>1,381</u>
Net book values		
At 31 March 2010	<u>-</u>	<u>-</u>
At 31 March 2009	<u>1,000</u>	<u>1,000</u>

11. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 April 2009	12,336,961	12,336,961
Additions	18,787,872	18,787,872
Disposals	(5,125,030)	(5,125,030)
At 31 March 2010	<u>25,999,803</u>	<u>25,999,803</u>
Net book values		
At 31 March 2010	<u>25,999,803</u>	<u>25,999,803</u>
At 31 March 2009	<u>12,336,961</u>	<u>12,336,961</u>

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

11.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Ignition Entertainment Limited	UK	Development and distribution of computer games	Ordinary Shares	89.58%

During the year the company disposed of its 58.64 % shareholding in its subsidiary, Indiagames Limited, for £3,774,848 to its parent company UTV Software Communications Limited.

12. Stocks	2010	2009
	£	£
Inventory comprises film and DVD rights and prints	-	193,640
Finished goods and goods for resale	7,502	8,966
	<u>7,502</u>	<u>202,606</u>

13. Debtors	2010	2009
	£	£
Trade debtors	40,108	95,874
Amounts owed by group undertakings	7,769,033	19,370,654
Other debtors	1,454,557	3,235,006
Prepayments and accrued income	5,025	6,359
	<u>9,268,723</u>	<u>22,707,893</u>

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

14. Creditors: amounts falling due within one year	2010 £	2009 £
Bank loan	-	7,342,657
Trade creditors	11,955	31,197
Amounts owed to group undertaking	3,227,435	4,308,188
Amounts owed to connected companies	5,677	1,426,282
Corporation tax	1,034	2,898
Other taxes and social security costs	3,665	-
Other creditors	130,115	17,489
Accruals and deferred income	26,235	355,739
	<u>3,406,116</u>	<u>13,484,450</u>
15. Creditors: amounts falling due after more than one year	2010 £	2009 £
Amounts owed to parent undertaking	<u>11,579,704</u>	<u>-</u>

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

16. Share capital	2010	2009
	£	£
Authorised		
3,000,000 Ordinary shares of £1 each	3,000,000	3,000,000
27,000,000 Preference shares of £1 each	27,000,000	7,000,000
	<u>30,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
21,768,895 Preference shares of £1 each	21,768,895	21,768,895
	<u>21,778,895</u>	<u>21,778,895</u>
Equity Shares		
10,000 Ordinary shares of £1 each	10,000	10,000
21,768,895 Preference shares of £1 each	21,768,895	21,768,895
	<u>21,778,895</u>	<u>21,778,895</u>
 17. Equity Reserves	 Profit and loss account	 Total
	£	£
At 1 April 2009	36,315	36,315
Loss for the year	(1,403,531)	(1,403,531)
At 31 March 2010	<u>(1,367,216)</u>	<u>(1,367,216)</u>

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

18. Reconciliation of movements in shareholders' funds	2010	2009
	£	£
(Loss)/profit for the year	(1,403,531)	12,309
Proceeds of issue of non-equity shares	-	14,768,895
	<u>(1,403,531)</u>	<u>14,781,204</u>
Opening shareholders' funds	21,815,210	7,034,006
Closing shareholders' funds	<u>20,411,679</u>	<u>21,815,210</u>

19. Financial commitments

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2010	2009
	£	£
Expiry date:		
Within one year	<u>3,417</u>	<u>3,417</u>

20. Contingent liabilities

The Company has given corporate guarantees in respect of facilities from various institutions for Indian Rupees 5,245 million to the parent company - UTV Software Communications Limited, which are secured by floating charge over the assets of the company.

The Company has also given a deed of guarantee in respect of facilities from an institution for US\$ 50 million to the parent company - UTV Software Communications Limited.

21. Ultimate parent undertaking

The company's parent undertaking at the balance sheet date was UTV Software Communications Limited, a company incorporated in India, which consolidates the results of the company. The consolidated accounts of UTV Software Communications Limited can be obtained from their registered office at 1181-1182, Solitaire Corporate Park, Guru Hargovindji Marg, Chakala Andheri(E) Mumbai 400 093, India.

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

22. Gross cash flows

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	733,188	502,618
Interest paid	<u>(346,704)</u>	<u>(426,508)</u>
	<u>386,484</u>	<u>76,110</u>
Taxation		
Corporation tax paid	<u>(8,900)</u>	<u>(4,978)</u>
Capital expenditure		
Payments to acquire tangible assets	(131)	(1,250)
Receipts from sales of tangible assets	<u>-</u>	<u>1</u>
	<u>(131)</u>	<u>(1,249)</u>
Acquisitions and disposals		
Receipts on disposal of group interests	3,774,848	-
Payments on acquisition of group interests	<u>(18,787,872)</u>	<u>(765,350)</u>
	<u>(15,013,024)</u>	<u>(765,350)</u>
Financing		
Issue of preference share capital	-	14,768,895
Other new long term loans	11,579,704	-
New short term bank loan	-	7,342,657
Repayment of short term bank loan	<u>(7,342,657)</u>	<u>-</u>
	<u>4,237,047</u>	<u>22,111,552</u>

IG Interactive Entertainment Limited

**Notes to the financial statements
for the year ended 31 March 2010**

..... continued

23. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	51,199	70,272	121,471
Debt due within one year	(7,342,657)	7,342,657	-
Debt due after one year	-	(11,579,704)	(11,579,704)
	<u>(7,342,657)</u>	<u>(4,237,047)</u>	<u>(11,579,704)</u>
Net funds	<u>(7,291,458)</u>	<u>(4,166,775)</u>	<u>(11,458,233)</u>

24. Related party transactions

At the year end the company owed a related undertaking, UTV Communications (USA) LLC £5,677.

During the year the company had financial transactions with its parent undertaking, UTV Software Communications Limited and at the balance sheet date £14,807,139 was due to this company.

During the year the company had financial transactions with Ignition Entertainment Limited and at the balance sheet date £7,769,033 was due from this company.

IG Interactive Entertainment Limited

The following pages do not form part of the statutory accounts.

IG Interactive Entertainment Limited

**Detailed trading profit and loss account
and expenses schedule
for the year ended 31 March 2010**

	2010		2009	
	£	£	£	£
Sales				
Sales - share of box office collection		530,891		431,439
Sale of DVDs - UK		62,878		95,211
Sale of Theatrical/VCD/Other rights -(ROW)		123,416		91,636
		<u>717,185</u>		<u>618,286</u>
 Cost of sales				
Opening stock	202,606		222,807	
Cost of rights, publicity and logistics	470,344		240,508	
Cost of prints	203,268		91,503	
Cost of DVDs	17,402		19,920	
Film classification cost	825		7,108	
Producers shares	90,862		301,530	
		<u>985,307</u>		<u>883,376</u>
Closing stock	<u>(7,502)</u>		<u>(202,606)</u>	
		<u>(977,805)</u>		<u>(680,770)</u>
Gross loss		<u>(260,620)</u>		<u>(62,484)</u>
Administrative expenses				
Wages and salaries	42,696		44,728	
Directors' remuneration	1,200		1,440	
Employer's NI contributions	4,180		4,971	
Rent	8,955		7,027	
Rates	4,074		1,935	
Insurance	-		383	
Cleaning	180		612	
Repairs and maintenance	9		100	
Printing, postage and stationery	122		248	
Telephone	2,307		3,672	
Computer costs	-		400	
Travelling and entertaining	5,156		7,518	
Legal and professional	24,103		14,106	
Accountancy	22,755		8,119	
Audit	11,500		8,000	
Bank charges	1,564		2,126	
Bad debts	-		22,755	
Profit/loss on exchange	(33,842)		(140,303)	
Trade marks costs	4,504		-	
General expenses	1,253		820	
Loans written off	70,405		-	

IG Interactive Entertainment Limited

**Detailed trading profit and loss account
and expenses schedule
for the year ended 31 March 2010**

	2010		2009	
	£	£	£	£
Depreciation on fixtures & equipment	1,131		250	
Profits/losses on disposal of tangible assets	-		238	
		<u>172,252</u>		<u>(10,855)</u>
Other operating income				
HMRC online filing tax free incentive	75		100	
Loss on sale of investments	(1,350,182)		-	
		<u>(1,350,107)</u>		<u>100</u>
Operating loss		<u>(1,782,979)</u>		<u>(51,529)</u>
Other income and expenses				
Interest receivable				
Bank deposit interest	-		3,818	
Group interest	733,188		498,800	
		733,188		502,618
Interest payable				
Group interest	276,527		181,894	
Bank interest	70,177		244,614	
		<u>(346,704)</u>		<u>(426,508)</u>
Net (loss)/profit for the year		<u><u>(1,396,495)</u></u>		<u><u>24,581</u></u>