

Ignition Entertainment Limited
Review Report and Group Financial Information
for the year ended 31 March 2011

Company Registration No: 4293817

Taylor's
Chartered Accountants & Registered Auditors
Battle House
1 East Barnet Road
Herts
EN4 8RR

Ignition Entertainment Limited
Report and accounts
Contents

	Page
Company information	1
Statement of directors' responsibilities	2
Independent auditor's review report	3
Group profit and loss account	4
Company profit and loss account	5
Group balance sheet	6
Company balance sheet	7
Group cash flow statement	8
Notes to the financial statements	9-21

Ignition Entertainment Limited Directors' Report

The directors present their report and financial statements of the group and company for the year ended 31 March 2011.

Principal Activities

The principal activities of the Group and the Company are the development, publishing, licensing and distribution of entertainment software.

Review of Business and likely future developments

The company's strategy is to create, own and exploit valuable game franchises through investment in high quality licenses and products, whilst maintaining a strong reputation as a publisher of successful games.

Being a global business the group operates in many different time zones and across different countries. The business is studio-led to create not only high quality games but also high-impact, focused and coordinated marketing campaigns.

The group is well placed to maximise the opportunities presented by the continued global growth in the market, which is primarily driven by higher retail prices and an increased number of platforms, along with higher tie ratios (the number of games sold per console owner). In addition, there is a broadening demographic appeal for games today and new revenue opportunities presented by online gaming, such as premium downloadable content, in-game advertising and micro transactions.

In the hardware market, Nintendo Wii is the current leader in terms of number of consoles sold to consumers; however no hardware manufacturer can yet assume ascendancy. As a publisher, this presents a number of exciting opportunities. Nintendo has undoubtedly broadened the demographic appeal of videogames, while the Sony PLAYSTATION® 3 and Microsoft Xbox 360 continue to appeal to core gamers.

The company believes that the online gaming market will benefit from increased broadband speed and penetration, presenting new revenue opportunities for core games. In addition, online game play features will help maintain premium price points for the company products by extending their appeal and the company intends to grow its presence in this online environment to exploit the strength of the games currently in production.

In common with the majority of global video game publishers, and consistent with the requirements of IFRS, development costs are capitalised during the course of production from the point at which a product is considered to be technically and commercially feasible. The capitalised amounts are shown as Work in Progress in the balance sheet. Capitalised development costs are charged to the income statement when a game is released and are amortised over the period in which the Group expects to earn the majority of revenues from the product.

The Board is committed to establishing and maintaining high standards of corporate governance; the process by which the Group is directed and managed, risks are identified and controlled and effective accountability assured.

Financial Instruments

The group and company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors finance leases and loans to and from the company. The main purpose of these instruments is to raise funds in order to finance the group and company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk

The directors are aware of the funding required by the company and policies have been implemented to ensure sufficient funds are available to meet the liabilities as they fall due.

Finance leases are used for acquiring new fixed tangible assets at fixed rates over short and medium terms.

Ignition Entertainment Limited
Directors' Report

Principal risks and uncertainties

The company's principal business is development, publishing and distribution of video games. In the past the company has developed specialised games such as Mercury, which was technologically innovative but catered for a small market segment. The new generation of games currently under production, cater for the mass market and are being produced in conjunction with the company's core ideology of technological advancement.

The company runs the risk of the games not matching market expectation and the principal risks and uncertainties have been managed by producing technologically advanced games for the most popular and largest segment in the video games market.

Research & development

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

Results and dividends

The results for the year are shown on Pages 7 & 8 and profits are to be transferred to reserves.

Directors

The following persons served as directors during the year:

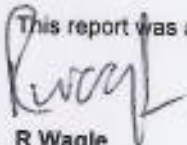
R S Screwvala		
A Banka		
R Wagle		
H Sadiq	(appointed on 12 May 2010)	
V K Chadha		(resigned on 6 January 2011)
J S Lujan	(appointed on 19 October 2010)	(resigned 14 February 2011)

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.

This report was approved by the board on 18 May 2011.



R Wagle
Director

**Ignition Entertainment Limited
Company Information**

Directors

R S Screwvala
A Banka
R Wagle
H Sadiq

Secretary

Aldwych Secretaries Ltd

Auditors

Rajesh Gulabivala
Taylors
Battle House
1 East Barnet Road
Herts
EN4 8RR

Bankers

HSBC Bank Plc
8 Canada Square
Canary Wharf
London
E14 5AH

Solicitors

Osborne Clarke
1 London Wall
London
EC2Y 5EB

Registered office

9400 Garsington Road
Oxford Business Park
Oxford
OX4 2HN

Registered number

4293817

Ignition Entertainment Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then 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 accounts;
- 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

Ignition Entertainment Limited

Independent Review Report to the Board of Directors of Ignition Entertainment Limited

We have been instructed by the company to review the financial information set out on pages 4 to 21 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Board of Directors of Ignition Entertainment for the purpose of consolidation in the group financial statements of UTV Software Communication Limited and for no other purpose. Our review work has been undertaken so that we might state to the company's board those matters we are required to state to them in a review 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 board as a body, for our review work, for this report, or for the opinions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The accounting policies and presentation applied to the financial information should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial information Performed by the Independent Auditor of the Entity". A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of or does not present fairly, in all material respects, the financial position of the group and company as at 31 March 2011 of its results for the year then ended.



Rajesh Gulabivala
for and Behalf of
Taylors
Registered Auditor

1 East Barnet Road
Herts
EN4 8RR

18 May 2011

**Ignition Entertainment Limited
Group Profit and Loss Account
for the year ended 31 March 2011**

	Notes	2011 £	2010 £
Turnover	2	6,073,496	7,582,038
Cost of sales		(3,369,313)	(5,726,589)
Gross profit		<u>2,704,183</u>	<u>1,855,449</u>
Distribution costs		(6,644)	(8,489)
Administrative expenses		(1,192,862)	(3,949,382)
Other operating income		49,543	45,407
Operating profit/(loss)	3	<u>1,554,220</u>	<u>(2,057,015)</u>
Provision for contingencies		-	2,072,468
		<u>1,554,220</u>	<u>15,453</u>
Exceptional items:			
profit on the disposal of fixed assets	4	<u>54,284</u>	<u>-</u>
		<u>1,608,504</u>	<u>15,453</u>
Interest receivable		77,204	83,404
Interest payable	7	(1,154)	(129,101)
Profit/(loss) on ordinary activities before taxation		<u>1,684,554</u>	<u>(30,244)</u>
Tax on profit/(loss) on ordinary activities	8	-	947,633
Retained profit for the financial year	20	<u><u>1,684,554</u></u>	<u><u>917,389</u></u>

Continuing operations

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

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit/(loss) for the above two financial years.

Ignition Entertainment Limited
Profit and Loss Account
for the year ended 31 March 2011

	Notes	2011 £	2010 £
Turnover	2	3,639,522	1,692,434
Cost of sales		(1,621,279)	(1,173,249)
Gross profit		<u>2,018,243</u>	<u>519,185</u>
Distribution costs		(6,644)	(2,335)
Administrative expenses		(142,617)	(1,593,739)
Other operating income		26,183	23,957
Operating profit/(loss)	3	<u>1,895,165</u>	<u>(1,052,932)</u>
Provision for contingencies		-	532,094
		<u>1,895,165</u>	<u>(520,838)</u>
Exceptional items:			
profit on the disposal of tangible fixed assets	4	333	-
		<u>1,895,498</u>	<u>(520,838)</u>
Interest receivable		76,912	82,928
Interest payable	7	(1,154)	(129,101)
Profit/(loss) on ordinary activities before taxation		<u>1,971,256</u>	<u>(567,011)</u>
Tax on profit/(loss) on ordinary activities	8	-	358,632
Profit/(loss) for the financial year		<u><u>1,971,256</u></u>	<u><u>(208,379)</u></u>

Continuing operations

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

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit/(loss) for the above two financial years.

**Ignition Entertainment Limited
Group Balance Sheet
as at 31 March 2011**

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	9	<u>718,906</u>	<u>1,295,223</u>
		718,906	1,295,223
Current assets			
Stocks	11	56,645,446	40,099,263
Debtors	12	15,242,351	10,706,027
Cash at bank and in hand		<u>1,822,998</u>	<u>3,103,928</u>
		73,710,795	53,909,218
Creditors: amounts falling due within one year	13	(29,298,321)	(7,668,012)
Net current assets		<u>44,412,474</u>	<u>46,241,206</u>
Total assets less current liabilities		<u>45,131,380</u>	<u>47,536,429</u>
Creditors: amounts falling due after more than one year	14	(17,682,288)	(21,450,392)
Net assets		<u>27,449,092</u>	<u>26,086,037</u>
Capital and reserves			
Called up share capital		28,787,872	28,787,872
Share premium	19	2,903,704	2,903,704
Profit and loss account	20	(4,242,484)	(5,605,539)
Shareholders' funds	21	<u>27,449,092</u>	<u>26,086,037</u>



**R Wagle
Director**

Approved by the board on 18 May 2011

Ignition Entertainment Limited
Company Balance Sheet
as at 31 March 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	9	445,198	710,027
Investments	10	<u>1,032</u>	<u>1,032</u>
		446,230	711,059
Current assets			
Stocks	11	29,244,888	18,739,480
Debtors	12	35,805,710	31,474,442
Cash at bank and in hand		<u>1,699,952</u>	<u>2,857,298</u>
		66,750,550	53,071,220
Creditors: amounts falling due within one year	13	(20,807,648)	(5,688,692)
Net current assets		<u>45,942,902</u>	<u>47,382,528</u>
Total assets less current liabilities		<u>46,389,132</u>	<u>48,093,587</u>
Creditors: amounts falling due after more than one year	14	(17,638,077)	(21,355,224)
Net assets		<u>28,751,055</u>	<u>26,738,363</u>
Capital and reserves			
Called up share capital		28,787,872	28,787,872
Share premium	19	2,903,704	2,903,704
Profit and loss account	20	(2,940,521)	(4,953,213)
Shareholders' funds	21	<u>28,751,055</u>	<u>26,738,363</u>



R Wagle
Director

Approved by the board on 18 May 2011

**Ignition Entertainment Limited
Group Cash Flow Statement
for the year ended 31 March 2011**

	Notes	2011 £	2010 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,554,220	15,453
Depreciation charges		751,591	788,018
Exchange difference on consolidation of fixed assets		21,939	21,702
Exchange difference on consolidation of reserves		(362,935)	359,626
Exchange gain arising on amounts due from group undertaking		41,436	488,165
Increase in stocks		(16,546,183)	(20,892,074)
(Increase)/decrease in debtors		(4,536,324)	424,037
Increase/(decrease) in creditors		3,476,219	(3,807,950)
Net cash outflow from operating activities		<u>(15,600,037)</u>	<u>(22,603,023)</u>
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(15,600,037)	(22,603,023)
Returns on investments and servicing of finance	22	76,050	(45,697)
Taxation		-	947,633
Capital expenditure	22	<u>(16,038)</u>	<u>(150,564)</u>
		(15,540,025)	(21,851,651)
Financing	22	(625,018)	25,149,152
(Decrease)/increase in cash		<u>(16,165,043)</u>	<u>3,297,501</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(16,165,043)	3,297,501
Decrease in debt and lease financing		207,772	261,237
New finance leases		(126,891)	(112,348)
Change in net debt	23	<u>(16,084,162)</u>	<u>3,446,390</u>
Net funds/(net debt) at 1 April		<u>2,808,895</u>	<u>(637,495)</u>
(Net debt)/net funds at 31 March		<u>(13,275,267)</u>	<u>2,808,895</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of Consolidation

The group financial statements consolidate the results of Ignition Entertainment Limited and its subsidiary undertakings drawn up to 31 March 2011. Turnover and profits arising on trading between group companies are excluded.

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:

Leasehold improvements	Straight line over 5 years
Fixtures, fittings and equipment	33% straight line
Motor vehicles	25% straight line
Fixtures, fittings and equipment	25% reducing balance

Stocks and work in progress

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

Costs attributable to the development and production of computer games software are carried forward as work in progress and released to the profit and loss account when the project realises anticipated revenues.

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.

Deferred tax assets

Full provision has been made for deferred tax assets arising from trading losses as it is anticipated that sufficient profits will be generated in the foreseeable future to fully utilise the losses.

Goodwill and intellectual properties

Acquired goodwill and intellectual property are written off to the profit and loss account over their useful lives. Goodwill arising on consolidation is written off on acquisition to the profit and loss account.

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

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.

Foreign currencies

Company

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

Group

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date and the profit and loss account is translated at the average rate for the year. The exchange differences arising on the re-translation of opening net assets is taken directly to reserves.

Long term loans to subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising is taken to reserves.

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 Turnover

Turnover represents the invoiced value of goods and services supplied by the group and company, net of value added tax and trade discounts.

Turnover is attributable to the one continuing activity.

Analysis by geographical market:

	2011 £	2010 £
United Kingdom	3,639,522	740,986
EEC & Other	-	951,448
United States of America	<u>2,433,974</u>	<u>5,889,604</u>
	<u>6,073,496</u>	<u>7,582,038</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

3 Operating Loss	2011	2010
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	498,200	487,613
Depreciation of assets held under finance leases and hire purchase contracts	253,390	300,405
Operating lease rentals - plant and machinery	314,487	326,686
Operating lease rentals - land buildings	344,024	438,083
Auditors' remuneration for audit services	<u>24,796</u>	<u>29,894</u>
Included in work in progress:		
Depreciation of owned fixed assets	444,806	396,685
Depreciation of assets held under finance leases and hire purchase contracts	253,390	300,405
Operating lease rentals - plant and machinery	314,487	312,727
Operating lease rentals - land buildings	344,024	393,083
Auditors' remuneration	<u>296</u>	<u>2,019</u>
4 Exceptional items	2011	2010
	£	£
Profit on disposal of plant and machinery	<u>54,284</u>	<u>-</u>
5 Directors' emoluments	2011	2010
	£	£
Emoluments	60,012	396,936
Compensation for loss of office	-	150,000
	<u>60,012</u>	<u>546,936</u>
Included in work in progress:		
Emoluments	47,939	290,135
Compensation for loss of office	-	150,000
	<u>47,939</u>	<u>440,135</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

6 Staff costs	2011	2010
	£	£
Wages and salaries	5,397,546	5,381,387
Social security costs	710,665	650,131
	<u>6,108,211</u>	<u>6,031,518</u>
Included in work in progress:		
Wages and salaries	4,736,945	4,724,204
Social security costs	516,168	506,206
	<u>5,253,113</u>	<u>5,230,410</u>
Average number of employees during the year	Number	Number
Administration	10	18
Development	49	208
Sales	4	15
	<u>63</u>	<u>241</u>
7 Interest payable	2011	2010
	£	£
Bank loans and overdrafts	1,442,241	815,991
Finance charges payable under finance leases and hire purchase contracts	546,946	155,997
	<u>1,989,187</u>	<u>971,988</u>
Included in work in progress:		
Bank loans and overdrafts	1,966,858	813,284
Finance charges payable under finance leases and hire purchase contracts	21,175	29,603
	<u>1,988,033</u>	<u>842,887</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

	Group	
8 Taxation	2011	2010
	£	£
Analysis of charge in period		
Deferred tax:		
Origination and reversal of timing differences	-	(947,633)
	<u>-</u>	<u>(947,633)</u>
Tax on loss on ordinary activities	-	(947,633)
	<u>-</u>	<u>(947,633)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2011	2010
	£	£
Profit/(loss) on ordinary activities before tax	<u>1,684,554</u>	<u>(30,244)</u>
Standard rate of corporation tax in the UK	28%	28%
	£	£
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax	471,675	(8,468)
Effects of:		
Tax losses carried forward	-	609,214
Effects of deferred tax provision	-	(947,633)
Utilisation of tax losses	(417,185)	-
Unrealised exchange gains	(54,490)	(20,455)
Current tax charge for period	<u>-</u>	<u>(947,633)</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

9 Tangible fixed assets

Group	Short leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2010	316,454	2,580,202	16,690	2,913,346
Exchange difference on consolidation	-	(37,549)	-	(37,549)
	<u>316,454</u>	<u>2,542,653</u>	<u>16,690</u>	<u>2,875,797</u>
Additions	21,738	204,366	-	226,104
Disposals	(135,835)	(9,209)	(16,690)	(161,734)
At 31 March 2011	<u>202,357</u>	<u>2,737,810</u>	<u>-</u>	<u>2,940,167</u>
Depreciation				
At 1 April 2010	230,108	1,371,326	16,689	1,618,123
Exchange difference on consolidation	-	(15,610)	-	(15,610)
	<u>230,108</u>	<u>1,355,716</u>	<u>16,689</u>	<u>1,602,513</u>
Charge for the year	46,277	705,314	-	751,591
Disposals	(114,122)	(2,032)	(16,689)	(132,843)
At 31 March 2011	<u>162,263</u>	<u>2,058,998</u>	<u>-</u>	<u>2,221,261</u>
Net book value				
At 31 March 2011	<u>40,094</u>	<u>678,812</u>	<u>-</u>	<u>718,906</u>
At 31 March 2010	<u>86,346</u>	<u>1,208,876</u>	<u>1</u>	<u>1,295,223</u>

2011
£

2010
£

Net book value of plant and machinery included above held under finance leases and hire purchase contracts

225,938

306,160

Company	Short leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2010	171,737	1,243,807	16,690	1,432,234
Additions	-	165,686	-	165,686
Disposals	-	-	(16,690)	(16,690)
At 31 March 2011	<u>171,737</u>	<u>1,409,493</u>	<u>-</u>	<u>1,581,230</u>
Depreciation				
At 1 April 2010	137,902	567,615	16,689	722,206
Charge for the year	14,349	416,166	-	430,515
On disposals	-	-	(16,689)	(16,689)
At 31 March 2011	<u>152,251</u>	<u>983,781</u>	<u>-</u>	<u>1,136,032</u>
Net book value				
At 31 March 2011	<u>19,486</u>	<u>425,712</u>	<u>-</u>	<u>445,198</u>
At 31 March 2010	<u>33,835</u>	<u>676,192</u>	<u>1</u>	<u>710,028</u>

2011
£

2010
£

Net book value of plant and machinery included above held under finance leases and hire purchase contracts

185,231

190,773

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

10 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 April 2010	1,032
At 31 March 2011	<u>1,032</u>

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

Company	Country of registration or incorporation	Shares held Class	%
Ignition Entertainment, Ltd	USA	Common Stock	100
Ignition London Limited	England and Wales	Ordinary	100

Capital and Reserves of Subsidiaries

The aggregate amount of the Share capital and reserves and profit after taxation of subsidiaries at 31 March 2011 were as follows:

	Profit after Taxation		Capital and Reserves	
	2011 £	2010 £	2011 £	2010 £
Ignition Entertainment, Ltd	<u>(340,653)</u>	<u>1,095,282</u>	<u>(636,557)</u>	<u>(327,203)</u>
Ignition London Limited	<u>53,951</u>	<u>30,486</u>	<u>(664,374)</u>	<u>(718,325)</u>

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
11 Stocks and work in progress				
Raw materials and consumables			-	-
Work in progress	56,338,033	39,302,097	29,237,029	18,731,451
Finished goods and goods for resale	<u>307,413</u>	<u>797,166</u>	<u>7,859</u>	<u>8,029</u>
	<u>56,645,446</u>	<u>40,099,263</u>	<u>29,244,888</u>	<u>18,739,480</u>
Interest capitalised in work in progress	<u>1,440,736</u>	<u>1,300,160</u>	<u>1,440,736</u>	<u>1,300,160</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

12 Debtors	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	3,686,853	1,280,544	3,210,785	-
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-	28,228,316	27,676,303
Other debtors	7,351,906	7,082,021	2,991,848	2,867,283
Prepayments and accrued income	4,203,592	2,343,462	1,374,761	930,856
	<u>15,242,351</u>	<u>10,706,027</u>	<u>35,805,710</u>	<u>31,474,442</u>
Other debtors includes:				
Deferred tax assets				
Due within one year	5,404,388	1,434,720	1,480,863	1,434,720
Due after more than one year	-	4,164,603	-	46,143
	<u>5,404,388</u>	<u>5,599,323</u>	<u>1,480,863</u>	<u>1,480,863</u>
13 Creditors: amounts falling due within one year				
	2011 £	2010 £	2011 £	2010 £
Bank loans and overdrafts	14,885,882	1,769	14,885,876	674
Obligations under finance lease and hire purchase contracts	157,807	172,328	125,242	99,533
Trade creditors	1,186,728	1,412,266	291,273	559,081
Amounts owed to group undertakings and undertakings in which the company has a participating interest	12,044,553	3,053,045	4,955,788	3,053,045
Other taxes and social security costs	227,570	292,435	97,376	105,016
Other creditors	117,434	1,389,151	39,550	1,335,163
Accruals and deferred income	678,347	1,347,018	412,543	536,180
	<u>29,298,321</u>	<u>7,668,012</u>	<u>20,807,648</u>	<u>5,688,692</u>

Security

The company has obtained bank loan facilities via its parent company and the borrowings are secured by fixed and floating charge over the group assets.

The Ultimate parent company, UTV software communications Limited has given corporate guarantees to secure bank loan facilities.

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
14 Creditors: amounts falling due after one year				
Bank loans	16,139,045	16,556,291	16,139,045	16,556,291
Obligations under finance lease and hire purchase contracts	54,576	120,936	49,148	82,944
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,449,884	4,715,989	1,449,884	4,715,989
Other creditors	38,783	57,176	-	-
	<u>17,682,288</u>	<u>21,450,392</u>	<u>17,638,077</u>	<u>21,355,224</u>
15 Obligations under finance leases and hire purchase contracts				
	2011 £	2010 £	2011 £	2010 £
Amounts payable:				
Within one year	161,141	191,781	125,722	110,717
Within two to five years	59,562	133,586	53,659	92,264
	<u>220,703</u>	<u>325,367</u>	<u>179,381</u>	<u>202,981</u>
Less: finance charges allocated to future periods	<u>(21,080)</u>	<u>(32,103)</u>	<u>(17,749)</u>	<u>(20,504)</u>
	<u>199,623</u>	<u>293,264</u>	<u>161,632</u>	<u>182,477</u>
Finance leases and hire purchase contracts are analysed as follows:				
Current obligations	157,806	172,328	125,242	99,533
Non-current obligations	54,576	120,936	49,148	82,944
	<u>212,382</u>	<u>293,264</u>	<u>174,390</u>	<u>182,477</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

16 Deferred taxation	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Accelerated capital allowances	(633,715)	144,696	(198,896)	144,695
Tax losses carried forward	<u>6,130,683</u>	<u>5,524,177</u>	<u>1,729,570</u>	<u>1,375,790</u>
Undiscounted provision for deferred tax	5,496,968	5,668,873	1,530,674	1,520,485
Discount	(92,580)	(69,550)	(49,811)	(39,622)
Discounted provision for deferred tax	<u>5,404,388</u>	<u>5,599,323</u>	<u>1,480,863</u>	<u>1,480,863</u>
	2011 £	2010 £	2011 £	2010 £
At 1 April 2010	5,599,323	4,759,122	1,480,863	1,122,231
Exchange difference on consolidation	(194,935)	(140,775)	-	-
	<u>5,404,388</u>	<u>4,618,347</u>	<u>1,480,863</u>	<u>1,122,231</u>
Deferred tax charge in Profit and loss account	-	947,633	-	358,632
Exchange difference on translation of current year deferred tax		33,343		-
At 31 March 2011	<u>5,404,388</u>	<u>5,599,323</u>	<u>1,480,863</u>	<u>1,480,863</u>
17 Provision for liabilities	2011	2010	2011	2010
	£	£	£	£
At 1 April 2010	-	2,072,468	-	532,094
Reversal of contingencies		(2,072,468)		(532,094)
At 31 March 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18 Share capital	2011	2010	2011	2010
	No	No	£	£
Authorised: Ordinary shares of £1 each	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>
	2011	2010	2011	2010
	No	No	£	£
Allotted, called up and fully paid: Ordinary shares of £1 each	<u>28,787,872</u>	<u>28,787,872</u>	<u>28,787,872</u>	<u>28,787,872</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

19 Share premium			2011 £	2010 £
At 1 April 2010			2,903,704	2,903,704
At 31 March 2011			<u>2,903,704</u>	<u>2,903,704</u>

20 Profit and loss account	Group		Company	
	2011 £	2010 £	2011 £	2010 £
At 1 April 2010	(5,605,539)	(7,370,719)	(4,953,213)	(5,232,999)
Exchange difference on consolidation	<u>(362,935)</u>	<u>359,626</u>	-	-
At 1 April 2010	(5,968,474)	(7,011,093)	(4,953,213)	(5,232,999)
Profit/(loss) for the financial year	1,684,554	917,389	1,971,256	(208,379)
Other recognised gains and losses	<u>41,436</u>	<u>488,165</u>	<u>41,436</u>	<u>488,165</u>
At 31 March 2011	<u>(4,242,484)</u>	<u>(5,605,539)</u>	<u>(2,940,521)</u>	<u>(4,953,213)</u>

21 Reconciliation of movement in shareholders' funds	2011 £	2010 £	2011 £	2010 £
At 1 April 2010	26,086,037	5,532,985	26,738,363	7,670,705
Exchange difference on consolidation	<u>(362,935)</u>	<u>359,626</u>	-	-
At 1 April 2010	25,723,102	5,892,611	26,738,363	7,670,705
Profit/(loss) for the financial year	1,684,554	917,389	1,971,256	(208,379)
Other recognised gains and losses	<u>41,436</u>	<u>488,165</u>	<u>41,436</u>	<u>488,165</u>
Shares issued	-	18,787,872	-	18,787,872
At 31 March 2011	<u>27,449,092</u>	<u>26,086,037</u>	<u>28,751,055</u>	<u>26,738,363</u>

22 Gross cash flows	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	77,204	83,404
Interest paid	<u>(1,154)</u>	<u>(129,101)</u>
	<u>76,050</u>	<u>(45,697)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(99,213)	(150,564)
Receipts from sales of tangible fixed assets	<u>83,175</u>	<u>-</u>
	<u>(16,038)</u>	<u>(150,564)</u>
Financing		
Issue of share capital	-	18,787,872
New loans raised	(417,246)	6,622,517
Capital element of finance lease rental payments	<u>(207,772)</u>	<u>(261,237)</u>
	<u>(625,018)</u>	<u>25,149,152</u>

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

23 Analysis of changes in net debt

	At 1 Apr 2010 £	Cash flows £	Non-cash changes £	At 31 Mar 2011 £
Cash at bank and in hand	3,103,928	(1,280,930)		1,822,998
Overdrafts	(1,769)	(14,884,113)		(14,885,882)
		(16,165,043)		
Finance leases	(293,264)	80,881		(212,383)
		80,881		
Total	2,808,895	(16,084,162)	-	(13,275,267)

24 Major non-cash transactions

	2011 £	2010 £
Capital value of new finance lease arrangements	126,891	112,348

25 Other financial commitments

At the year end the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2011 £	Other 2011 £	Land and buildings 2010 £	Other 2010 £
Operating leases which expire:				
within one year	324,954	284,116	130,409	161,175
within two to five years	-	47,830	266,286	73,390
	324,954	331,946	396,695	234,565

Ignition Entertainment Limited
Notes to the Financial Statements
for the year ended 31 March 2011

26 Related parties

Parties where there is control
 IG Interactive Entertainment Limited
 UTV Communications (USA) LLC
 True Games Interactive

Immediate parent company
 Subsidiary of Holding Company
 Subsidiary of Holding Company

Parties where there is no control
 Potters Limited
 GCC Alliance Limited

Shareholder in the company
 Wholly owned subsidiary of Potters Ltd

Transaction with related parties

	2011 £	2010 £
Loans from related parties		
IG Interactive Entertainment Limited	13,388,912	7,769,033
UTV Communications (USA) LLC	105,525	-
Potters Limited	-	1,267,573
	<u> </u>	<u> </u>
Loans to related parties		
True Games Interactive	<u>229,398</u>	<u> </u>
Interest payable to related parties		
IG Interactive Entertainment Limited	<u>757,818</u>	<u>914,807</u>
Sales to related parties		
GCC Alliance Limited (wholly owned subsidiary of Potters Limited)	<u>3,205,128</u>	<u> </u>

27 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 1181-1182, Solitaire Corporate Park, Guru Hargovindji Marg, Chakala, Andheri (E) Mumbai 400 093, India.