

UTV GAMES LTD

FINANCIAL STATEMENTS

31 March 2011

UTV GAMES LTD

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UTV GAMES LTD**CORPORATE INFORMATION**

		Date appointed	Date resigned
DIRECTORS:	Mr. Ashraf Ramtoola	05 September 2008	01 September 2010
	Mrs. Kamalam Pillay Rungapadiachy	05 September 2008	-
	Mr. Amit Banka	04 March 2009	-
	Mrs. Savinilorna Payandi Pillay Ramen	01 September 2010	-

ADMINISTRATOR International Management (Mauritius) Ltd
& SECRETARY: Les Cascades
 Edith Cavell Street
 Port Louis
 REPUBLIC OF MAURITIUS

REGISTERED Les Cascades
OFFICE: Edith Cavell Street
 Port Louis
 REPUBLIC OF MAURITIUS

BANKER: Standard Chartered Bank (Mauritius) Ltd
 Ebene House
 33, Cybercity Ebene
 REPUBLIC OF MAURITIUS

AUDITOR: Morison (Mauritius)
 Public Accountants
 1st Floor, Fairfax House
 21, Mgr Gonin Street
 Port Louis
 REPUBLIC OF MAURITIUS

UTV GAMES LTD**COMMENTARY OF THE DIRECTORS**

The directors have pleasure in submitting their audited financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding.

RESULTS AND DIVIDENDS

The results for the year are as shown in the statement of comprehensive income.

The directors do not recommend the payment of any dividend for the year under review.

DIRECTORS

The present membership of the Board is set out on page 1.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

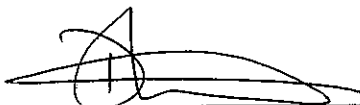
Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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 Mauritius Companies Act 2001. 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.

By order of the board:



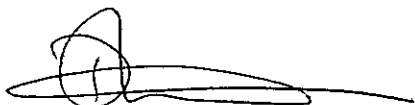
for **International Management (Mauritius) Ltd**
Corporate secretary

Date: 02 MAY 2011

UTV GAMES LTD

CERTIFICATE FROM THE SECRETARY

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 in terms of Section 166(d) for the year ended 31 March 2011.



for International Management (Mauritius) Ltd
Corporate secretary

Date: 02 MAY 2011



Morison (Mauritius)

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Public Accountants

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF UTV GAMES LTD

This report is made solely to the shareholder of UTV Games Ltd, the "Company", as a body in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 March 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1st Floor, Fairfax House, 21 Mgr Gonin Street - Port Louis - Republic of Mauritius

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a Global Association of Independent Professional Firms



Morison (Mauritius)

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Public Accountants

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UTV GAMES LTD

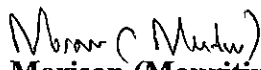
Opinion

In our opinion, the financial statements on pages 6 to 22 give a true and fair view of the financial position of the Company as at 31 March 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.


Morison (Mauritius)
Public Accountants


Nazeer Bhugaloo, FCCA
Signing Partner

Date: 02 MAY 2011

Port Louis, Mauritius

1st Floor, Fairfax House, 21 Mgr Gonin Street - Port Louis - Republic of Mauritius

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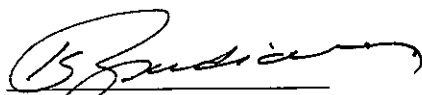
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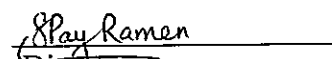
UTV GAMES LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	<u>Notes</u>	<u>2011</u> USD	<u>2010</u> USD
ASSETS			
Non current assets			
Investment in subsidiary	5	13,142,830	12,840,230
Advance against investment	6	-	150,000
Loan receivable	7	-	2,736,000
		<u>13,142,830</u>	<u>15,726,230</u>
Current assets			
Loan receivable	7	10,336,000	-
Other receivables	8	15,800	15,804
Cash at bank		135,988	27,784
		<u>10,487,788</u>	<u>43,588</u>
Total assets		<u>23,630,618</u>	<u>15,769,818</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	9	15,650,000	15,650,000
Share application money		7,611,000	136,000
Accumulated losses		(89,529)	(52,410)
		<u>23,171,471</u>	<u>15,733,590</u>
Current liabilities			
Loan	10	455,267	33,728
Other payables	11	3,880	2,500
		<u>459,147</u>	<u>36,228</u>
Total equity and liabilities		<u>23,630,618</u>	<u>15,796,818</u>

Approved by the Board of Directors on 02 MAY 2011 and signed on its behalf by


Director


Director

The notes on pages 10 to 22 form an integral part of these financial statements.
Independent Auditor's report on pages 4 and 5.

UTV GAMES LTD**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011**

	<u>Note</u>	<u>2011</u> USD	<u>2010</u> USD
INCOME		-	-
EXPENSES			
Accountancy fees		500	500
Licence fees		1,740	1,185
Administrative fees		1,150	-
Management fees		4,004	3,131
Audit fees		6,180	1,725
Bank charges		1,886	1,734
Professional fees		-	27,182
Disbursements		120	210
Exchange loss		21,539	2,155
		<u>37,119</u>	<u>37,822</u>
Loss for the year before taxation		(37,119)	(37,822)
Taxation	12	-	-
Loss for the year		<u>(37,119)</u>	<u>(37,822)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(37,119)</u>	<u>(37,822)</u>

The notes on pages 10 to 22 form an integral part of these financial statements.
Independent Auditor's report on pages 4 and 5.

UTV GAMES LTD**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011**

	Stated capital	Share application money	Accumulated losses	Total
	USD	USD	USD	USD
At 01 April 2009	8,000,000	-	(14,588)	7,985,412
Issue of shares	7,650,000	-	-	7,650,000
Share application money	-	136,000	-	136,000
Total comprehensive loss for the year	-	-	(37,822)	(37,822)
At 31 March 2010	<u>15,650,000</u>	<u>136,000</u>	<u>(52,410)</u>	<u>15,733,590</u>
At 01 April 2010	15,650,000	136,000	(52,410)	15,733,590
Share application money	-	7,475,000	-	7,475,000
Total comprehensive loss for the year	-	-	(37,119)	(37,119)
At 31 March 2011	<u>15,650,000</u>	<u>7,611,000</u>	<u>(89,529)</u>	<u>23,171,471</u>

The notes on pages 10 to 22 form an integral part of these financial statements.
Independent Auditor's report on pages 4 and 5.

UTV GAMES LTD**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011**

	<u>2011</u>	<u>2010</u>
	USD	USD
Operating activities		
Loss for the year before taxation	(37,119)	(37,822)
<i>Adjustments for:</i>		
Exchange difference	21,539	-
Decrease/(increase) in other receivables	4	(15,804)
Increase/(decrease) in other payables	1,380	(2,500)
<i>Net cash used in operating activities</i>	<u>(14,196)</u>	<u>(56,126)</u>
Investing activities		
Payment towards investment	(152,600)	(4,150,000)
<i>Net cash used in investing activities</i>	<u>(152,600)</u>	<u>(4,150,000)</u>
Financing activities		
Issue of shares	-	7,650,000
Share application money	7,475,000	136,000
Loan received	400,000	27,112
Loan paid	-	(843,877)
Loan granted	(7,600,000)	(2,736,000)
<i>Net cash generated from financing activities</i>	<u>275,000</u>	<u>4,233,235</u>
Net increase in cash and cash equivalents	108,204	27,109
Cash and cash equivalents at beginning of the year	27,784	675
Cash and cash equivalents at end of the year	<u>135,988</u>	<u>27,784</u>
Cash and cash equivalents consist of:		
Cash at bank	<u>135,988</u>	<u>27,784</u>

The notes on pages 10 to 22 form an integral part of these financial statements.
Independent Auditor's report on pages 4 and 5.

UTV GAMES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****1. COMPANY PROFILE**

UTV Games Ltd has been incorporated in the Republic of Mauritius as a private company, limited by shares on 05 September 2008 under the Mauritius Companies Act 2001. It was granted a Category 1 Global Business Licence under the Financial Services Act 2007.

The principal activity of the Company is that of investment holding and its registered office is at Les Cascades, Edith Cavell Street, Port Louis, Republic of Mauritius.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 April 2010.

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

The adoption of the above IASs, IFRSs and IFRICs has had no material impact on the accounting policies of the Company and the methods of computation in the Company's financial statements.

3. STANDARD AND INTERPRETATION NOT YET EFFECTIVE

At date of authorisation of the financial statements, the following standards and interpretation were in issue, but not yet effective. The impact of these statements on the Company's financial statements in the period of initial application is not known at this stage. These statements, where applicable, will be applied in the year when they are effective.

UTV GAMES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****3. STANDARD AND INTERPRETATION NOT YET EFFECTIVE (Cont'd)***IAS 24 Related Party Disclosures (Amendment)*

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Fund does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

*IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
Classified as Held-For-Sale'*

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Company.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Company.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

3. STANDARD AND INTERPRETATION NOT YET EFFECTIVE (Cont'd)

Improvements to IFRSs (issued in May 2010) (Cont'd)

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Company, however, expects no impact from the adoption of the amendments on its financial performance.

4. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements are prepared in accordance and compliance with the International Financial Reporting Standards. The financial statements are prepared under the historical cost.

The preparation of financial statements in accordance with International Financial Reporting Standards requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(b) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued support of the shareholder.

(c) Revenue recognition

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met for revenue recognition:

Other revenues

Other revenues earned by the Company are recognised on the following bases:

- Interest income – as it accrues unless collectibility is in doubt.
- Dividend income – when the shareholder's right to receive payment is established.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****4. ACCOUNTING POLICIES (Cont'd)****(d) Foreign currencies**

Foreign currency transactions are translated at the exchange rates prevailing on the date of the transaction. Difference in exchange resulting from the settlement of such transactions is recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Difference in exchange thereon is recognised in profit or loss.

(e) Investment in subsidiary

Investment in subsidiary is shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, the investment is written down immediately to its recoverable amount and the difference is charged to in profit or loss.

On disposal of an investment in a subsidiary, the difference between the net disposal proceeds and carrying amount is charged or credited to in profit or loss.

(f) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

(h) Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individual or other entities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****4. ACCOUNTING POLICIES (Cont'd)****(i) Financial instruments**

Financial assets and liabilities are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument.

The Company's policies in respect of the main financial instruments are as follows:

- **Loan receivable**

Loan receivable from subsidiary is stated at principal asset.

- **Other receivables**

Other receivables are stated at their nominal values as reduced by appropriate allowances for irrecoverable amounts.

- **Loan**

Loan payable to shareholder is stated at principal asset.

- **Other payables**

Other payables are stated at their amortised cost.

- **Cash resources**

Cash resources are measured at fair values.

- **Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

(j) Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary difference arises from the tax losses carried forward. Deferred tax assets recognised to the extent that it is probable that future taxable profit will be available which the temporary differences can be utilised.

UTV GAMES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

4. ACCOUNTING POLICIES (Cont'd)

(k) Redeemable Preference Shares

The Redeemable Preference Shares of the Company are redeemable at the option of the Company. The Company may redeem any Preference Shares at such terms and conditions determined by the board.

International Accounting Standard 32 Financial Instruments: Disclosure and Presentation ("IAS 32") requires entities that issue financial instruments to classify such instruments as liabilities or equity in accordance with the substance of the contractual arrangement and the definitions contained within IAS 32 of a financial liability and equity instrument.

5. INVESTMENT IN SUBSIDIARY

2011	2010
<u>USD</u>	<u>USD</u>

Unquoted

Preferred Stock – at cost

Opening balance	12,840,230	8,840,230
Additions during the year	<u>302,600</u>	<u>4,000,000</u>
Closing balance	<u>13,142,830</u>	<u>12,840,230</u>

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Class of shares held</u>	<u>No. of shares</u>		<u>% Holding</u>	
			2011	2010	2011	2010
True Games Interactive	State of California	Common stock Preferred Stock	225,000 1,200,000	- 1,200,000	95%	80%

6. ADVANCE AGAINST INVESTMENT

2011	2010
<u>USD</u>	<u>USD</u>

Advance to Founder – True Games Interactive	<u>-</u>	<u>150,000</u>
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As per the Stock Assignment and Mutual Release Agreement, the Company had acquired 147,000 Common Stock from one of the founders of True Games Interactive, a subsidiary of the Company. The founder was employed by the subsidiary and employment was terminated in 2010. As part of the settlement, the subsidiary had contracted to compensate the founder by paying USD 90,000 in bi-monthly installments of USD 7,500 commencing in mid January 2010 and was matured in June 2010.

UTV GAMES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

7. LOAN RECEIVABLE	<u>2011</u>	<u>2010</u>
	USD	USD
<i>Non current assets</i>		
Loan to subsidiary	-	2,736,000
The loan is interest free, unsecured and receivable after one year.		
<i>Current assets</i>		
Loan to subsidiary	10,336,000	-
The loan is interest free, unsecured and repayable on demand.		
8. OTHER RECEIVABLES	<u>2011</u>	<u>2010</u>
	USD	USD
Current account with subsidiary	12,080	12,080
Prepayments	3,720	3,724
	<u>15,800</u>	<u>15,804</u>
9. STATED CAPITAL	<u>2011</u>	<u>2010</u>
(i) <i>Ordinary shares of USD 1 each</i>	USD	USD
Opening balance	12,000,000	8,000,000
Additions during the year	-	4,000,000
Closing balance	<u>12,000,000</u>	<u>12,000,000</u>
<p>Ordinary Shares shall be issued at the nominal value of US\$ 1.00 each. Each holder of Ordinary Shares shall be entitled to receive notice of and to attend and vote during meetings of shareholders on any resolutions or other matters affecting the Company which require the consent and approval of such shareholders. Each holder of Ordinary Shares shall be entitled to a right to an equal share in dividends as authorised by the Board. In the case of liquidation, dissolution or winding up of the Company, a holder of Ordinary Share shall be entitled to an equal share on any surplus asset attributable to such Ordinary Shares, in respect of each Ordinary Shares held. Ordinary Shares shall not be redeemable.</p>		
(ii) <i>Preference share of USD 1 each</i>	<u>2011</u>	<u>2010</u>
	USD	USD
Opening balance	3,650,000	-
Additions during the year	-	3,650,000
Closing balance	<u>3,650,000</u>	<u>3,650,000</u>

UTV GAMES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****9. STATED CAPITAL (Cont'd)***(ii) Preference share (Cont'd)*

Preference Share of nominal value US\$ 1.00 each designated in the capital of the Company, having the rights and being subject to the restrictions set forth in this Constitution. Preference Shares shall be entitled to dividend distributions as may be decided by the Board at its sole discretion. In the case of liquidation, dissolution or winding up of the Company, a holder of Preference Share shall be entitled to an equal share on any surplus asset attributable to such Preference Shares, in respect of each Preference Shares held. Preference Shares shall be convertible into Ordinary shares at such conversion rate as may be determined by the Board of the Company.

10. LOAN	<u>2011</u>	<u>2010</u>
	USD	USD
Shareholder's loan	<u>455,267</u>	<u>33,728</u>

The loan is interest free, unsecured and payable within one year.

11. OTHER PAYABLES	<u>2011</u>	<u>2010</u>
	USD	USD
Accruals	<u>3,880</u>	<u>5,000</u>

12. TAXATION

The taxation of income and capital gains of the Company is subject to the fiscal law and practice of Mauritius and the countries in which the Company invests.

The Company has received a Certificate of Mauritian tax residence from the Mauritius Revenue Authority which entitles it to certain reliefs pursuant to the treaties concluded between Mauritius and the investee countries for the avoidance of double taxation. The tax residence certification is renewable on an annual basis, subject to the tax residency conditions being satisfied. Capital gains from the sale of units and securities are exempt from Mauritius tax.

The Company being a Category 1 Global Business Company is liable to pay income on its net taxable income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritius tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%.

For the year under review, the Company has no taxable income.

UTV GAMES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****13. FINANCIAL INSTRUMENTS****(a) Values of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Company's financial assets and liabilities include loan receivable, cash and cash equivalents, loan, and other payables. The carrying amounts of these assets and liabilities approximate their fair values.

(b) Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2011	Financial liabilities 2011	Financial assets 2010	Financial liabilities 2010
	USD	USD	USD	USD
Indian Rupee	-	455,267	-	33,728
United States Dollar	10,484,068	3,880	2,775,864	2,500
	<u>10,484,068</u>	<u>459,147</u>	<u>2,775,864</u>	<u>36,228</u>

(c) Financial risks**(i) Currency risk**

The Company is exposed to the risk that the exchange rate of the USD, relative to INR, may change in a manner which has a material effect on the reported value of the Company's transactions which are denominated in INR.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows:

	2011		2010	
	USD	INR	USD	INR
Loan receivable	10,336,000	-	2,736,000	-
Current account with subsidiary	12,080	-	12,080	-
Cash at bank	135,988	-	27,784	-
Loan	-	(455,267)	-	(33,728)
Accruals	(3,880)	-	(2,500)	-
Net exposure	<u>10,480,188</u>	<u>(455,267)</u>	<u>2,773,364</u>	<u>(33,728)</u>

UTV GAMES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****13. FINANCIAL INSTRUMENTS (Cont'd)***(c) Financial risks (Cont'd)**(i) Currency risk (Cont'd)***Sensitivity analysis***Foreign currency sensitivity analysis*

A 1 percent strengthening of USD against INR at 31 March would have decreased/increased profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	<u>USD/INR</u>	
	<u>2011</u>	<u>2010</u>
<i>Rate</i>		
Before sensitivity analysis	44.65	45.14
Increase 1%	45.10	45.59
<i>Amount</i>		
Before sensitivity analysis	(455,267)	(33,728)
Increase 1%	<u>(459,820)</u>	<u>(34,065)</u>
Difference	<u>(4,553)</u>	<u>(337)</u>

A 1 percent weakening of USD against INR at 31 March would have had equal but opposite effect on the other currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instruments or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financial activities, including cash at bank and financial instructions, foreign exchange transactions and other financial instruments.

UTV GAMES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****13. FINANCIAL INSTRUMENTS (Cont'd)***(c) Financial risks (Cont'd)**(iii) Liquidity risk*

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank balance.

The following table summarises the maturity profile of the company's financial liabilities at 31 March 2011, based on the contractual undiscounted payment.

	Due < 1 Year 2011	Due > 1 Year 2011	Total 2011
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Liabilities			
Loan	455,267	-	455,267
Other payables	3,880	-	3,880
Total liabilities	<u>459,147</u>	<u>-</u>	<u>459,147</u>
	Due < 1 Year 2010	Due > 1 Year 2010	Total 2010
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Liabilities			
Loan	33,728	-	33,728
Other payables	2,500	-	2,500
Total liabilities	<u>36,228</u>	<u>-</u>	<u>36,228</u>

(iv) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objective, policies or processes compared to last year.

UTV GAMES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****14. RELATED PARTY TRANSACTIONS**

For the year ended 31 March 2011, the Company had transactions and balances with the related entities as follows:

<u>Company Name</u>	<u>Nature of Transaction</u>	<u>Volume of transactions for the year</u> USD	<u>Debit/(credit) Balances at 31 March 2011</u> USD	<u>Debit/(credit) Balances at 31 March 2011</u> USD
True Games Interactive	Receivable	-	12,080	12,080
True Games Interactive	Loan receivable	7,600,000	10,336,000	2,736,000
UTV Software Communications Ltd	Loan	(400,000)		
	Exchange difference	(21,539)	(455,267)	(33,728)

- Receivable from True Games Interactive represents current account with the company.
- The loan receivable from True Games Interactive is interest free, unsecured and repayable on demand.
- The loan payable to the UTV Software Communications Ltd is interest free, unsecured, and payable within one year.

15. EVENTS AFTER THE REPORTING DATE

There have been no material events after the reporting date, which would require disclosure or adjustments to the 31 March 2011 financial statements.

16. CAPITAL COMMITMENTS

As per the Stock Assignment and Mutual Release Agreement dated 14 March 2011, the Company will acquire the final 75,000 Common Stock from the second founders of True Games Interactive, a subsidiary of the Company. As consideration for the acquisition, the Company shall pay the founder USD 90,000 in six equal monthly installments of USD 15,000 commencing from 30 April to 30 September 2011. The founder was employed by the subsidiary and employment was terminated on this agreement date. As part of the settlement, the subsidiary has contracted to compensate the founder by paying USD 97,500 in bi-monthly installments of USD 7,500 commencing in mid March 2011 until 30 September 2011. As a part of the settlement, if True Games Interactive is unable to settle the compensation, then the Company must pay and if both do not pay the compensation, the founder may be entitled to further compensation under the Employment Agreement.

UTV GAMES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****17. CONTINGENT LIABILITIES**

The Company has no contingent liabilities at 31 March 2011.

18. REPORTING CURRENCY

The financial statements are presented in the United States Dollars (USD). The Company holds a Category 1 Global Business Licence under the Financial Services Act 2007 which requires that the Company's business or other activity is carried on in a currency other than the Mauritian rupee.

19. HOLDING AND ULTIMATE HOLDING COMPANY

UTV Software Communications Ltd, a company incorporated in India, is the Company's holding and ultimate holding company.