mirada

Audiovisual interaction made easy

mirada plc Annual Report and Accounts 2013

mirada plc creates products and manages services that enable consumers to interact with and access audiovisual digital content on television, companion devices and online.

mirada designs, builds and deploys products and services that enable consumers to interact with and access audiovisual digital content on television, companion devices and online.

mirada provides the expertise, technology and delivery mechanisms that enable leading brands to exploit content in today's interactive and multiplatform environment. Headquartered in London, mirada has commercial offices across Europe and Latin America and operates technical centres in the UK and Spain.

mirada's solutions are used worldwide by the largest operators and brands, including Disney International TV, Sky and MTV Networks.

OUR YEAR

Review of the year

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Iris:

Iris is mirada´s state-of-the-art "TV anywhere" proposition.

Our multi-screen product merges the best of traditional broadcast services and novel internet-based services in one, presenting an easy-to-use, unified user experience across multiple devices: TV, PC, mobile phones and tablets. Iris offers a cost effective solution with the required flexibility at a very tight time to market.

Clients include

- » Euskaltel
- » Cablecom
- » Additional Operators in LatAm

Iris Service Delivery Platform (SDP):

Consumers need to be able to access content they want to watch quickly and- most importantly-easily.

Iris SDP does exactly that, perfectly complementing mirada´s products. mirada´s brain behind the screen is able to search and suggest content, in addition to providing operators with the tools needed to get to know their clients through audience measurement.

Clients include

- » Euskaltel
- » Ono
- » Montecable
- » Nuevosiglo
- » TCC

xPlayer:

One of mirada´s flagship products, xPlayer manages synchronised interactive content to multiple TV devices: mobile, web, tablet and digital TV.

xPlayer manages red and green button interactivity on behalf of a channel, allowing viewers to interact with content on screen (red button) or schedule recordings or reminders (green button).

Clients include

- » ITV
- » Channel 4
- » UKTV
- » RedBeeMedia
- » BBC

Navi:

Navi is an interactive navigational solution designed by mirada in collaboration with Ericsson.

Navi is a complete set of navigational services, including VoD and Pay-Per-View services, PVR recording, content promotion and Channel Surfer for linear TV. From quick and easy navigation to next generation viewing, Navi creates an engaging user experience.

Clients include

- » GVT
- » Mexican Operator

OUR SERVICES:

mirada consulting

mirada boasts extensive and unique knowledge that allows us to help our customers by means of service/solution definition, analysis and specification.

mirada has assisted many customers and partners with UI design and specification, application architecture definition and integration with other elements, and has a proven record of developing and deploying websites and microsites to support and augment promotional activity, providing both technical and design services.

Clients include

- » Andanza Group
- » Sogecable
- » TiVu
- » Cabovisao

mirada be spoke developement

During the last 12 years, mirada has accumulated a vast experience in adapting, customising and integrating new functionalities and customer requirements into solutions and products.

Apart from this, mirada has developed a number of services from scratch, following customer requirement/specifications. Among the bespoke services/solutions, mirada has developed EPG, VoD, games, communications services, enhanced TV applications, interactive marketing services, etc.

Clients include

- » Sky Italia
- » Ono
- » Digital +

CHIEF EXECUTIVE OFFICER'S REPORT

José-Luis Vázquez

Overview

I am pleased to report on the Group's financial results for the year ended 31 March 2013. This has been a very positive year for the company in which we have recorded an EBITDA of £0.98 million and an operating profit of £0.24 million, the first time that mirada has achieved a positive operating result. This improvement has been accomplished after completing a successful transition to a product-based model and a concentration of the Group's activities in its highest growth area, the Digital TV market. The Group has now started to see a return on the investment it has made in its suite of products which have been very well received by customers worldwide. Moreover, the recognition of our brand in the fast growing Latin American market is increasing our exposure to established digital television operators, which I believe will further consolidate mirada as a leading player in User Interaction products for the Digital TV market.

The improvement in performance is largely due to the impressive growth we have seen in our licence fee revenues which are earned based on the number of subscribers signing up to our customers' digital television services. The licence fees earned during the year equalled £1.42 million compared to £0.60 million in the prior year. This product-based model, where the licence fee revenues are based on the success of our customers, is perfectly aligned to the market needs and allows the Group to continue to earn revenues long after our customers have launched their services. At the year end we had three customers from whom we generate licence fees compared to only one customer at the end of the prior year which was GVT, a Brazilian telecommunications company, which we secured through our partnership agreement with Ericsson.

In December 2012 we announced that we had secured a contract for the launch of a satellite service in Latin America, we can now say that this deal is for GVT's new DTH deployment. This contract was signed directly with GVT without any intermediaries. The service was launched in August 2013 and GVT will now use mirada's technology to access new customers in regions with a high demand for Digital TV services which they could not previously access through their IPTV product.

In February 2013 the Company announced that Axtel, one of Mexico's largest telecommunications operators, had launched their new digital television service, Axtel TV, which incorporates mirada's content navigation tool, Navi. Axtel is the second customer signed through our partnership with Ericsson and another contract from which licence fees are earned. We are proud to now have two successful deployments in Mexico, which is a flagship country in the region and a fast growing market.

Our team has been very active post year end in securing a contract with a large new customer. This deal involves a paid trial for our iris multi-screen product to test mirada's capability to deploy our iris solution commercially on the client's existing digital television service. If the trial is successful, and our solution is rolled out across the customer's existing subscriber base, it will significantly increase the Group's turnover over the coming years. This is a key milestone for the Company and we expect to complete the trial in the first quarter of next year. We will keep the market updated with our progress in this project.

In February 2013 we announced the completion of a £1.47 million fund raising, which consisted of a placing and the capitalisation of certain convertible loan and creditor balances. The objective of the fund raising was to help strengthen the Group's balance sheet, to help fund ongoing investment in product development, and to reinforce our working capital requirements to support mirada's rapid growth in Latin America. This fund raising, in which we again had the participation of existing major shareholders and directors, together with the conversion of a substantial proportion of the outstanding convertible loans shows a strong belief in the capabilities of mirada by our stakeholders. I am really proud of the incredible work of our employees, and I would like to thank them, our customers, shareholders and partners for their continued support of the business.

CHIEF EXECUTIVE OFFICER'S REPORT
- continued

Trading review

The main objectives of the management during the year was to consolidate mirada's expansion into emerging markets, especially into Latin America, and to continue the evolution of iris as our brand product. Iris is our multi-screen proposition, working on Digital TV set-top-boxes, smartphones, tablets and computers. Our first deployment of iris in Latin America was with Cablecom in Mexico, this solution is based on mirada's first generation User Interface (UI), origin, which is proving itself to be a very appropriate product for the market, especially for the mid-to-low range platforms in the area. The Group has invested in the development of a brand new UI, named inspire, which works at the mid-to-high level range of set-top-boxes and is very suitable for those customers wanting to deploy a high quality and innovative user experience.

This year has been the first complete year under the product-based model in which the Group is benefiting from the growth of its customers through the licence fees being charged based upon each new subscriber signing up to our customers' digital television services. By the year end mirada had three customers from whom we generated licence fees: GVT in Brazil (part of the Vivendi group), which increased the subscriber base for their IPTV platform by over 350,000 new subscribers during the year; Axtel in México, who launched their service in February 2013; and Cablecom in Mexico, who launched the service in July 2012. The numbers of Cablecom subscribers are not publicly available, however I can say that we are very satisfied with their performance.

After the year end it has been publicly announced that Televisa Group, the largest media corporation in the Hispanic market, has an agreement with the owners of Cablecom to acquire a controlling stake in Cablecom. This is fantastic news for mirada because, if approved by the Mexican authorities, this means our Company would be working with the Televisa group. This gives us the opportunity to showcase our capabilities and the potential for an agreement to deploying our technology over more than 5 million cable set-top-boxes in the region.

This year our Digital TV unit has again experienced a substantial growth in revenues, increasing 22% from £3.35 million in the year ended 31 March 2012 to £4.10 million in the current year, and this unit now represents 85% of the total Group turnover. This growth is mainly driven by the increase in licence fees earned, £1.42 million in the current year compared to £0.60 million in the prior year, and we foresee that this growth in licence fees will continue in future years. The traditional Digital TV revenues streams of professional services and support and maintenance have remained relatively constant, totalling £2.68 million this year and £2.75 million last year. It is important to note that the Digital TV revenues grew without any material change in operating costs; this has resulted in an increase in EBITDA for the division to £1.76 million compared to £0.79 million in the prior year, an improvement of 123%.

The performance of the Group is becoming less reliant on mirada's traditional geographical markets, with the revenues generated from our international activities (everything outside of the UK and Spain) continuing to increase each year, £3.62 million in the current year compared to £2.82 million in the prior period. This improvement is mainly due to our increased presence in the Latin American market, with these revenues more than doubling year on year from £1.50 million to £3.16 million. We are experiencing strong growth in this region due to the fact that our initial deployments there were well received by both our customers and their subscribers and these deployments have proved to be valuable references in the region.

Financial overview

We are pleased to announce that the year under review has been the first one in which the Group has reported an operating profit. We believe this turnaround is due to a combination of a successful restructuring of the Group, the concentration of efforts on the profitable Digital TV business, and the adoption of the product-based model resulting in licence fees continuing to be earned long after our customers have launched their services.

During the year revenues increased by 11% to £4.84 million, up from £4.35 million in the previous year, this combined with the fact that the gross profit margin has improved from 87% to 96% has led to a 22% increase in gross profit from £3.78 million in the prior year to £4.63 million in the current year. Even with the increase in revenues there has been a 12% reduction in administrative expenses compared to the last year, this has been achievable by focusing attention to the most profitable activities of the Group. The EBITDA for the year was £0.98 million, compared to a loss of £0.37 million in year ended 31 March 2012, and the Group achieved an operating profit of £0.24 million showing a dramatic turn around on the operating loss of £2.30 million shown in the prior year accounts.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is a key performance indicator ("KPI") used by management and removes the impact of one-off and non-cash transactions. Other KPIs used by management are as follows:

- Gross profit margin: The Group's continued concentration on the Digital TV business has led to an increase in the gross profit margin from 87% in the year ended 31 March 2012 to 96% in the year under review.

CHIEF EXECUTIVE OFFICER'S REPORT
- continued

- Overseas activities (outside of UK and Spain): Due to the increased activities in Latin America, the revenues generated from these international customers increased by 28% to £3.62 million and amounted to 75% of the Group's total revenues compared to 65% in the prior year. The highest area of growth has been in Latin America which now accounts for 65% of the total Group turnover.

- Licence fee revenue: Revenues from licence fees have higher margins and allow the Group to benefit from multi-year agreements with customers with revenues continuing long after the deployment of the customers' digital television services. During the year the total licence fees equalled £1.42 million, showing a 137% increase on the £0.60 million earned in the prior year.

Loss for the year equalled £0.24 million which is a significant improvement on the loss of £3.16 million recorded in the prior year. Management are confident that as the licence fees earned continue to grow this positive trend will be reflected in the performance of the Group.

In February 2013 the Group completed an equity fundraising for £1.47 million and in March 2013 convertible loans totalling £175,000 were converted into ordinary shares; this has helped to strengthen the Group's balance sheet with net assets at the year end equalling £3.47 million, compared to £1.66 million at 31 March 2012. The net current liabilities position has also improved from £3.16 million in the prior year to £2.18 million in the current year. Although there has been a significant improvement in the balance sheet and the net current liabilities we believe there is still further work to do; primarily the Group needs to ensure it substantially meets its revenue projections. We are also currently in negotiations to secure project financing for one of our longer term projects. Due to the visibility of potential future contracts and the continuing increase in licence fee revenue we have found that banks and other financial institutions are very supportive; this has been evidenced by the fact that post year further long term bank loans totalling £0.30 million have already been secured.

Operational Review

Areas of business

mirada is an audiovisual interaction technology company providing both interactive products and software development services. We trade in complementary areas around the media business, with some smaller independent activities in certain other markets:

Digital TV operators:

We have more than 10 years of experience in technologies from Interactive TV to advanced navigational services. We have a solid network of partners and we are internationally recognised for our skill base. Our products comprise user interfaces for content navigation and consumption over Digital TV receivers (TV and set-top boxes), personal computers and companion devices (tablets and smartphones). Our major products are navi, integrated over the Ericsson IAP IPTV platform, and iris, our multi-screen proposition mainly addressed to the cable and satellite television markets.

Other areas:

mirada has experience and business activities in other areas: broadcast, interactive marketing and mirada connect which provides cashless payment solutions for the car parking market. Whilst these activities are expected to contribute towards the Group's profitability in the medium term management believe that the main areas of growth for the business will be in the Digital TV business.

Outlook

The Digital TV business has continued its growth with a 22% increase in the turnover, and it now represents 85% of the Group's turnover and 88% of the Group's gross margin. This growth shows the returns on the product investment and the benefits of mirada's expansion into the Latin American market. Now only 25% of our turnover is coming from our original Spanish and UK markets, and our revenues from the Americas have more than doubled during the last year. We now have the products to address the different levels of clients in the region, and we expect during this fiscal year to announce important news arising from negotiations that are currently ongoing with major digital television operators in the region.

As with the previous business model mirada still receives revenues in relation to set-up fees and professional services for the deployment of our solution into our customers' digital television services, the major change under the new product-based model is that mirada continues to earn revenues long after the solution has been deployed through the receipt of licence fees for each new subscriber signing up to our customers' services. We believe that as we secure new contracts based on this new model our licence fees will continue to increase resulting in the continued long term improvement in the performance of the Group.

This year have demonstrated how the investment made in product development by a skilled team with more than 10 years' experience in the Digital TV business, has led to the successful turn around in the performance of the Group. Now is the time to show, through new deals and a healthy growth, how much our stakeholders can benefit from this strategy.

José-Luis Vázquez

Chief Executive Officer
29 September 2012

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2013.

Principal activities

The principal activities of the Group are the provision and support of products and services in the Digital TV and Broadcast markets. For a more detailed description of the Group's activities refer to the Chief Executive Officer's Report on pages 1 to 3.

Review of business and future developments

Reviews of the business, its results, future direction and key performance indicators are included in the Chief Executive Officer's Report on pages 1 to 3.

Results and dividends

The consolidated income statement for the year is set out on page 9 and shows the loss for the year. No dividend is declared in respect of the year (2012: £nil).

Principal risks and uncertainties

When the Board considers business risks going forward, the prominent risks include our dependence on people, the Digital TV and Broadcast markets, and information technology.

Dependence on people

The Group recognises the value of the commitment of its staff members and is conscious that it must keep the reward systems, both financial and motivational, in place to minimise this area of risk. Our share option scheme and investment in training are examples of this.

Digital TV and Broadcast markets

The sectors in which the Group operates may undergo rapid and unexpected changes. It is possible therefore that either competitors will develop products similar to the Group, or its technology may become obsolete or less effective. The Group's success depends upon its ability to enhance its products and technologies and develop and introduce, on a timely and cost effective basis, new products and features that meet changing customer requirements and incorporate technological advances. As a result the Group continues to invest significantly in research and development.

Information technology

Data security and business continuity pose inherent risks for the Group. The Group invests in, and keeps under review, formal data security and business continuity policies.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including capital risk, credit risk, foreign currency exchange risk, interest rate risk and liquidity risk. The management of financial risk is governed by the Group's policies approved by the board of directors, which provide written principles to manage these risks. See note 19 for further details on the Group's financial instruments.

Credit risk

The Group has some exposure to credit risk from credit sales. It is the Group's policy to assess the credit risk of new customers before entering into contracts. Historically, bad debts across the Group have been low.

Capital risk

After making enquiries, the directors have formed a judgement at the time of approving the consolidated financial statements that there is a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future not withstanding the Group's continued losses. These resources include funding from the Group's overdraft facilities and new facilities that are anticipated to be secured post year end. Management is also pursuing other potential fund raising options should sufficient bank facilities not be raised. For this reason, the directors continue to prepare the consolidated financial statements on the going concern basis (see note 2).

Foreign currency exchange risk

The majority of cash at bank is held in Sterling and Euro accounts. There are also trade balances in these currencies. As these currencies are now the Group's functional currencies, the Group has not entered into any forward exchange contracts. Any foreign exchange gains or losses are recognised in the consolidated income statement.

Liquidity risk

Details on the Group's liquidity risk are provided in note 19.

Interest rate risk

Details on the Group's interest rate risk are provided in note 19.

Directors' and officers' indemnity insurance

The Group has taken out an insurance policy to indemnify the directors and officers of the company and its subsidiaries in respect of certain liabilities which may attach to them in their capacity as directors or officers of the Group, so far as permitted by law. This policy remained in force throughout the year and remains in place at the date of this report.

DIRECTORS' REPORT
– continued

Directors

The directors who held office during the year are given below:

Executive Directors

Mr José-Luis Vázquez	*Chief Executive Officer*

Non-executive Directors

Mr Javier Casanueva	*Non- Executive Chairman*
Mr Rafael Martín Sanz	
Mr Francis Coles	
Mr Richard Alden	*Resigned 26 April 2013*
Mr Javier Herrero	*Resigned 30 November 2012*
Mr Carlos Vizcayno	*Resigned 30 November 2012*

The interests of directors in the shares of the Group at 31 March 2013 are disclosed in the Directors' Remuneration Report on page 6.

Substantial shareholdings

At 25 September 2013 the following shareholders held, directly or indirectly, three per cent or more interests in the issued share capital of the Company:

	Number of ordinary £1 shares	Percentage of issued ordinary share capital
Naropa Cartera S.L.U	11,558,661	21.0%
Baring Iberia II Inversión en Capital F.C.R.	10,686,855	19.4%
Chase Nominees Ltd	7,259,266	13.2%
Harewood Nominees Ltd	5,697,088	10.3%
Vidacos Nominees Ltd	2,142,860	3.9%
Fresh Inversiones S.L.	2,123,008	3.9%
Asesoria Digital S.L.	2,142,860	3.7%
Tulola Factory S.L.	1,719,817	3.1%

Political and charitable contributions

The Group made no political or charitable contributions during the year.

Creditor payment policy and practice

The Group's policy is that payments to suppliers are made in accordance with the terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with. At 31 March 2013, the Group had an average of 143 days purchases outstanding in trade creditors (2012: 128 days).

Employee involvement and disabled employees

Employees of the Group are regularly consulted by management and kept informed of matters affecting them and the overall development of the Group. The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, the Group's policy, wherever practicable, is to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees.

Events since the reporting date

Significant events which have occurred since the reporting date are detailed in note 26.

Auditors

Each of the persons who are directors at the date of approval of this report confirms that:

1. so far as the directors are aware, there is no relevant audit information of which the auditors are unaware; and
2. the directors have taken all the steps that they ought to have taken as directors in order to make them aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

José-Luis Vázquez

Chief Executive Officer
29 September 2013

DIRECTORS' REMUNERATION REPORT

The Remuneration Committee decides the remuneration policy that applies to executive directors and senior management. The Remuneration Committee meets as necessary in order to consider and set the annual remuneration for executive directors and senior managers, having regard to personal performance and industry remuneration rates. In determining that policy it considers a number of factors including:

- the basic salaries and benefits available to executive directors and senior management of comparable companies;
- the need to attract and retain directors and others of an appropriate calibre; and
- the need to ensure all executives' commitment to the success of the Group.

Non-executive directors are appointed on contracts with a three-month notice period and may be awarded fees as determined by the Board.

Executive directors are appointed on contracts with a 12-month notice period.

Directors' Remuneration

The following table summarises the remuneration receivable by the directors for the year ended 31 March 2013.

	Salary & fees £000	Benefits £000	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Executive				
José-Luis Vázquez	111	—	**111**	137
Non-executive				
Rafael Martín Sanz	—	—	**—**	—
Javier Casanueva	—	—	**—**	—
Javier Herrero	—	—	**—**	—
Carlos Vizcayno	—	—	**—**	—
Francis Coles	24	—	**24**	23
Richard Alden	47	—	**47**	41
	182	**—**	**182**	**201**

[1] Of the £197,000 included in salaries and fees in relation to José-Luis Vázquez £60,000 remains unpaid at the year end.

Directors' interests

The interests of the directors who held office during the year in the shares of the Group at 31 March 2013 were as follows:

	Number of ordinary shares	
	31 March 2013	31 March 2012
José-Luis Vázquez*	**2,123,008**	2,123,008
Richard Alden	**1,065,854**	457,346
Rafael Martín Sanz	***** 2,032,027**	** 4,799,259
Francis Coles	**572,486**	388,873

* Shares held by Fresh Inversiones S.L., a company under the control of José-Luis Vázquez.

** Shares held by Kasei 2000 S.L. Asesoría Digital S.L. owns one-third of the issued share capital of Kasei 2000 S.L., Asesoría Digital S.L. is owned by Rafael Martín Sanz and his wife. Rafael Martín Sanz is a director of Kasei 2000 S.L.

** Shares held by Asesoría Digital S.L.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The directors are responsible for preparing the annual 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed; 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 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 requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRADA PLC

We have audited the financial statements of mirada plc for the year ended 31 March 2013 which comprise consolidated income statement, consolidated statement of comprehensive loss, consolidated statement of changes in equity, consolidated statement of financial position, consolidated statement of cash flows, the company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 and express an opinion on 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group and the parent company's affairs as at 31 March 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 of the financial statements concerning the group's ability to continue as a going concern. At the reporting date the group had net current liabilities of £2,177,000. The group and company is reliant on its continuing ability to achieve an adequate level of sales and raising additional further funds including renegotiation of existing facilities with its lenders in order to maintain a sufficient level of working capital to support its activities. Whilst discussions are ongoing with lenders, and negotiations with other possible sources of finance continue, there remains a material uncertainty which may cast significant doubt about the group and company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the group and company was unable to continue as a going concern.

Opinion on other matters 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.

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

Iain Henderson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
29 September 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2013

	Notes	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Revenue	5	**4,837**	4,346
Cost of sales		**(207)**	(562)
Gross profit		**4,630**	3,784
Depreciation	13	**(58)**	(106)
Amortisation	12	**(683)**	(733)
Impairment of goodwill	12	**-**	(560)
Restructuring costs	6	**-**	(528)
Other administrative expenses		**(3,649)**	(4,156)
Total administrative expenses		**(4,390)**	(6,083)
Operating profit/(loss)	6	**240**	(2,299)
Finance income	8	**137**	4
Finance expense	9	**(617)**	(867)
Loss before taxation		**(240)**	(3,162)
Taxation	10	**—**	—
Loss for year		**(240)**	(3,162)

		Year ended 31 March 2013 £	Year ended 31 March 2012 £
Loss per share			
Loss per share for the year - basic & diluted	11	**(0.01)**	(0.11)

The above amounts are attributable to the equity holders of the parent.
The notes on pages 13 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Loss for the period	**(240)**	(3,162)
Other comprehensive loss:		
Currency translation differences	**(28)**	(306)
Total other comprehensive loss	**(28)**	(306)
Total comprehensive loss for the year	**(268)**	(3,468)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2013

	Share capital £000	Share premium account £000	Share option reserve £000	Foreign exchange reserve £000	Merger reserves £000	Retained earnings £000	**Total £000**
At 1 April 2012	**319**	**1,216**	**140**	**537**	**2,472**	**(3,026)**	**1,658**
Loss for the financial year	—	—	—	—	—	(240)	(240)
Movement in foreign exchange reserve	—	—	—	(28)	—	—	(28)
Conversion of convertible loans into shares	45	400	—	—	—	32	477
Issue of shares	155	1,457	—	—	—	—	1,612
Share issue costs	—	(14)	—	—	—	—	(14)
At 31 March 2013	**519**	**3,059**	**140**	**509**	**2,472**	**(3,234)**	**3,465**

	Share capital £000	Shares to be issued £000	Share option reserve £000	Foreign exchange reserve £000	Merger reserve £000	Retained earnings £000	**Total £000**
At 1 April 2011	**213**	**273**	**2,109**	**843**	**2,472**	**(1,833)**	**4,077**
Loss for the financial year	—	—	—	—	—	(3,162)	(3,162)
Movement in foreign exchange reserve	—	—	—	(306)	—	—	(306)
Transfer between reserves	—	—	(1,969)	—	—	1,969	—
Issue of shares	106	960	—	—	—	—	1,066
Share issue costs	—	(17)	—	—	—	—	(17)
At 31 March 2012	**319**	**1,216**	**140**	**537**	**2,472**	**(3,026)**	**1,658**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2013

Company number 3609752

	Notes	**31 March 2013 £000**	31 March 2012 £000
Property, plant and equipment	13	**61**	112
Goodwill	12	**6,946**	6,946
Intangible assets	12	**1,719**	1,295
Non-current assets		**8,726**	8,353
Trade & other receivables	14	**1,292**	1,324
Cash and cash equivalents	24	**94**	35
Current assets		**1,386**	1,359
Total assets		**10,112**	9,712
Loans and borrowings	16	**(697)**	(1,095)
Trade and other payables	15	**(2,725)**	(3,088)
Provisions	17	**(141)**	(338)
Current liabilities		**(3,563)**	(4,521)
Net current liabilities		**(2,177)**	(3,162)
Total assets less current liabilities		**6,549**	5,191
Interest bearing loans and borrowings	17	**(2,767)**	(2,817)
Embedded conversion option derivative	17	**(65)**	(292)
Other non-current liabilities	17	**(181)**	(194)
Provisions	17	**(71)**	(230)
Non-current liabilities		**(3,084)**	(3,533)
Total liabilities		**(6,647)**	(8,054)
Net assets		**3,465**	1,658
Issued share capital and reserves attributable to equity holders of the company			
Share capital	20	**519**	319
Share premium	21	**3,059**	1,216
Other reserves	21	**3,121**	3,149
Retained earnings	21	**(3,234)**	(3,026)
Equity		**3,465**	1,658

These financial statements were approved and authorised for issue on 29 September 2013.
Signed on behalf of the Board of Directors.

José-Luis Vázquez

Chief Executive Officer

The notes on pages 13 to 37 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	Note	**Year ended 31 March 2013 £000**	Year ended 31 March 2012 £000
Cash flows from operating activities			
Loss for the year		**(240)**	(3,162)
Adjustments for:			
Depreciation of property, plant and equipment		**58**	106
Amortisation of intangible assets		**683**	733
Impairment of goodwill		**—**	560
Finance income		**(137)**	(4)
Finance expense		**617**	867
Operating cash flows before movements in working capital		**981**	(900)
Decrease in trade and other receivables		**44**	152
Decrease in trade and other payables		**21**	(56)
(Decrease)/increase in provisions		**(356)**	216
Net cash generated from/(used in) operating activities		**690**	(588)
Cash flows from investing activities			
Interest and similar income received		**3**	4
Purchases of property, plant and equipment		**(8)**	(41)
Purchases of other intangible assets		**(1,116)**	(828)
Net cash used in investing activities		**(1,121)**	(865)
Cash flows from financing activities			
Interest and similar expenses paid		**(341)**	(307)
Issue of share capital		**1,014**	843
Costs of share issue		**(14)**	(17)
Loans received		**913**	1,246
Repayment of loans		**(735)**	(239)
Repayment of capital element of finance leases		**(10)**	(27)
Net cash from financing activities		**827**	1,499
Net increase in cash and cash equivalents		**396**	46
Cash and cash equivalents at the beginning of the year	24	**(299)**	(366)
Exchange gains on cash and cash equivalents		**(3)**	21
Cash and cash equivalents at the end of the year	24	**94**	(299)

Cash and cash equivalents comprise cash at bank less bank overdrafts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2013

1. General information

mirada plc is a company incorporated in the United Kingdom. The address of the registered office is New City Cloisters, 196 Old Street, London, EC1V 9FR. The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 4.

The Directors have chosen to present these financial statements in Pounds Sterling. All balances are shown in thousands unless otherwise stated. Foreign operations are included in accordance with the policies set out in note 2.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board as adopted by European Union ("IFRSs") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRSs.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Director's report. In addition, note 19 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and exposures to credit risk and liquidity risk.

The consolidated statement of financial position as at 31 March 2013, being the Company's year-end, shows a net current liability position of £2,177,000 (2012: £3,162,000). Subsequent to the reporting date, the Group has been able to secure additional long term bank loans totalling £295,000. The Company is, however, reliant on its ability to achieve its revenue projections and if these projections are not met in the short term further funds may be required. As such, the Directors are currently in negotiations to secure additional project financing and are confident that these negotiations will be concluded satisfactorily.

The Directors have concluded that the need to generate future funds from either further financing or from trading activities to satisfy the settlement of its ongoing and future liabilities represents a material uncertainty, which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Nevertheless after making enquiries and considering this uncertainty and the measures that can be taken to mitigate the uncertainty, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result if the Group and Company was unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2013. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries or trade and assets, is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued or to be issued, by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. There have been no business combinations since the introduction of IFRS3(R).

Goodwill arising on acquisition is recognised as an asset and initially measured at cost and is accounted for according to the policy below.

Prior year restatement

Following a review of the maturity of the onerous lease obligation, the Statement of Financial Position as at 31 March 2012 has been restated to reclassify £338,000 from non-current provisions to current provisions. The restatement does not impact on total liabilities, net assets or retained earnings and equally does not affect the Income Statement or the Statement of Cashflows. A restatement of £171,000 from non-current provisions to current provisions is also required in the Statement of

Financial Position as at 31 March 2011. As the restatement is only limited to a reclassification of non-current provisions to current provisions in all periods affected, no Statement of Financial Position as at the beginning of the comparative period has been presented.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

- Office & computer equipment 33.3% per annum
- Short-leasehold improvements 10% per annum

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial period end.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, intangible fixed assets and liabilities of a subsidiary, or acquired sole trade business at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Group income statement and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.
On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets with a finite useful life represent items which have been separately identified under IFRS 3 arising in business combinations, or meet the recognition criteria of IAS 38, "Intangible Assets". Intangible assets acquired as part of a business combination are initially recognised at their fair value and subsequently amortised on a straight line basis over their useful economic lives. Intangible assets that meet the recognition criteria of IAS 38, "Intangible Assets" are carried at cost less amortisation and any impairment losses. Intangible assets comprise of completed technology, acquired software, capitalised development costs and goodwill.

Amortisation

Amortisation of intangible assets acquired in a business combination is calculated over the following periods on a straight line basis:
Completed technology - over a useful life of 4 years
Deferred development costs - over a useful life of 4 years

The amortisation is charged to administrative expenses in the consolidated income statement. Completed technology relates to software and other technology related intangible assets acquired by the Group from a third party. Deferrred development costs are internally-generated intangible assets arising from work completed by the Group's product development team.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Any internally-generated intangible asset arising from the Group's development projects are recognised only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives of three to four years. If a development project has been abandoned then any unamortised balance is immediately written off to the income statement. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. The amortisation is charged to administrative expenses in the consolidated income statement.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the impairment of goodwill line in the consolidated income statement as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables represent amounts due from customers in the normal course of business. All amounts are initially stated at their fair value and are subsequently carried at amortised cost, less provision for impairment which is calculated on an individual customer basis, where there is objective evidence.

Cash and cash equivalents

Cash and cash equivalents include cash at hand and deposits held at call with banks with original maturities of three months or less. For the purposes of the cash flow statement, bank overdrafts are included in cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental external costs directly attributable to the issue of new shares (other than in connection with a business combination) are recorded in equity as a deduction, net of tax, to the share premium reserve.

Bank Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value less direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Convertible debt

When the terms of the convertible debt result in conversion into a variable number of shares, the proceeds of the convertible debt are initially allocated into liability (debt) and derivative components at fair value. The debt component is calculated by reference to the net present value of the cash flows arising from the convertible loan. These cash flows were discounted at a rate of 20%. The derivative component of the convertible debt is calculated by deducting the debt component from the proceeds received. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost. The derivative component is also included within liabilities, but is measured at fair value at each reporting date, with changes in the fair value of the derivative component being recognised in the consolidated income statement under finance income.

Employee share incentive plans

The Group issues equity-settled share-based payments to certain employees (including directors). These payments are measured at fair value at the date of grant by use of the Black-Scholes pricing model. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of any non market-based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A corresponding credit is recorded in equity in the share option reserve.

Leases

Leases taken by the Group are assessed individually as to whether they are finance leases or operating leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease rental payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The benefit of lease incentives is spread over the term of the lease.

Taxation

The tax expense represents the sum of the current tax and deferred tax charges.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2013 - continued

Revenue recognition

Interactive service revenues

Interactive service revenues relate to the revenues earned from all the operating units. Interactive service revenues are divided into 4 types, fixed-priced contracts, development fees, self-billing revenues and the sale of licences.

Fixed-price contract revenues are recognised when the significant risks and rewards of products and services have been passed to the buyer and can be measured reliably. Revenues from development fees (which include set-up fees) are recognised according to management's estimation of the stage of completion of the project. This is measured by reference to the amount of development time spent on a project compared to the most up to date calculation of the total time estimated to complete the project in full.

In respect of self-billing revenues, the Group are informed by the customer of the amount of revenue to invoice and the revenues are recognised in the period these services are provided.

Where the revenue relates to the sale of a one off licence, the licence element of the sale is recognised as income when the following conditions have been satisfied:

- the software has been provided to the customer in a form that enables the customer to utilise it;
- the ongoing obligations of the Group to the customer are minimal; and
- the amount payable by the customer is determinable and there is a reasonable expectation of payment.

For certain contracts licence fees payable by customers are dependent upon the number end user subscribers signing up to the customer's digital television service. For this type of contract revenues are recognised by multiplying the individual licence fee by the net increase in the customer's subscriber base. Where the contract specifies a guaranteed minimum number of licences, the revenue is recognised in equal monthly amounts spread across the term of the contract.

Certain revenues earned by the Group are invoiced in advance. As outlined in the revenue recognition policy above, revenues are recognised in the period in which the Group provides the services to the customer, revenues relating to services which have yet to be provided to the customer are deferred.

Retirement benefit costs

The Group operates defined contribution pension schemes. The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the period.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign exchange

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the result and the financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

On translation of balances into the functional currency of the entity in which they are held, exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the income statement, any exchange component of that gain or loss is recognised in the income statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising on translating the opening balance sheets and the current year income statements at the closing rate are classified as equity and transferred to the Group's foreign exchange reserve. Such translation differences are recognised as income or an expenses in the period in which the operations is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling denominated assets and liabilities.

Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 April 2012 or later periods and which the Group has decided not to adopt early.

None of the newly issued standards, amendments and interpretations are expected to have a material effect on the financial statements.

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Impairment of goodwill and intangibles

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit. This includes the directors' best estimate on the likelihood of current deals in negotiation not yet concluded. Consequently the outcome of negotiations may vary materially from management expectation.

Useful economic life of intangibles

Intangible assets are amortised over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

Capitalised development costs

Any internally generated intangible asset arising from the Group's development projects are recognised only once all the conditions set out in the accounting policy Internally Generated Intangible Assets are met. The amortisation period of capitalised development costs is determined by reference to the expected flow of revenues from the product based on historical experience. Furthermore the Group reviews, at the end of each financial year, the capitalised development costs for each product for indicatons of any loss of value compared to net book value at that time. This review is based on expected future contribution less the total expected costs.

Provisions

There is currently a potential liability arising from an onerous lease obligation. Management have taken their best estimate concerning the potential liability and subsequent outflow of cash. This provision will be re-evaluated at each reporting date. Should events signify that the provision differs from management's current assessment this could lead to future gains or losses recognised in the income statement.

Fair value of embedded conversion option derivative

The Group determines the fair value of its convertible loans, which are not quoted, using the Black-Scholes valuation technique. This technique is significantly affected by the assumptions used, including the risk free interest rates and estimates of the volatility in share price. In that regard, the derived fair value estimates cannot always be substantiated by comparison to with independent markets and, in many cases, may not be capable of being realised immediately.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2013 - continued

5. Segmental reporting

Reportable segments

The chief operating decision maker for the Group is ultimately the board of directors. For financial and operational management the board considers the Group to be organised into three operating divisions based upon the varying products and services provided by the Group – Digital TV, Broadcast & Content and Mobile. The products and services provided by each of these divisions are described in the CEO Statement on page 3. The segment headed other relates to corporate overheads, assets and liabilities.

Segmental results for the year ended 31 March 2013 are as follows:

	Digital TV £000	Broadcast & content £000	Mobile £000	Other £000	Group £000
Revenue - external	4,094	273	470	-	4,837
Gross profit	4,074	257	299	-	4,630
Profit/(loss) before interest, tax, depreciation & amortisation	1,761	213	57	(1,050)	981
Impairment of goodwill	—	—	—	—	—
Depreciation	(33)	—	—	(25)	(58)
Amortisation	(615)	—	(34)	(34)	(683)
Finance income	—	—	—	137	137
Finance expense	—	—	—	(617)	(617)
Segmental (loss)/profit	1,113	213	23	(1,589)	(240)

Segmental results for the year ended 31 March 2012 are as follows:

	Digital TV £000	Broadcast & content £000	Mobile £000	Other £000	Group £000
Revenue - external	3,346	594	406	—	4,346
Gross profit	3,165	420	199	—	3,784
Profit/(loss) before interest, tax, depreciation & amortisation	792	323	(61)	(1,426)	(372)
Impairment of goodwill	—	—	(560)	—	(560)
Restructuring costs	—	—	—	(528)	(528)
Depreciation	(53)	—	—	(53)	(106)
Amortisation	(707)	—	(18)	(8)	(733)
Finance income	—	—	—	4	4
Finance expense	—	—	—	(867)	(867)
Discontinued operations	—	—	—	—	—
Segmental (loss)/profit	32	323	(639)	(2,878)	(3,162)

There is no material inter-segment revenue included in the segments which is required to be eliminated.

The Group has three major customers in the Digital TV segment (a major customer being one that generates revenues amounting to 10% or more of total revenue) that account for £1.37 million (2012: £0.79 million), £0.48 million (2012: £0.63 million) and £0.48 million (2012: £0.47 million) of the total Group revenues respectively.

The segment assets and liabilities at 31 March 2013 are as follows:

	Digital TV £000	Broadcast & content £000	Mobile £000	Other £000	Group £000
Additions to non-current assets	1,087	—	23	14	1,124
Total assets	7,146	1,939	688	339	10,112
Total liabilities	(1,969)	(172)	(97)	(4,409)	(6,647)

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment assets and liabilities at 31 March 2012 are as follows:

	Digital TV £000	Broadcast & content £000	Mobile £000	Other £000	Group £000
Additions to non-current assets	680	—	67	122	869
Total assets	6,302	1,940	1,104	366	9,712
Total liabilities	(1,647)	(214)	(162)	(6,031)	(8,054)

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	Assets 31 March 2013 £000	**Liabilities 31 March 2013 £000**	Assets 31 March 2012 £000	Liabilities 31 March 2012 £000
Segment assets and liabilities	9,773	2,238	9,346	2,023
Other:				
• Intangible assets	89	—	109	—
• Property, plant & equipment	19	—	41	—
• Other financial assets & liabilities	231	4,409	216	6,031
Total other	339	4,409	366	6,031
Total Group assets and liabilities	**10,112**	**6,647**	**9,712**	**8,054**

Assets allocated to a segment consist primarily of operating assets such as property, plant and equipment, intangible assets, goodwill and receivables.

Liabilities allocated to a segment comprise primarily trade payables and other operating liabilities.

Geographical disclosures

	External revenue by location of customer		Non-current assets by location of assets	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
UK	743	908	3,063	3,119
Spain	473	615	5,663	5,234
Continental Europe	465	1,319	—	—
Americas	3,156	1,504	—	—
	4,837	4,346	8,726	8,353

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 March 2013 - continued

6. Operating loss

The operating loss is stated after charging/(crediting) the following:

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Depreciation of owned assets	35	83
Depreciation of assets held under finance lease	23	23
Amortisation of intangible assets	683	733
Impairment of goodwill	-	560
Operating lease charges	200	264
Restructuring costs (see below)	-	528
Research and development costs	220	239

Analysis of auditors' remuneration is as follows:

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Remuneration receivable by the Company's auditor or an associate of the Company's auditor for the auditing of these accounts	**15**	15
Remuneration receivable by the Company's auditors and its associates for other services:		
• The auditing of accounts of any associate of the Company	**28**	35
Total fees	**43**	50

Reconciliation of operating loss for continuing operations to loss before interest, taxation, depreciation, amortisation, impairment of goodwill and restructuring costs:

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Operating loss	**240**	(2,299)
Depreciation	**58**	106
Amortisation of deferred development costs	**683**	733
Restructuring costs	—	528
Impairment of goodwill	—	560
Operating loss before interest, taxation, depreciation, amortisation, impairment of goodwill and restructuring costs	**981**	(372)

During the year ended 31 March 2012 the Group incurred restructuring costs of £528,000 comprising £440,000 relating to an onerous lease commitment and £88,000 relating to redundancy costs.

7. Staff costs and employee information

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Staff costs (including directors) comprise:		
Wages and salaries	**2,764**	3,151
Social security costs	**555**	597
Other pension costs	**12**	27
Staff costs	**3,331**	3,775

The Group operates a defined contribution pension scheme for certain employees. No directors are members of this scheme in both the current year and the previous year. The outstanding amount of pension contributions accruing at the year end was £25,000 (2012: £26,000).

The average number of persons, including executive directors, employed by the Group during the year was:

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
By activity		
Office and management	**7**	9
Platform and development	**64**	65
Sales and marketing	**9**	10
	80	84

Directors and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed on page 5, the Chief Technical Officer, the Chief Financial Officer, the Director of Sales and Business Development, the Sales Director of Northern Europe and North America and the Sales Director of Southern Europe and LATM.

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Salaries and fees	**525**	616
Defined contribution pension cost	—	6
Amounts paid to third parties in respect of directors' services	**47**	41
	572	663

The directors' remuneration is disclosed in the Directors' Remuneration Report on page 6.

8. Finance income

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Bank interest receivable	**3**	4
Net gain on fair value of conversion option derivative	**134**	-
	137	4

9. Finance expense

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Interest and finance charges on bank loans and overdrafts	**277**	240
Convertible loan interest	**215**	206
Finance leases	**3**	4
Other interest payable	**122**	417
	617	867

Finance charges include all fees directly incurred to facilitate borrowing. These include professional fees paid to accounting practices, bank arrangement fees and fees to secure required guarantees.

10. Taxation

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of tax of 24%. The differences are reconciled below:

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Loss before taxation	**(240)**	(3,162)
Loss on ordinary activities multiplied by 24% (2012: 26%)	**(58)**	(822)
Effect of expenses not deductible for tax purposes	**23**	252
Effect of non-taxable income	**(32)**	-
Losses carried forward	**67**	570
Current period tax	**—**	—

Deferred taxation

Deferred taxation provided in the financial statements is £nil (2012: £nil) and the amounts not recognised are as follows:

Group	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Depreciation in excess of capital allowances	**1,582**	1,782
Losses	**10,185**	11,440
	11,767	13,222

The gross value of tax losses carried forward at 31 March 2013 equals £51.2 million (2012: £50.9 million).

Deferred tax asset

The deferred tax asset has not been recognised due to the uncertainty surrounding the timescale as to its recoverability. The asset would start to become potentially recoverable if, and to the extent that, the Group were to generate taxable income in the future.

11. Loss per share

	Year ended 31 March 2013 Total	Year ended 31 March 2012 Total
Loss for year	**(£240,000)**	(£3,162,000)
Weighted average number of shares	**34,612,552**	29,050,700
Basic & diluted loss per share	**(£0.01)**	(£0.11)

11. Loss per share (continued)

Adjusted loss per share

Adjusted loss per share is calculated by reference to the loss from continuing activities before interest, taxation, impairment of goodwill, depreciation and amortisation (see note 6).

	Year ended 31 March 2013 Total	Year ended 31 March 2012 Total
Basic adjusted profit/(loss) after tax for period	**£981,000**	(£372,000)
Basic adjusted earnings/(loss) per share	**£0.03**	(£0.01)
Diluted adjusted earnings/(loss) per share	**£0.02**	(£0.01)

The Company has 301,327 (2012: 302,370) potentially dilutive ordinary shares arising from share options issued to staff. The Company also has 9,750,000 (2012: 14,200,000) potentially dilutive ordinary shares arising from the convertible loan, see note 19. These have not been included in calculating the diluted earnings per share as the effect is anti-dilutive, although they have been included in calculating the adjusted earnings per share.

12. Intangible assets

	Deferred development costs £000	Completed Technology £000	Total Intangible assets £000	Goodwill £000
Cost				
At 1 April 2012	4,232	597	4,829	29,083
Additions	1,116	—	1,116	—
Foreign exchange	26	6	32	—
At 31 March 2013	5,374	603	5,977	29,083
Accumulated amortisation				
At 1 April 2012	2,937	597	3,534	22,137
Provided during the year	683	—	683	—
Foreign exchange	35	6	41	—
At 31 March 2013	3,655	603	4,258	22,137
Net book value				
At 31 March 2013	1,719	—	1,719	6,946
At 31 March 2012	1,295	—	1,295	6,946

12. Intangible assets (continued)

The net book value of internally generated assets at 31 March 2013 equalled £1,656,000 (2012: £1,267,000) and the net book value of other intangible assets was £63,000 (2012: £28,000).

	Deferred development costs £000	Completed Technology £000	Total Intangible assets £000	Goodwill £000
Cost				
At 1 April 2011	3,498	629	4,127	29,083
Additions	828	—	828	—
Foreign exchange	(94)	(32)	(126)	—
At 31 March 2012	4,232	597	4,829	29,083
Accumulated amortisation				
At 1 April 2011	2,409	482	2,891	21,577
Provided during the year	589	144	733	560
Foreign exchange	(61)	(29)	(90)	—
At 31 March 2012	2,937	597	3,534	22,137
Net book value				
At 31 March 2012	1,295	—	1,295	6,946
At 31 March 2011	1,089	147	1,236	7,506

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years. The forecasts are based on current contracts and management's estimate of revenues relating to opportunities that are currently being pursued. The cash flow forecasts are extrapolated for the balance of 20 years based on an estimated growth rate of 5% (2012: 5%) for Digital TV, Broadcast and Connect. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast pre-tax cash flows for all CGUs is 16% (2012: 16%). No reasonably possible change in any of the assumptions or variables used in the impairment test of goodwill would result in an impairment.

Following the impairment review of the carrying value of goodwill, no impairments were considered to be appropriate.

During the year, the Group reorganised its operations in order to enhance its offerings to the Digital TV market by utilising the cloud technology, assets and workforce previously included in the Interactive Marketing CGU. As a result of this reorganisation management are no longer able to monitor the cash flows of the Interactive Marketing CGU independently from those of the Digital TV CGU. In order to reflect this reorganisation, all of the assets, including goodwill, were transferred to the Digital TV CGU for the purpose of impairment testing.

	Digital TV £000	Broadcast & content £000	Interactive Marketing £000	Connect £000	Group £000
Carrying value at 1 April 2012	4,068	1,905	417	556	6,946
Transfer of goodwill	417	—	(417)	—	—
Carrying value at 31 March 2013	4,485	1,905	—	556	6,946

13. Property, plant and equipment

	Office & computer equipment £000	Short-leasehold improvements £000	Total £000
Cost			
At 1 April 2012	1,340	49	1,389
Additions	8	—	8
Disposals	(24)	—	(24)
Foreign exchange	3	—	3
At 31 March 2013	1,327	49	1,376
Depreciation			
At 1 April 2012	1,230	47	1,277
Provided during the year	57	1	58
Disposals	(24)	—	(24)
Foreign exchange	4	—	4
At 31 March 2013	1,267	48	1,315
Net book value			
At 31 March 2013	60	1	61
At 31 March 2012	110	2	112

Included in the net book value of property, plant and equipment are amounts of £Nil (2012: £23,000) held under finance lease and hire purchase contracts. Depreciation of £23,000 (2012: £23,000) has been charged on these assets.

	Office & computer equipment £000	Short-leasehold improvements £000	Total £000
Cost			
At 1 April 2011	1,398	46	1,444
Additions	38	3	41
Disposals	(82)	—	(82)
Foreign exchange	(14)	—	(14)
At 31 March 2012	1,340	49	1,389
Depreciation			
At 1 April 2011	1,218	46	1,264
Provided during the year	105	1	106
Impairment	(82)	—	(82)
Foreign exchange	(11)	—	(11)
At 31 March 2012	1,230	47	1,277
Net book value			
At 31 March 2012	110	2	112
At 31 March 2011	180	—	180

14. Trade & other receivables

	31 March 2013 £000	31 March 2012 £000
Trade receivables	**317**	866
Allowance for bad debts	**(46)**	(59)
	271	807
Other receivables	**324**	349
Prepayments and accrued income	**697**	168
	1,292	1,324

Trade receivables

Trade receivables net of allowances are held in the following currencies:

	31 March 2013 £000	31 March 2012 £000
Sterling	**104**	99
Euro	**89**	708
US Dollars	**78**	—
Total	**271**	807

The fair values of trade and other receivables are the same as book values as credit risk has been addressed as part of impairment provisioning and, due to the short term nature of the amounts receivable, they are not subject to other ongoing fluctuations in market rates.

Before accepting any new customer, the Group uses a credit approval process to assess the potential customer's credit quality and defines credit limits by customer.

Included in the Group's trade receivable balance are debtors with a carrying amount of £2,000 (2012: £25,000) which are past due at the reporting date. The Group does not hold any collateral over these balances. The average age of these receivables is 120 days (2012: 88 days).

Ageing of past due but not impaired trade receivables:

	31 March 2013 £000	31 March 2012 £000
30-60 days	—	9
60-90 days	—	10
90+ days	**2**	6
Total	**2**	25

Movement in allowance for doubtful debts:

	31 March 2013 £000	31 March 2012 £000
Balance at beginning of year	**59**	248
Utilised in year	**(20)**	(188)
(Credit)/charge for year	**7**	(1)
Balance at the end of the period	**46**	59

14. Trade & other receivables (continued)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Ageing of impaired receivables:

	31 March 2013 £000	31 March 2012 £000
+120 days	**46**	59

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above.

15. Trade and other payables - current

	31 March 2013 £000	31 March 2012 £000
Trade payables	**1,054**	956
Other payables	**312**	841
Other taxation and social security taxes	**769**	796
Accruals	**97**	120
Deferred income	**483**	365
Finance lease creditor	**10**	10
	2,725	3,088

The fair values of trade and other payables are the same as book values as due to the short term nature of the amounts payable, they are not subject to other ongoing fluctuations in market rates.

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 143 days (2012: 128 days).

Maturity analysis of the financial liabilities, excluding other taxation and social security and deferred income, is as follows:

	31 March 2013 £000	31 March 2012 £000
Up to 3 months	**808**	1,089
3 to 6 months	**148**	144
6 to 12 months	**517**	694
Total	**1,473**	1,927

16. Loans and borrowings

	31 March 2013 £000	31 March 2012 £000
Bank overdrafts	—	334
Bank loans	**697**	761
	697	1,095
The borrowings are repayable as follows:		
On demand or within one year	**697**	1,095

The above bank overdrafts are denominated in Euros and are unsecured.

16. Loans and borrowings (continued)

	31 March 2013 %	31 March 2012 %
The weighted average interest rates paid were as follows:		
Bank overdrafts	—	4.8
Bank loans	**6.1**	6.0
The directors estimate the fair value of the Group's borrowings as follows:		
Bank overdrafts	—	334
Bank loans	**697**	761
	697	1,095

Interest-bearing bank loans and overdrafts are initially recorded at fair value less direct issue costs.

At 31 March 2013 the Group had undrawn committed borrowing facilities of £Nil (2012: £Nil).

Post the reporting date the Group had missed a monthly payment on one of its long term bank loans, this could lead to the bank demanding early repayment of the loan. The total amount outstanding at 31 March 2013 in relation to this loan equals £279,000.

17. Non-current liabilities

	31 March 2013 £000	31 March 2012 £000
Interest bearing loans and borrowings:		
Convertible loan	**840**	1,148
Bank loans	**1,337**	1,242
Other loans	**590**	417
Finance lease creditor	—	10
	2,767	2,817
Embedded conversion option derivative	**65**	292
Other non-current payables:		
Other taxation and social security taxes	**181**	194
Provisions	**71**	230

Further information on the convertible loan and embedded conversion option derivative is given in note 19.

Other loans relate to loans received by the Group's Spanish operation to assist in funding the continued development of the Group's Digital TV products.

Provisions

Provisions relate to a potential liability arising from an onerous lease obligation. Management have taken their best estimate concerning the potential liability and the subsequent outflow of cash. This provision will be reviewed at each reporting date. Should events significantly differ from management's current assessment this could lead to future gains or losses arising in the income statement.

17. Non-current liabilities (continued)

Movement in provisions:

	31 March 2013 £000	31 March 2012 £000
Balance at the beginning of the year	**568**	352
Charge for the year	—	300
Utilised in the year	**(356)**	(84)
Balance at the end of the year	**212**	568
Provisions are allocated as follows:		
Provisions due within one year	**141**	338
Provisions due between 2 and 5 years	**71**	230
	212	568

Following a review of the maturity of the onerous lease obligation, the Statement of Financial Position as at 31 March 2012 has been restated to reclassify £338,000 from non-current provisions to current provisions. The restatement does not impact on total liabilities, net assets or retained earnings and equally does not affect the Income Statement or the Statement of Cashflows. A restatement of £171,000 from non-current provisions to current provisions is also required in the Statement of Financial Position as at 31 March 2011. As the restatement is only limited to a reclassification of non-current provisions to current provisions in all periods affected, no Statement of Financial Position as at the beginning of the comparative period has been presented.

Borrowings, including interest, are repayable as follows:

	31 March 2013 £000	31 March 2012 £000
Bank overdrafts		
On demand or within one year	—	339
Bank loans		
On demand or within one year	**804**	849
Between one and two years	**316**	556
Between two and five years	**1,241**	762
	2,361	2,167
Other loans		
Between one and two years	**153**	—
Between two and five years	**466**	456
	619	456
Convertible loans		
Between two and five years	**1,170**	1,704
	1,170	1,704
Finance leases		
On demand or within one year	**10**	10
Between one and two years	—	10
	10	20
Total borrowings including finance leases		
On demand or within one year	**814**	1,198
Between one and two years	**469**	566
Between two and five years	**2,877**	2,922
	4,160	4,686

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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18. Retirement benefit schemes

The Group operates defined contribution pension schemes. The pension charge for the period represents contributions payable by the Group to the schemes and amounted to £12,000 (2012: £27,000).

At 31 March 2013, contributions amounting to £25,000 (2012: £26,000) were payable and included in other payables.

19 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16 and 17, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Categories of financial instruments

	Carrying value	
	31 March 2013 £000	31 March 2012 £000
Financial assets		
Loans and receivables:		
• Trade and other receivables, excluding prepayments	**1,202**	1,224
• Cash and cash equivalents	**94**	35
	1,296	1,259
Financial liabilities		
Financial liabilities at amortised cost:		
• Trade and other payables*	**1,473**	1,927
• Loans and borrowings due within one year	**697**	1,095
• Interest bearing loans and borrowings due after one year	**2,767**	2,817
• Other payables due after one year	**181**	194
	5,118	6,033
Financial liabilities at fair value through profit or loss:		
• Embedded conversion option derivative	**65**	292
	5,183	6,325

* Excluding other taxation and social security and deferred income.

Convertible loan

On 21 March 2010 the Company entered into a convertible loan agreement for £1,500,000. A summary of the terms of the convertible loan is as follows:

19 Financial instruments (continued)

- The convertible loan is repayable on 18 March 2015;
- Annual interest rate of 10 per cent;
- Convertible into ordinary shares in the Company from 21 March 2013 at a conversion price of the lower of £1.10 or a 20% discount to the mid-market share price at the time of conversion, subject to a minimum conversion price of £0.10;
- The Company is able under certain circumstances to repay the convertible loan at par on the third anniversary;
- If the mid-market price is below £1.10 the Company has the option to cancel the lenders' conversion rights by repaying the convertible loan plus a 20% premium; and
- Under the terms of the convertible loan the Company has given a fixed and floating charge over the assets of the Group.

The proceeds of the convertible loan are allocated into liability (debt) and derivative components at fair value. The debt component is accounted for as a financial liability measured at amortised cost. The derivative component is also included within liabilities, but is measured at fair value at each reporting date using the Black-Scholes option pricing model, with changes in the fair value of the derivative component being recognised in the consolidated income statement. This fair value measurement involves the input of directly observable market data into the Black-Scholes formula (Level 2 in the IFRS 7 fair value measurement hierarchy).

During the year the following conversions took place; on 27 February 2013 convertible loans totalling £270,000 were converted into 2,700,000 £0.01 ordinary shares at a price of £0.10 each, and on 28 March 2013 convertible loans totalling £175,000 were converted into 1,750,000 £0.01 ordinary shares at a price of £0.10 each.

As at 31 March 2013 the Company had a contractual liability due at maturity of the convertible loan of £975,000 (2012: £1,420,000) and a carrying value included in the balance sheet of £840,000 (2012: £1,148,000). At the year end the derivative component was revalued leading to a revised fair value of £65,000 with the change in fair value of £134,000 (2012: £Nil) being recognised under finance income in the Income Statement.

Financial risk management objectives

The Group monitors and manages the risks relating to the financial instruments held. The principal risks include currency risk (on financial assets and trade payables), credit risk (on financial assets) and interest rate risk (on financial assets and borrowings). These risks are discussed in further detail below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not use forward foreign exchange contracts to hedge exchange rate risk.

Foreign currency risk management

The Group has undertaken certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. During the year ended 31 March 2013 the Group has not utilised forward exchange contracts to manage exchange rate exposures.

The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Euro denominated assets and liabilities	**(4,592)**	(4,678)	**1,117**	1,105

19 Financial instruments (continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against the Euro. The sensitivity analysis includes only outstanding Euro denominated monetary items and adjusts their translation at the period end for a 10% change in the Euro/Sterling rate. A positive number below indicates an increase in profit and other equity where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. The sensitivities below are based on the exchange rates at the balance sheet used to convert the asset or liability to sterling.

	Profit and loss impact	
	2013 £000	2012 £000
Euro	**386**	397

Interest rate risk management

At 31 March 2013 the Group was exposed to interest rate risk as the interest payable on some of the Group's loans and borrowings are linked to Euribor. The Group's loans and borrowings where interest payable is linked to Euribor include bank loans and development loans totalling £1,522,000. The remaining bank loans and convertible loans £1,952,000 pay fixed rates of interest.

Neither interest rate swaps contracts nor forward interest rate contracts are used to hedge any risks arising.

If interest rates changed by 1% (100 basis points) the profit and loss impact would not be material to the Group's results.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group faces exposure to credit risk on its trade receivables and cash equivalents.

The risk of financial loss arising from defaults on trade receivables is mitigated by the Group using a credit approval process to assess the potential customers' credit quality and also establishes credit limits by customer. The limits and credit scores attributed to customers is reviewed bi-annually however, the sales ledger is reviewed at least monthly to ensure all receivables are recoverable.

Please refer to note 14 for further details on trade receivables, including analyses of bad debts, ageing and profile by currency.

The Group believes the credit risk on liquid funds, being cash and cash equivalents, to be limited because the counterparties are banks with high-credit ratings assigned by international credit-rating agencies. However, the concentration of credit risk by counterparty does exceed 10% of the overall cash and cash equivalents balance (being £9,000 at 31 March 2013 and £4,000 at 31 March 2012) in some cases. Given the recent "credit crunch" the table below shows the balance of counterparties at the reporting date in excess of 10% of the overall balance, together with the Standard and Poor's credit rating symbols.

			31 March 2013		31 March 2012	
Counterparty	Location	Rating	% of overall cash & cash equivalents	Carrying amount £000	% of overall cash & cash equivalents	Carrying amount £000
Banco Sabadell	Spain	BB	39.9%	31	100.0%	35
Bankinter	Spain	BB	18.1%	17	—	—
Barclays Bank plc	UK	A	45.3%	43	—	—

19 Financial instruments (continued)

Liquidity risk management

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As part of this monitoring the Group ensures that the financial liabilities due to be paid can be met by existing cash and cash equivalents, forecasted receipts from customers and borrowing facilities. At present the Group is looking to increase its borrowing facilities to ensure that it can continue to meet its financial obligations as they fall due.

Tables showing the maturity profile of the Group's financial liabilities are included in notes 15, 16 and 17.

20. Share capital

A breakdown of the authorised and issued share capital in place as at 31 March 2013 is as follows:

	31 March 2013 Number	**31 March 2013 £000**	31 March 2012 Number	31 March 2012 £000
Allotted, called up and fully paid				
Ordinary shares of £0.01 (2010: £1) each	**51,927,793**	**519**	31,973,423	319

Share issues

During the year the following share issues took place:

- On 15 November 2012 3,509,273 £0.01 ordinary shares were issued at £0.1175 each to capitalise all convertible loan interest due and payable for the period from the creation of the convertible loan up to 31 March 2013, equating to £412,339. As part of this capitalisation, Asesoría Digital S.L., which is owned by Rafael Martín Sanz and his wife, received 232,305 shares.

- On 27 February 2013 the Company raised £1,469,509 via the issue of 14,695,097 £0.01 ordinary shares at a price of £0.10 each. The issue of shares consisted of a placing for cash raising gross proceeds of £1,014,000 by the issue of 10,140,000 ordinary shares, £270,000 of the convertible loan balance was converted into 2,700,000 ordinary shares, and 1,855,097 ordinary shares were issued to capitalise certain creditor balances totalling £185,509. These share based payments to creditors were measured at the market value of the services rendered. The directors who participated in this fund raising and the number of ordinary shares subscribed for were, Richard Alden; 626,667 shares and Francis Coles; 183,613 shares.

- On 28 March 2013 £175,000 of the convertible loan balance was converted into 1,750,000 £0.01 ordinary shares at £0.10 per share.

21. Reserves

Share premium

The amount subscribed for share capital in excess of nominal value.

Share option reserve

The fair value of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of any non market-based vesting conditions. The corresponding credit is recorded in equity in the share option reserve.

Foreign exchange reserve

This reserve relates to exchange differences arising on the translation of the balance sheet of Fresh at the closing rate and the translation of the income statement of Fresh at the average rate.

Merger reserve

Under the provisions of s612 of the Companies Act 2006, the premium that arose on the shares issued as consideration in the acquisition of Fresh Interactive Technologies S.A. has been taken to the merger reserve.

22. Share based payments

Equity settled share option scheme

In prior periods the Company has granted share options to employees and directors through approved and unapproved share option schemes. The exercise of options for all options granted during the 15 months ended 31 March 2008 is subject to a performance criterion being satisfied. The exercise of options granted prior to 1 January 2007 is not subject to any performance criterion. If the options remain unexercised after a period of ten years from the date of grant the options expire. The options are forfeited if the employee leaves before the options vest.

IFRS2 - Share based payment

In accordance with IFRS 2 the Group has elected not to apply IFRS 2 to options granted on or before 7 November 2002 or to options which had vested by 1 January 2006.

Details of the share options outstanding during the period for options issued since 7 November 2002 are as follows:

	Year ended 31 March 2013		Year ended 31 March 2012	
	No. of share options	**Weighted average exercise price (£)**	No. of share options	Weighted average exercise price (£)
Outstanding at the beginning of period	**302,370**	**1.24**	302,540	1.48
Granted during period	—	—	—	—
Lapsed during period	**(1,043)**	**18.15**	(170)	433.55
Exercised during period	—	—	—	—
Outstanding at the end of the period	**301,327**	**1.1793**	302,370	1.24
Exercisable at the end of the period	**301,327**	**1.1793**	302,370	1.24

The options outstanding at 31 March 2013 and at 31 March 2012 had a range of exercise prices from £1.096 to £487.50.

22. Share based payments (continued)

The options outstanding at 31 March 2013 had a weighted average remaining contractual life of 4.9 years (2012: 5.9 years). For the year ended 31 March 2013, the Group has recognised a total expense of £Nil (2012: £Nil) related to equity-settled share-based payment transactions.

The estimated fair values for determining this charge were calculated using the Black-Scholes option pricing model. This produces a fair value for each grant of options made and the fair value is then charged over the vesting period, which is three years. For this reason the charge for the year ended 31 March 2013 is determined by any grants made, in our case, since 22 December 2004. The inputs into the model at each grant date since then were as follows:

	22 Dec 04	22 Dec 04	28 Aug 06	22 Dec 06	25 Feb 08
Share price at date of grant (in £s)	0.17	0.17	0.0138	0.0185	1.0962
Exercise price (in £s)	0.01	0.15	0.025	0.0185	1.0962
Fair value at date of grant (in £s)	0.16	0.11	0.016	0.0030	0.928
Expected volatility	70%	70%	70%	80%	121%
Expected life (years)	5	5	2	5	5
Risk-free rate	4.53%	4.53%	4.53%	5.20%	5.20%
Expected dividend yield	—	—	—	—	—

Assumptions in calculating fair value

The expected volatility was determined by calculating the historical volatility of the Company's share price over the five years preceding the grant of the option. Five years was selected as this is the expected term of the options.

The risk free rate is the rate of interest obtainable from government securities (i.e. Gilts in the UK) over the expected life of the option.The expected dividend yield is based on the historic dividend yield – i.e. dividends paid in the twelve months prior to grant calculated as a percentage of the share price on the date of grant.

23. Operating lease arrangements

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2013 £000	31 March 2012 £000
Within one year	**114**	126
In second to fifth years inclusive	**8**	52
	122	178

Operating lease payments represent rentals payable by the Group for its office properties. Leases of buildings are subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

24. Notes supporting cash flow statement

Cash and cash equivalents comprise:

	31 March 2013 £000	31 March 2012 £000
Cash available on demand	**94**	35
Overdrafts	**—**	(334)
	94	(299)
Net increase in cash and cash equivalents	**393**	67
Cash and cash equivalents at beginning of year	**(299)**	(366)
Cash and cash equivalents at end of year	**94**	(299)

Cash and cash equivalents

Cash and cash equivalents are held in the following currencies:

	31 March 2013 £000	31 March 2012 £000
Sterling	**42**	—
Euro	**52**	35
Total	**94**	35

Cash and cash equivalents comprise cash held by the Group and short–term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Significant non-cash transactions are as follows:

	31 March 2013 £000	31 March 2012 £000
Financing activities:		
Convertible loans converted into equity	**445**	—
Accrued convertible loan interest paid by issue of equity	**412**	—
Creditor balances paid by issue of equity	**186**	224
Total	**1,043**	224

25. Related parties

On 15 November 2012, 3,509,273 £0.01 ordinary shares were issued at £0.1175 each to capitalise all convertible loan interest due and payable for the period from the creation of the convertible loan up to 31 March 2013, equating to £412,339. As part of this capitalisation, Asesoría Digital S.L., which is owned by Rafael Martín Sanz and his wife, received 232,305 shares; Naropa Cartera S.L.U., which currently owns 21.0% of the issued share capital of the Company received 1,006,657 shares; and Baring Iberia II Inversion en Capital F.C.R., which currently owns 19.4% of the issued share capital of the Company, received 555,427 shares.

On 27 February 2013, the Company raised £1,469,509 via the issue of 14,695,097 £0.01 ordinary shares at a price of £0.10 each. The directors who participated in this fund raising and the number of ordinary shares subscribed for were, Richard Alden; 626,667 shares and Francis Coles; 183,613 shares.

On 28 March 2013, Baring Iberia II Inversion en Capital F.C.R.converted £175,000 of its convertible loan balance into 1,750,000 £0.01 ordinary shares at £0.10 per share.

As at 31 March 2013 Naropa Cartera S.L.U. and Baring Iberia II Inversion en Capital F.C.R. had convertible loans outstanding of £480,000 and £58,000 respectively. Interest is charged at a rate of 10% per annum.

26. Events after the reporting date

On 15 July 2013 £315,000 of the convertible loan balance was converted into 3,150,000 £0.01 ordinary shares at £0.10 per share. As part of this conversion Baring Iberia II Inversion en Capital F.C.R. converted all of its outstanding convertible loan balance of £58,000. Following this conversion the outstanding balance owed in relation to the convertible loan equals £660,000.

COMPANY BALANCE SHEET
31 March 2013

	Notes	31 March 2013 £000	31 March 2012 £000
Intangible fixed assets	iv	**89**	110
Tangible fixed assets	v	**18**	40
Investments	vi	**9,407**	8,529
Fixed assets		**9,514**	8,679
Debtors	vii	**137**	181
Cash at bank and in hand		**30**	2
Current assets		**167**	183
Total assets		**9,681**	8,862
Creditors – amounts due within one year	viii	**(3,716)**	(3,042)
Net current liabilities		**(3,549)**	(2,859)
Total assets less current liabilities		**5,965**	5,820
Interest bearing loans and borrowings	ix	**(975)**	(1,430)
Creditors – amounts due in more than one year		**(975)**	(1,430)
Provisions for liabilities	xi	**(212)**	(568)
Total liabilities		**(4,903)**	(5,040)
Net assets		**4,778**	3,822
Capital and reserves			
Issued share capital	20	**519**	319
Share premium	xiii	**3,059**	1,216
Share option reserve	xiii	**140**	140
Profit and loss account	xiii	**1,060**	2,147
Shareholders' funds/(deficit)	xiv	**4,778**	3,822

These financial statements were approved and authorised for issue on 29 September 2013.
Signed on behalf of the Board of Directors

José-Luis Vázquez

Chief Executive Officer

NOTES TO COMPANY ACCOUNTS
Year ended 31 March 2013

1. Accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principle accounting policies are summarised below.

Prior year restatement

Following a review of the maturity of the onerous lease obligation, the Company Balance Sheet as at 31 March 2012 has been restated to reclassify £568,000 from creditors due within one year to provisions for liabilities. The restatement does not impact on total liabilities, net assets or the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost of fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Office & computer equipment - 33.3%

Deferred taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences on retranslation of assets and liabilities are taken to the profit and loss account in the year in which they arise.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Onerous lease provision

Where the unavoidable cost of a lease exceeds the economic benefit to be received from it, a provision is made for the present value of the obligations under the lease.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial instruments

The Company's financial instruments comprise cash and liquid resources together with debtors and creditors that arise directly from its operations.

The company does not enter into derivative or hedging transactions. It has been, throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken. The company places the majority of its cash on interest-bearing, short-term and instant-access deposit. Funds are transferred to and from deposit on a daily basis. The company's objective is to minimise the risk of loss to the company by limiting the company's credit exposure to quality institutions maintaining a very high credit rating. The main risk arising from the company's financial instruments is interest rate risk.

The company's policy in relation to interest rate risk is to monitor short and medium-term interest rates and to place cash on deposit for periods that optimise the amount of interest earned, while maintaining access to sufficient funds to meet day-to-day cash requirements.

Movements in the exchange rates can affect the company's balance sheet. The magnitude of this risk is not presently significant to the company and therefore no specific measures are currently undertaken to manage this risk.

ii. Directors' renumeration

The emoluments received by the directors who served during the year were as follows:

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Executive directors:		
Salaries & fees	**111**	137
Pensions and benefits	**—**	—
Non-executive directors:		
Aggregate emoluments	**71**	64
	182	201

Emoluments payable to the highest paid director are as follows:

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Aggregate emoluments	**111**	137

There were no Company contributions to the pension scheme or benefits on behalf of the highest paid director.

iii. Profit attributable to members of the parent company

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a loss after tax for the financial year ended 31 March 2013 of £1.09 million (2012: profit after tax £4.16 million).

iv. Intangible fixed assets

	Deferred development costs £000
Cost	
At 1 April 2012	126
Additions	13
At 31 March 2013	139
Depreciation	
At 1 April 2012	16
Provided during the year	34
At 31 March 2013	50
Net book value	
At 31 March 2013	89
At 31 March 2012	110

NOTES TO COMPANY ACCOUNTS
Year ended 31 March 2013 - continued

v. Tangible fixed assets

	Office & computer equipment £000
Cost	
At 1 April 2012	718
Additions	1
Disposals	—
At 31 March 2013	719
Depreciation	
At 1 April 2012	678
Provided during the year	23
Disposals	—
At 31 March 2013	701
Net book value	
At 31 March 2013	18
At 31 March 2012	40

vi. Investments

	£000
Cost	
At 1 April 2012	32,991
Additions	878
Write off of investments	(11,127)
At 31 March 2013	22,742
Amounts provided	
At 1 April 2012	24,462
Write off of investments	(11,127)
At 31 March 2013	13,335
Net book value	
At 31 March 2013	9,407
At 31 March 2012	8,529

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Country of incorporation	Nature of business
MieTV Limited	Ordinary shares	100%	UK	Dormant
Fancy a Flutter Limited	Ordinary shares	100%	UK	Dormant
Whoosh Group Limited	Ordinary shares	100%	UK	Dormant
Digital Interactive Television Group Limited	Ordinary shares	100%	UK	Dormant
Digital Television Production Company Limited	Ordinary shares	100%	UK	Dormant
Digital Impact (UK) Limited*	Ordinary shares	100%	UK	Interactive TV services
Go Interactive TV Limited	Ordinary shares	100%	UK	Dormant
Mirada Connect Limited	Ordinary shares	100%	UK	Payment solutions provider
Fresh Interactive Technologies S.A.	Ordinary shares	100%	Spain	Interactive TV services

* Held indirectly in Fresh Interactive Technologies S.A.

vii. Debtors

	31 March 2013 £000	31 March 2012 £000
Trade debtors	**51**	60
Accrued income	**23**	67
Other debtors	**17**	—
Prepayments	**46**	54
	137	181

viii. Creditors - amounts falling due within one year

	31 March 2013 £000	As restated 31 March 2012 £000
Trade creditors	**421**	344
Amounts owed to group undertakings	**3,096**	2,009
Accruals and deferred income	**74**	109
Other taxation and social security	**93**	243
Other creditors	**22**	327
Obligations under finance leases and hire purchase contracts	**10**	10
	3,716	3,042

NOTES TO COMPANY ACCOUNTS

Year ended 31 March 2013 - continued

ix. Creditors - amounts falling due in more than one year

	31 March 2013 £000	31 March 2012 £000
Convertible loans	**975**	1,420
Obligations under finance leases and hire purchase contracts	**—**	10
	975	1,430

Borrowings are repayable as follows:

	31 March 2013 £000	31 March 2012 £000
Other creditors		
Between one and two years	**—**	—
Convertible loans		
Between two and five years	**975**	1,420
Finance leases		
On demand or within one year	**10**	10
Between one and two years	**—**	10
	10	20
Total borrowings including finance leases		
On demand or within one year	**10**	10
Between one and two years	**—**	—
Between two and five years	**975**	1,420
	985	1,430

x. Operating lease commitments

At 31 March 2013, the Company had the following annual commitments under non-cancellable operating leases:

	31 March 2013 £000	31 March 2012 £000
Leases expiring between one and five years	**16**	16

xi. Provisions

Following a review of the maturity of the onerous lease obligation, the Company Balance Sheet as at 31 March 2012 has been restated to reclassify £568,000 from creditors due within one year to provisions for liabilities. The restatement does not impact on total liabilities, net assets or the profit and loss account.

Movement in provisions:

	31 March 2013 £000	As restated 31 March 2012 £000
Balance at the beginning of the year	**568**	268
Charge for the year	**—**	300
Utilised in the year	**(356)**	—
	212	568

Following a review of the maturity of the onerous lease obligation, the statement of Financial Position as at 31 March 2012 has been restated to reclassify £338,000 from non-current provisions to current provisions. The restatement does not impact on total liabilities, net assets or retained earnings and equally does not affect the Income Statement or the Statement of Cashflows.

xii. Deferred taxation

Deferred taxation provided in the financial statements is £nil (2012: £nil) and the amounts not recognised are as follows:

	31 March 2013 £000	31 March 2012 £000
Accelerated capital allowances	**289**	331
Losses	**5,370**	5,943
	5,659	6,274

The deferred tax asset has not been recognised on the grounds that there is insufficient evidence at the balance sheet date that it will be recoverable. The asset would start to become potentially recoverable if, and to the extent that, the Group were to generate taxable income in the future.

xiii. Reserves

	Share premium £000	Share option reserve £000	Profit and loss account £000
At 1 April 2012	1,216	140	2,147
Loss for the year	—	—	(1,087)
Issue of shares	1,456	—	—
Conversion of convertible loan notes	401	—	—
Costs of share issue	(14)	—	—
At 31 March 2013	3,059	140	1,060

xiv. Reconciliation of movements in shareholders' funds

	31 March 2013 £000	31 March 2012 £000
(Loss)/profit for the year	**(1,087)**	4,157
New shares issued	**2,057**	1,066
Share issue costs	**(14)**	(17)
Net increase/(reduction) in shareholders' funds	**956**	5,206
Opening shareholders' (deficit)/funds	**3,822**	(1,384)
Closing shareholders' funds/(deficit)	**4,778**	3,822

xv. Related parties

The company has taken advantage of the exemption of Financial Reporting Standard No 8 "Related Party Disclosures" not to disclose transactions with other wholly owned companies in the mirada plc group.

Details of all other related parties are included within note 25 of the Consolidated Financial Statements.

Directors

Mr Javier Casanueva	Non-Executive Chairman
Mr José-Luis Vázquez	Chief Executive Officer
Mr Rafael Martín Sanz	Non-Executive Director
Mr Francis Coles	Non-Executive Director

Company Secretary

Mr Graham Duncan

Nominated Adviser and Broker

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London
E14 5RB

Joint Broker

Peterhouse Corporate Finance Limited
31 Lombard Street
London
EC3V 9BQ

Registered Office

New City Cloisters
196 Old Street
London
EC1V 9FR

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Lawyers

Finers Stephens Innocent
179 Great Portland Street
London
W1W 5LS

Company Registrars

Capita Asset Services
Bourne House
34 Beckenham Road
Kent
BR3 4TU

mirada

www.mirada.tv