

4620348

GIZMONDO (EUROPE) LIMITED
(FORMERLY GAMETRAC EUROPE LIMITED)
CONSOLIDATED FINANCIAL STATEMENTS

For the period ended

31 DECEMBER 2003



GIZMONDO (EUROPE) LIMITED

CONTENTS	Pages
Directors and advisers	2
Directors' report	3
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7 – 8
Reconciliation of movements in shareholders' funds	9
Notes to the accounts	10 – 21

GIZMONDO (EUROPE) LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

Carl Freer
Stephan Eriksson
Peter Uf
Joseph Marten
Steve Carroll

SECRETARY

Tamela Sainsbury

REGISTERED OFFICE

1 Meadow Gate Avenue
Farnborough Business Park
Farnborough
Hampshire
GU14 6FG

BANKERS

National Westminster Bank plc
176 Fleet Road
Hampshire
GU51 4DA

BUSINESS AND TAX ADVISERS

Smith & Williamson Limited
Chartered Accountants
No 1 Riding House Street
London W1A 3AS

AUDITORS

Nexia Audit Limited
No 1 Riding House Street
London
W1A 3AS

SOLICITORS

Manches LLP
Aldwych House
London
WC2B 4RP

COMPANY'S REGISTERED NUMBER

04620348

GIZMONDO (EUROPE) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the period ended 31 December 2003.

Activities

The principal activity of the company has been the development of a multifunctional entertainment device. The company was incorporated on 18 December 2002 and has been active since this date.

Review of business

Through 2003, development of the handheld multifunction entertainment device progressed in accordance with the directors expectations. Further substantial investment through 2004 leading to the eventual launch of the 'Gizmondo' device in the UK in March 2005 with subsequent roll out overseas in major geographic regions to be completed by August 2005. The directors consider the results for the year to be consistent with their expectations and look forward to the future with confidence.

Directors

The directors listed below served in the period.

Carl Freer (appointed 27 June 2003)
Stephan Eriksson (appointed 27 June 2003)
Peter Uf (appointed 7 November 2003)
Joseph Marten (appointed 27 May 2004)

Mr Steve Carroll has been acting as managing director from 18 December 2002 to July 2003 and acted as a Technical director since then although his formal appointment notification to the Registrar of Companies has not been filed.

Carl Freer holds 2 £1 shares in Gizmondo (Europe) Limited which are held on behalf of Tiger Telematics Inc. He has no beneficial interest in these shares. No other directors have any beneficial in the share capital of Gizmondo (Europe) Limited.

The directors' interests in the share capital of the parent company, Tiger Telematics Inc are disclosed in the accounts of that company.

Auditors

Nexia Audit Limited were appointed as auditors during the period. A resolution to reappoint them will be put to the members at the Annual General Meeting.

APPROVED BY ~~THE BOARD~~ OF DIRECTORS AND SIGNED ON BEHALF OF THE BOARD.


T Sainsbury
COMPANY SECRETARY

GIZMONDO (EUROPE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standard have been followed, subject to any material departure disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position for the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and thence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nexia Audit

— Limited —

Independent auditors' report to the shareholders of Gizmondo (Europe) Limited

We have audited the accounts of Gizmondo (Europe) Limited for the period ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 20. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

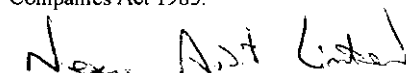
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements. In view of the significance of this note we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 December 2003 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Nexia Audit Limited
Chartered Accountants
Registered Auditors

1 Riding House Street
London
W1A 3AS

Date: 26 May 2005

GIZMONDO (EUROPE) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period ended 31 DECEMBER 2003

	Notes	2003 £
Turnover		5,084
Cost of sales	2	(8,313)
Gross loss		<hr/> (3,229)
Net operating expenses		(5,318,065)
Operating loss	3	<hr/> (5,321,294)
Interest payable and similar charges	5	(20,968)
Loss on ordinary activities before taxation		<hr/> (5,342,262)
Tax on ordinary activities	6	-
Loss on ordinary activities after taxation		<hr/> (5,342,262)
Retained loss transferred to reserves	15	<hr/> (5,342,262) <hr/>

There were no gains or losses in the period other than those included in the above profit and loss account.

All of the company's activities are classed as continuing.

GIZMONDO (EUROPE) LIMITED

CONSOLIDATED BALANCE SHEET as at 31 DECEMBER 2003

	Note	2003 £
Fixed assets		
Tangible assets	8	193,633
Current assets		
Stock	10	20,000
Debtors	11	336,093
		356,093
Creditors: amounts falling due within one year	12	(2,015,115)
Net current liabilities		(1,659,022)
Total assets less current liabilities		(1,465,389)
Creditors: amounts falling due after more than one year	13	(3,876,871)
Net liabilities		(5,342,260)
Capital and reserves		
Called up share capital	14	2
Profit and loss account	15	(5,342,262)
Shareholder's funds	15	(5,342,260)

The accounts were approved by the Board of Directors on 26 May 2005 and signed on its behalf by:


C Freer
Director

GIZMONDO (EUROPE) LIMITED

COMPANY BALANCE SHEET as at 31 DECEMBER 2003

	Notes	2003 £
Fixed assets		
Tangible assets	8	190,673
Investments		200
		<hr/>
		190,873
Current assets		
Stocks	10	20,000
Debtors	11	308,573
		<hr/>
		328,573
Creditors: amounts falling due within one year	12	(2,020,768)
		<hr/>
Net current liabilities		(1,692,195)
		<hr/>
Total assets less current liabilities		(1,501,322)
Creditors: falling due after more than one year	13	(3,888,021)
		<hr/>
Net liabilities		(5,389,343)
		<hr/>
Capital and reserves		
Called up share capital	14	2
Profit and loss account	15	(5,389,345)
		<hr/>
Shareholders' funds	18	(5,389,343)
		<hr/>

The accounts were approved by the Board of Directors on 26 May 2005 and signed on its behalf by:


C. Free
Director

GIZMONDO (EUROPE) LIMITED

CONSOLIDATED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the period ended 31 DECEMBER 2003

	Group 2003	Company 2003
Loss for the financial period	(5,342,262)	(5,389,345)
	<hr/>	<hr/>
	(5,342,262)	(5,389,345)
New share capital subscribed	2	2
	<hr/>	<hr/>
Net addition to shareholders' funds	(5,342,260)	(5,389,343)
	<hr/>	<hr/>
Closing shareholders' funds	(5,342,260)	(5,389,343)
	<hr/>	<hr/>

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Going concern

The directors have received assurances from the ultimate holding company that sufficient funds will be made available to enable the company to pay its liabilities as they fall due for at least twelve months from the date of approval of these accounts, and as a result have prepared the accounts on a going concern basis.

Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiary undertaking, Gametrac Development Limited, as at 31 December 2003 using acquisition accounting.

Tangible fixed assets

Fixed assets are shown at historical cost.

Depreciation is provided, after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimate useful life by the straight line method.

Plant and machinery	-	33%
Motor vehicles	-	20%
Fixtures and equipment	-	33%

Investments

Fixed asset investments are shown as cost less amounts written off.

Stock

Stock is stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have been originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement asset and charged to tax only where the replacement assets are sold;

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

1 Accounting policies (continued)

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- 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 an undiscounted 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.

Turnover

Turnover comprises the value of goods and services supplied in the normal course of business. Turnover is stated net of VAT and similar taxes and trade discounts.

Leasing and hire purchase

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible fixed assets. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the ground that it is a small company.

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the profit and loss account.

Research and development

Research and development expenditure is written off as incurred.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses representing any excess of the fair value of the consideration given over the fair value of identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

2	Cost of sales and net operating expenses	2003
		£
	Cost of sales	8,313
		<hr/>
	Net operating expenses:	
	Administrative expenses	3,355,278
	Depreciation	46,702
		<hr/>
		3,401,980
		<hr/>
3	Operating loss	
	Is stated after charging:	£
	Auditors' remuneration	
	Audit	77,272
	Non audit – paid to associated company of auditors	11,750
	Depreciation and amortisation	
	Tangible assets: owned	16,515
	Tangible assets: leases	25,187
	Loss on disposal of tangible assets	5,000
	Research and development costs expensed during the year	1,798,844
	Exceptional item: Note 7	1,777,200
	and after crediting:	
	Profit on foreign exchange transactions	(916)
		<hr/>
4	Directors and employees	
	The average monthly number of employees (including directors) during the year and their aggregate emoluments were:	
		Number
	Management and administration	6
	Research and development	2
		<hr/>
		£
	Employee costs during the period amounted to:	
	Wages and salaries	463,830
	Social security costs	52,642
		<hr/>
		516,472
		<hr/>

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

4	Directors and employees (continued)	2003
	Directors' Emoluments:	£
	Emoluments	239,352
		<hr/>
		239,352
		<hr/>
	The highest paid director received emoluments of £100,000. No directors have benefits accruing under pension schemes funded by the company.	
5	Interest payable and similar charges	£
	On bank loans, overdrafts, other loans and hire purchase	
	Repayable within five years, by instalments – Hire purchase	10,821
	Repayable within five years, not by instalments	10,147
		<hr/>
		20,968
		<hr/>
6	Tax on loss on ordinary activities	£
(a)	Corporation tax payable based on the loss for the year at 19%	-
		<hr/>
	Total current tax charge	-
		<hr/>
(b)	Factors affecting tax charge for the period	
	Loss on ordinary activities before tax	(5,342,262)
		<hr/>
	Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK for small companies 19%	(1,015,030)
	<i>Effects of:</i>	
	Depreciation for the period in excess of capital allowances	1,628
	Loss on disposal of fixed assets	1,500
	Expenses not deductible for tax purposes	21,313
	Losses carried forward	1,117,442
	Additional relief for research and expenditure	(126,853)
		<hr/>
	Current tax charge for the period	-
		<hr/>

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

6 Tax on loss on ordinary activities (continued)

- (c) The company has tax losses of £3,837,603 available to carry forward against future trading profits.
- (d) The deferred tax asset of £1,148,409 resulting from carry forward trading losses has not been recognised, as the transfer of economic benefit in the future is uncertain.

7 Goodwill	2003
	£
Cost	
Additions	1,777,200
	<hr/>
At 31 December 2003	1,777,200
	<hr/>
Amortisation	
Impairment	1,777,200
	<hr/>
At 31 December 2003	1,777,200
	<hr/>
Net book value	
At 31 December 2003	-
	<hr/>

Goodwill written-off on acquisition has arisen as result of the company's Parent company, Tiger Telematics Inc, disposing one of its subsidiaries, which was registered in the United Kingdom, whereby certain assets and liabilities of the disposed subsidiary were acquired by the company in accordance with the sales and purchase agreement dated 17 December 2002. The separate assets and liabilities acquired constituting the Goodwill written-off on acquisition are summarised below:

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

7	Goodwill (continued)	2003 Group £	2003 Company £
	Assets		
	Tangible assets	147,840	147,840
	Stock	20,000	20,000
	Debtors and prepayments	51,551	51,551
	Liabilities		
	Amount due to directors	(428,173)	(428,173)
	Creditors and accruals	(741,989)	(741,989)
	Hire purchase liabilities	(109,533)	(109,533)
	Amount due to ultimate parent company	(716,896)	(716,896)
	Net liabilities representing goodwill written-off on acquisition	(1,777,200)	(1,777,200)

No fair value adjustments were considered necessary by the directors.

8 Tangible fixed assets

Group	Motor vehicles £	Plant & machinery £	Fixtures & equipment £	Total £
Cost				
At 18 December 2002	-	-	-	-
Additions	127,538	24,849	87,948	240,335
Disposals	-	-	(5,000)	(5,000)
At 31 December 2003	127,538	24,849	82,948	235,335
Depreciation				
At 18 December 2002	-	-	-	-
Charge for the period	25,187	8,220	8,295	41,702
At 31 December 2003	25,187	8,220	8,295	41,702
Net book value				
At 31 December 2003	102,351	16,629	74,653	193,633

The net book value of tangible fixed assets includes £102,351 in respect of assets held under finance leases. Depreciation charged in the period on those assets amounted to £25,187.

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

8 Tangible fixed assets (continued)

Company	Motor vehicles £	Plant & machinery £	Fixtures & equipment £	Total £
Cost				
At 18 December 2002	-	-	-	-
Additions	127,538	24,849	84,988	237,375
Disposals	-	-	(5,000)	(5,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	127,538	24,849	79,988	232,375
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 18 December 2002	-	-	-	-
For the period	25,187	8,220	8,295	41,702
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	25,187	8,220	8,295	41,702
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2003	102,351	16,629	71,693	190,673
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £102,351 in respect of assets held under finance leases. Depreciation charged in the period on those assets amounted to £25,187.

9 Fixed asset investments

	Shares in group undertakings £
Cost	
At 18 December 2002	-
Additions	200
	<hr/>
At 31 December 2003	-
	<hr/>
Net book amounts	
At 31 December 2003	200
	<hr/>

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

9 Fixed asset investments (continued)

Particulars of subsidiary undertakings

Name	Country of incorporation	Proportion of voting rights held	Nature of business	Capital and reserves at 31 December 2003
Gametrac Developments Limited	England and Wales	100%	R & D	£200

10 Stock	Group 2003 £	Company 2003 £
Components	20,000	20,000
	<hr/>	<hr/>
	20,000	20,000
	<hr/>	<hr/>

11 Debtors	£	£
Other taxes	197,063	186,937
Director's current account	137,893	120,438
Other debtors	1,137	1,198
	<hr/>	<hr/>
	336,093	308,573
	<hr/>	<hr/>

The director's current account relates to advances made to and expenses incurred on behalf of Mr Stephan Eriksson and the balance at 31 December 2003 is unsecured, interest free and repayable on demand. The maximum amount outstanding was £214,345 (Company: £214,345) on 23 December 2003.

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

12	Creditors: amounts falling due within one year	Group 2003 £	Company 2003 £
	Bank loans and overdrafts	105	2,057
	Finance leases and hire purchase contracts	23,149	23,149
	Trade creditors	1,199,497	1,196,972
	Other taxes and social security	415,252	415,252
	Director's current account	143,061	146,912
	Other creditors	63,766	66,141
	Accruals and deferred income	170,285	170,285
		<hr/>	<hr/>
		2,015,115	2,020,768
		<hr/>	<hr/>

The director's current account relate to the net amount payable to Mr Carl Freer after taking into account advances made to him and expenses incurred on his behalf, including crediting his account with the payment made by Asiatic Commerce & Finance (see note 19) in respect of development costs incurred by Mr Carl Freer on behalf of the company.

The above balance is interest free and has been set-off against advances made to and expenses incurred on behalf of Mr Carl Freer after the balance sheet date.

Obligations under hire purchase contracts are secured on the assets to which they relate.

13	Creditors: amounts falling due after more than one year	Group 2003 £	Company 2003 £
	Finance leases and hire purchase contracts	67,311	67,311
	Amounts owed to the ultimate parent company	3,809,560	3,820,710
		<hr/>	<hr/>
		3,876,871	3,888,021
		<hr/>	<hr/>

Analysis of borrowings	£	£
-------------------------------	----------	----------

Due within one year:

Bank loans and overdrafts	105	2,057
Finance leases and hire purchase contracts	23,149	23,149

Due within 2 – 5 years:

Finance leases and hire purchase contracts	67,311	67,311
Amounts owing to the ultimate parent company	3,809,560	3,820,710

	<hr/>	<hr/>
	3,900,125	3,913,227
	<hr/>	<hr/>

Amount due to the ultimate parent company is interest free with no set repayment terms

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

14	Called up share capital	Group 2003 £	Company 2003 £
	Authorised		
	100,000 ordinary shares of £1 each	100	100
		<hr/>	<hr/>
	Allotted, called up and fully paid		
	2 ordinary shares of £1 each	2	2
		<hr/>	<hr/>
15	Reserves	Profit & loss account Group 2003 £	Profit & loss account Company 2003 £
	Loss for the period	(5,342,262)	(5,389,345)
		<hr/>	<hr/>
	At 31 December 2003	(5,342,262)	(5,389,345)
		<hr/>	<hr/>
16	Lease commitments		
	The company has entered into non-cancellable leases in respect of operating lease agreements, the payments for which extend over a period of up to 3 years.		
	The minimum annual rentals under the leases are as follows:		
		Group 2003 £	Company 2003 £
	Office rent		
	Lease expiring within 2 – 5 years	160,488	160,488
		<hr/>	<hr/>
	Contract hire		
	Lease expiring within 2 – 5 years	13,032	13,032
		<hr/>	<hr/>

. GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

17 Post balance sheet events

On 8 March 2004 98 ordinary £1 shares were issued to Tiger Telematics Inc at par.

On 20 May 2004 the company acquired 75% of the issued share capital of ISIS Models Limited based in the United Kingdom, a modelling agency by way of an issue of 1 million shares in the ultimate parent company at \$0.31 per share. In addition, on 2 August 2004, the company acquired 100% of the issued share capital of Indie Studios AB based in Sweden, a gaming software development company by way of an issue of the following shares in the ultimate parent company, Tiger Telematics Inc. Consideration comprised 20 million Tiger Telematic Inc. shares at \$0.31 per share and a further conditional 15 million shares to be issued at \$0.31 per share once Indie Studios AB have completed two games named in the purchase and sale agreement.

Indie Studios AB was acquired from a company in which Mr Peter Uf and Mr Joe Marten were directors.

18 Ultimate parent company

The company is a subsidiary undertaking of Tiger Telematics Inc, a company incorporated and registered in the United States and its shares are listed on Other Over The Counter (OOTC) exchange.

Copies of the consolidated accounts of Tiger Telematics Inc can be obtained from 10201 Centurion Park North, Suite 600, Jacksonville, Florida 32256, USA.

19 Related party transactions

The company has taken exemption conferred by Financial Reporting Standard 8 from the requirement to disclose transactions with other group companies on the basis that consolidated accounts are prepared which include the results of Gizmondo Europe Limited and its subsidiary.

During the period, Asiatic Commerce & Finance, paid to a third party €1,260,000 in respect of research and development expenditure incurred and charged to Gizmondo (Europe) Limited by Mr Carl Freer. The amount paid by Asiatic Commerce & Finance is not considered repayable by Gizmondo (Europe) Limited and accordingly has been credited to Mr Carl Freer's current account.

Asiatic Commerce & Finance is a shareholder with 10 million pre-split shares in the ultimate parent company, Tiger Telematics Inc.

As disclosed in note 17, Peter Uf and Mr Joe Marten are directors of the company from which Indie Studios AB was acquired on 2 August 2004. The full details of this transaction are disclosed in note 17.

GIZMONDO (EUROPE) LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 DECEMBER 2003 (continued)

19 Related party transactions (continued)

During the period, the following transactions were charged to the Directors current account of Carl Freer in Gizmondo (Europe) Limited:

- 70 million pre-split shares were issued by Tiger Telematics Inc to a group of names designated by Carl Freer to represent a reduction of the Company Promissory note indebted to him. This represented \$1.43 million at approximately \$0.02 per share;
- 1 million pre-split shares were issued by Tiger Telematics Inc, to a company on behalf of Carl Freer. This represented \$20,000 at \$0.02 per share;
- 1.2 million shares were issued to an individual on behalf of Carl Freer. This represented \$24,000 at \$0.02 per share.

20 Loss attributable to Gizmondo (Europe) Limited

Loss for the financial period dealt with in the accounts of Gizmondo (Europe) Limited was £5,389,345. As provided by s230 of the Companies Act 1985, no profit and loss account is presented in respect of Gizmondo (Europe) Limited.