

REGISTERED NUMBER: 06047620 (England and Wales)

**REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
FILMON TV LIMITED
PREVIOUSLY KNOWN AS 111 PIX.COM LIMITED**

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FILMON TV LIMITED
(PREVIOUSLY KNOWN AS 111 PIX.COM LIMITED (REGISTERED NUMBER. 06047620))

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FOR THE YEAR ENDED 31 DECEMBER 2011

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FILMON TV LIMITED
(PREVIOUSLY KNOWN AS 111 PIX.COM LIMITED (REGISTERED NUMBER: 06047620))

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTOR:

A A David

REGISTERED OFFICE:

1st Floor
111 Wardour Street
London
W1F 0UH

REGISTERED NUMBER:

06047620 (England and Wales)

AUDITORS:

BDO LLP
55 Baker Street
London
W1U 7EU

FILMON TV LIMITED
(PREVIOUSLY KNOWN AS 111 PIX.COM LIMITED (REGISTERED NUMBER: 06047620))
REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2011

The director presents his report with the financial statements of the company for the year ended 31 December 2011

CHANGE OF NAME

The company passed a special resolution on 18th September 2012 changing its name from 111Pix com to FilmOn TV Limited

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of a subscription-based online cable television platform, providing a broad menu of content and live television channels that can be streamed online over the internet and mobile devices

REVIEW OF BUSINESS

Financial performance

The Income Statement on page 6 shows a loss for the year of £1,111,184 (2010 as restated £678,252) The continued losses are the result of subscription numbers remaining below the level required to match ongoing expenditure In light of the progress made the directors are looking at means to increase subscription numbers

Key performance indicator

Revenues increased from £119,558 in the year ended 31 December 2010 (as restated) to £223,026 in the year ended 31 December 2011 primarily due to an organic increase in aggregate European paid subscriber revenue, partly attributable to an increase in subscription rates for the region

The key non-financial performance indicator is the number of paid subscribers As the company's parent has continued to focus on the maintenance and enhancement of its current platform without substantial marketing spending on subscriber acquisition campaigns due to lack of external investment funds, the platform has remained in a public beta stage, with paid subscribers declining to approximately 1,100 at the balance sheet date, a decline of around 1,800 subscribers when compared to the number of subscribers at the previous balance sheet date

Future Developments

The company's parent has continued to enhance and optimise the web-portal and successfully launched mobile phone versions for both IOS and Android devices The users of the mobile app will receive a free trial version of the platform for a limited period of time, after which conversion to a fully paid web and mobile subscription will be marketed to such users The company plans a full commercial launch in late 2012

Going concern

During the year the company met its day to day working capital requirements through financing provided by its parent company, A A David, Talo Holdings Limited and Utopia Business Company Limited

Talo Holdings is incorporated in Saint Vincent and Grenadines and controlled by a director, A A David

Utopia Business Company Limited is incorporated in the British Virgin Islands and controlled by a director, A A David

The directors have obtained a letter of support from A A David, the ultimate controlling party, that he will continue to provide ongoing support for a period of not less than one year from the date of signing these financial statements On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis The financial statements do not include any adjustments that would result from a withdrawal of support

FILMON TV LIMITED
(PREVIOUSLY KNOWN AS 111 PIX.COM LIMITED (REGISTERED NUMBER: 06047620))

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2011

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011 (2010 £Nil)

DIRECTOR

A A David held office during the whole of the period from 1 January 2011 to the date of this report

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The Company does not follow any standard code of practice for paying its suppliers but instead agrees with each principal supplier the terms of payment for each transaction or series of transactions. The Company's policy is then to abide by those pre-arranged terms for payment when the supplier meets their pre-agreed obligations. At 31 December 2011, trade creditors of the company represented an average of 28 (2010 125) days credit in relation to total purchases for the year.

SIGNIFICANT RISKS AND UNCERTAINTIES

Nature of operations

The Company is competing in a cutting edge market which is constantly evolving. To compete in this market it must continue to develop its bespoke entertainment offering. To ensure this happens a director continues to personally fund the group until the necessary external investment is obtained.

Financial risk

The company is dependent on the support of a director until external financing has been obtained. The director has given assurances that such support will continue for the foreseeable future.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

111 PIX.COM LIMITED (REGISTERED NUMBER: 06047620)

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2011**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

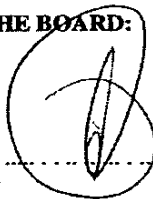
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Bennett Brooks & Co Ltd resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP, statutory auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

.....
A A David - Director



Date 09-25-12.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FILMON TV LIMITED**

We have audited the financial statements of FilmOn TV Limited for the year ended 31 December 2011 which comprises Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS's) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with 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 a Report of the Auditors 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 director and auditors

As explained more fully in the Statement of Director's Responsibilities, the director is 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

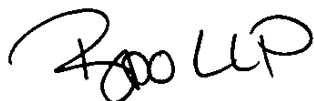
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's 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
55 Baker Street
London
W1U 7EU

Date

25th September 2012

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

111 PIX.COM LIMITED (REGISTERED NUMBER 06047620)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

		31.12.11	31 12 10
	Notes	£	as restated £
CONTINUING OPERATIONS			
Revenue	2	223,026	119,558
Cost of sales		<u>(681,101)</u>	<u>(407,540)</u>
GROSS LOSS		(458,075)	(287,982)
Other operating income		7,600	-
Administrative expenses		<u>(604,938)</u>	<u>(298,512)</u>
OPERATING LOSS		(1,055,413)	(586,494)
Finance costs	4	<u>(55,771)</u>	<u>(91,758)</u>
LOSS BEFORE INCOME TAX	5	(1,111,184)	(678,252)
Income tax	6	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(1,111,184)</u>	<u>(678,252)</u>

The notes on pages 11 to 25 form part of these financial statements

111 PIX.COM LIMITED (REGISTERED NUMBER 06047620)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011**

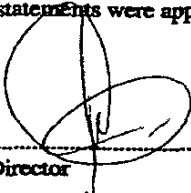
	31.12.11	31 12 10
	£	as restated £
LOSS FOR THE YEAR	(1,111,184)	(678,252)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(1,111,184)</u>	<u>(678,252)</u>

The notes on pages 11 to 25 form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2011

	Notes	31.12.11 £	31.12.10 as restated £	1.1.10 as restated £
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	8	184,624	71,935	78,474
Property, plant and equipment	9	47,431	16,116	39,328
Trade and other receivables	10	-	876,166	-
		<u>232,055</u>	<u>964,217</u>	<u>117,802</u>
CURRENT ASSETS				
Trade and other receivables	10	475,449	271,304	1,014,959
Cash and cash equivalents	11	10,291	11,841	15,177
		<u>485,740</u>	<u>283,145</u>	<u>1,030,136</u>
TOTAL ASSETS		<u>717,795</u>	<u>1,247,362</u>	<u>1,147,938</u>
EQUITY				
SHAREHOLDERS' DEFICIT				
Called up share capital	12	2	2	2
Share premium		2,446,999	2,446,999	2,446,999
Retained earnings		(6,252,418)	(5,141,234)	(4,462,982)
TOTAL DEFICIT		<u>(3,805,417)</u>	<u>(2,694,233)</u>	<u>(2,015,981)</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Trade and other payables	13	1,674,531	-	-
CURRENT LIABILITIES				
Trade and other payables	13	2,848,681	3,941,595	3,163,919
TOTAL LIABILITIES		<u>4,523,212</u>	<u>3,941,595</u>	<u>3,163,919</u>
TOTAL EQUITY AND LIABILITIES		<u>717,795</u>	<u>1,247,362</u>	<u>1,147,938</u>

The financial statements were approved by the director on 21-25-12 and were signed by:


A A David - Director

The notes on pages 11 to 25 form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Called up share capital £	Profit and loss account £	Share premium £	Total equity £
Balance at 1 January 2010 (as previously reported)	2	(5,207,086)	2,446,999	(2,760,085)
Prior year adjustment (Note 7)	<u>-</u>	<u>744,104</u>	<u>-</u>	<u>744,104</u>
Balance at 1 January 2010 (as restated)	<u>2</u>	<u>(4,462,982)</u>	<u>2,446,999</u>	<u>(2,015,981)</u>
 Total comprehensive loss	 <u>-</u>	 <u>(678,252)</u>	 <u>-</u>	 <u>(678,252)</u>
Balance at 31 December 2010 (restated)	<u>2</u>	<u>(5,141,234)</u>	<u>2,446,999</u>	<u>(2,694,233)</u>
 Balance at 31 December 2010 (as previously reported)	 <u>2</u>	 <u>(6,063,626)</u>	 <u>2,446,999</u>	 <u>(3,616,625)</u>
Prior year adjustment (Note 7)	<u>-</u>	<u>922,392</u>	<u>-</u>	<u>922,392</u>
Balance at 31 December 2010 (restated)	<u>2</u>	<u>(5,141,234)</u>	<u>2,446,999</u>	<u>(2,694,233)</u>
 Total comprehensive loss	 <u>-</u>	 <u>(1,111,184)</u>	 <u>-</u>	 <u>(1,111,184)</u>
Balance at 31 December 2011	<u><u>2</u></u>	<u><u>(6,252,418)</u></u>	<u><u>2,446,999</u></u>	<u><u>(3,805,417)</u></u>

Called up share capital is the amount subscribed for shares at nominal value (note 12)

Profit and loss account represents the cumulative loss of the company

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares

The notes on pages 11 to 25 form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

		31.12.11	31.12.10
	Notes	£	as restated £
Cash flows from/(used in) operating activities			
Cash generated from/(used in) operations	20	<u>146,226</u>	<u>(228,276)</u>
Net cash inflow/(outflow) from operating activities		<u>146,226</u>	<u>(228,276)</u>
Cash flows used in investing activities			
Purchase of intangible fixed assets	8	(178,857)	-
Purchase of tangible fixed assets	9	(64,983)	(6,078)
Interest paid		<u>-</u>	<u>(5)</u>
Net cash outflows from investing activities		<u>(243,840)</u>	<u>(6,083)</u>
Cash flows from financing activities			
Amount introduced by director		<u>96,064</u>	<u>231,023</u>
Net cash inflow from financing activities		<u>96,064</u>	<u>231,023</u>
Decrease in cash and cash equivalents		(1,550)	(3,336)
Cash and cash equivalents at beginning of year	21	<u>11,841</u>	<u>15,177</u>
Cash and cash equivalents at end of year	21	<u>10,291</u>	<u>11,841</u>

The notes on pages 11 to 25 form part of these financial statements

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

1 ACCOUNTING POLICIES

Basis of preparation

The company is a limited company registered in England and Wales (registered number 06047620) and is domiciled in the United Kingdom

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies adopted are set out below

Going concern

During the year the company met its day to day working capital requirements through financing provided by its parent company, Mr A David, Talo Holdings Limited and Utopia Business Company Limited

Talo Holdings is incorporated in Saint Vincent and Grenadines and is controlled by a director, Mr A David

Utopia Business Company Limited is incorporated in the British Virgin Islands and is controlled by a director, Mr A David

The directors have obtained a letter of support from A A David, the ultimate controlling party, that he will continue to provide ongoing support for a period of not less than one year from the date of signing these financial statements. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of support

Changes in accounting policies

a) Standards, amendments and interpretations effective in 2011

The following standards, amendments and interpretations were effective from 1 January 2011

Improvements to IFRSs (Issued by IASB in May 2010)
Revised IAS 24 - Related Party Disclosures

The only impact on the financial statements is presentational, the underlying computation of comprehensive income and measurement of assets and liabilities remain as in previous years

b) Standards, amendments and interpretations to existing standards that are not yet endorsed by the European Union

There are no new standards, interpretations and amendments, which have not been applied in these financial statements that will have a material effect on the company's future financial statements

Revenue recognition

Subscription revenue is recognised evenly over the period of the subscription. There is no accrued income

Intangible assets

Where the company owns a content license it is stated at cost less any impairments identified

Where the company has licence to exploit content for a set period of time the licence is amortised over the relevant period

Amortisation is charged to the income statement as an administrative cost

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

1 ACCOUNTING POLICIES - continued

Impairment of intangible assets

All intangible assets are impaired immediately upon any indication of diminution in value

Property, plant and equipment

Tangible assets are initially recognised at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. They are classified as follows

a) Cash, loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The company's loans and receivables comprise of 'other receivables' and 'cash and cash equivalents'. Other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. The effect of discounting on these financial instruments is not considered material.

b) Other financial liabilities

The company recognises its financial liabilities as trade and other payables and tax payable which are recognised initially at fair value and subsequently measured at amortised cost.

c) Share capital

Financial instruments issued by the company are treated as equity only to the extent that they do not meet the definition of a financial liability. The company's shares are classified as equity instruments.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Financial risk management objectives and policies

The objective of the company's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The company manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the year ended 31 December 2011.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

1 ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is calculated on the comprehensive basis using the liability method, which requires provision for temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. Tax rates enacted at the balance sheet date are used to determine the deferred tax balances. Deferred tax assets are not recognised as it is not probable that future taxable profit will be available against which the asset can be utilised.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Valuation of online content

The directors assess the value of this on an item by item basis on an ongoing basis. Where content is deemed to be impaired it is immediately written off.

Depreciation and amortisation rates

The directors have used judgement to select the rates at which categories of asset are depreciated or amortised. The rates used are designed to best reflect the underlying value of the assets over their useful lives.

Legal proceedings

In accordance with IFRSs the company recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the company's financial position. Application of these accounting principles to legal cases requires the company's management to make determinations about various factual and legal matters beyond its control. The company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of the litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisors, experience on similar cases and any decision of the company's management as to how it will respond to the litigation, claim or assessment.

2 SEGMENTAL REPORTING

The directors consider the primary reporting format to be by business segment. At present there is only one business segment being the provision of a subscription-based online cable tv platform, providing a broad menu of content and live tv channels that are streamed online over the internet and mobile devices, therefore the disclosures for the primary segment have already been given in these financial statements.

The secondary reporting format is by geographical segment. The majority of turnover is recognised in the UK.

All non-current assets and liabilities are held within the UK.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

3 STAFF COSTS

Staff costs during the year (including directors) amounted to

	31.12.11	31 12 10
	£	£
Wages and salaries	72,540	62,571
Social security costs	<u>6,336</u>	<u>5,150</u>
	<u>78,876</u>	<u>67,721</u>

The average monthly number of employees during the year (including directors) was as follows

	31.12.11	31 12 10
Administration	1	1
Website development	<u>2</u>	<u>2</u>
	<u>3</u>	<u>3</u>

The director of the company considers himself to also be the key management

	31.12.11	31 12 10
	£	£
Director's remuneration	<u>-</u>	<u>-</u>

4 FINANCE COSTS

	31.12.11	31 12 10
	£	£
Finance costs		
Bank interest	15	5
Loan	<u>55,756</u>	<u>91,753</u>
	<u>55,771</u>	<u>91,758</u>

5 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	31.12.11	31 12 10
	£	as restated £
Cost of inventories recognised as expense	681,101	407,540
Depreciation - owned assets	33,668	29,290
Content licenses amortisation	66,168	-
Auditors' remuneration	10,573	17,378
Foreign exchange differences	<u>20,761</u>	<u>4,935</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

6 INCOME TAX**Analysis of tax expense**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 nor for the year ended 31 December 2010

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31.12.11	31.12.10 as restated
	£	£
Loss on ordinary activities before income tax	<u>(1,111,184)</u>	<u>(678,252)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	(288,908)	(189,911)
Effects of		
Net disallowable expenditure	1,180	476
Capital allowances in excess of depreciation	(30,833)	(49,848)
Losses available to carry forward	<u>318,561</u>	<u>239,283</u>
Tax expense	<u>-</u>	<u>-</u>

The company has a potential deferred tax asset of £1,797,000 (2010 as restated £1,609,000). This has not been recognised as there is uncertainty of the timing of future profits that will arise in future accounting periods of which these losses could be offset against.

7 PRIOR YEAR ADJUSTMENT

The prior year adjustment has arisen for the following reasons

	Total £	2010 £	2009 £	2008 £
Income received on behalf of non group entities	(23,764)	(23,764)	-	-
Depreciation and amortisation of website development and intangible assets	984,204	240,100	432,309	311,795
Deferred income recognised	(19,538)	(19,538)	-	-
Non group costs removed	71,906	71,906	-	-
Charge for use of platform	(90,416)	(90,416)	-	-
	<u>922,392</u>	<u>178,288</u>	<u>432,309</u>	<u>311,795</u>

The income received on behalf of non-group entities resulted from subscriptions which were erroneously treated as belonging to the company in 2010. The result of this is a decrease in revenue and a decrease in other debtors.

The depreciation and amortisation of website development and intangible assets adjustment represent amounts which were capitalised in the company in prior years in error. The costs of website development and intangible assets are now recognised in the results of the parent company. The depreciation and amortisation charged in this company in previous years has been written back to the Profit and Loss Account. The effect to the company is to decrease intangible and tangible assets, decrease the amount due to the parent company and decrease costs.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

7 PRIOR YEAR ADJUSTMENT- continued

The recognition of deferred income is the correction of an error in the revenue recognition policy in the previous period to ensure it complies with IAS 18. The result of this is a reduction in revenue and an increase in deferred income.

The non-group costs incurred that have been removed are the result of costs erroneously recognised in the company in 2010 whereas they related to a company outside of the group. The effect of this is that direct costs have reduced and other debtors have increased.

The charge for the use of the platform represented amounts charged for use of the platform that was previously not recorded in the books of the company in error. The effect of this is an increase in cost of sales and a decrease in other creditors.

Impact of prior year adjustment for the company on the reported revenue, loss from operations and loss for the year ended 31 December 2010 is summarised as follows:

	Revenue £	Loss from operations £	Loss for the year £
As reported	162,860	(764,782)	(856,540)
Restatement of accounting errors			
Income received on behalf of non-group entities	(23,764)	(23,764)	(23,764)
Depreciation and amortisation of website development and intangible assets	-	240,100	240,100
Deferred income recognised	(19,538)	(19,538)	(19,538)
Non-group costs removed	-	71,906	71,906
Platform costs	-	(90,416)	(90,416)
As restated	<u>119,558</u>	<u>(586,494)</u>	<u>(678,252)</u>

The impact of the prior year adjustments on previously reported Net Deficit may be summarised as follows:

	31 December 2010 £	1 January 2010 £
Net deficit as previously reported	(3,616,625)	(2,760,085)
Restatement for accounting errors		
Income received on behalf of non-group entities	(23,764)	-
Depreciation and amortisation of website development and intangible assets	984,204	744,104
Deferred income recognised	(19,538)	-
Non group costs	71,906	-
Platform costs	(90,416)	-
Net deficit as restated	<u>(2,694,233)</u>	<u>(2,015,981)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

7 PRIOR YEAR ADJUSTMENT- continued

The impact of the prior year adjustments on the previously reported Statement of Financial Position as at 31 December 2010 may be summarised as follows

	As previous reported £	Impact of Restatements £	Restated £
Intangible assets	141,768	(69,833)	71,935
Tangible assets	117,278	(101,162)	16,116
Other debtors	32,690	208,900	241,590
Amount owed by group undertakings	-	876,166	876,166
Trade creditors	142,781	(20,891)	121,890
Social security and other taxes	3,141	5,544	8,685
Other creditors	3,287,292	181,647	3,468,939
Accruals and deferred income	92,759	19,538	112,297
Amounts owed to group undertakings	188,615	(188,615)	-

The impact of the prior year adjustments on the previously reported Statement of Financial Position as at 1 January 2010 may be summarised as follows

	As previous Reported £	Impact of restatement £	Restated £
Intangible assets	152,105	(73,631)	78,474
Tangible assets	167,929	(128,601)	39,328
Amounts owed to group undertakings	1,241,956	(1,241,956)	-

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

8 INTANGIBLE ASSETS

	Content licenses £
COST	
At 1 January 2011 – as restated	71,935
Additions	<u>178,857</u>
At 31 December 2011	<u>250,792</u>
AMORTISATION	
At 1 January 2011 - as restated	-
Amortisation for year	<u>66,168</u>
At 31 December 2011	<u>66,168</u>
NET BOOK VALUE	
At 31 December 2011	<u>184,624</u>
At 31 December 2010	<u>71,935</u>
	Content licenses £
COST	
At 1 January 2010 – as restated	78,474
Additions	<u>(6,539)</u>
At 31 December 2010	<u>71,935</u>
AMORTISATION	
At 1 January 2010 - as restated	-
Amortisation for year	<u>-</u>
At 31 December 2010	<u>-</u>
NET BOOK VALUE	
At 31 December 2010	<u>71,935</u>
At 31 December 2009	<u>78,474</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

8 INTANGIBLE ASSETS - continued

	Content licenses £
COST	
At 1 January 2009 – as restated	75,914
Additions	<u>2,560</u>
At 31 December 2009 – as restated	<u>78,474</u>
AMORTISATION	
At 1 January 2009 - as restated	-
Amortisation for year	<u>-</u>
At 31 December 2009 – as restated	<u>-</u>
NET BOOK VALUE	
At 31 December 2009	<u>78,474</u>
At 31 December 2008	<u>75,914</u>

9 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2011 – as restated	75,159	84,959	160,118
Additions	<u>-</u>	<u>64,983</u>	<u>64,983</u>
At 31 December 2011	<u>75,159</u>	<u>149,942</u>	<u>225,101</u>
DEPRECIATION			
At 1 January 2011 – as restated	68,029	75,973	144,002
Charge for year	<u>3,821</u>	<u>29,847</u>	<u>33,668</u>
At 31 December 2011	<u>71,850</u>	<u>105,820</u>	<u>177,670</u>
NET BOOK VALUE			
At 31 December 2011	<u>3,309</u>	<u>44,122</u>	<u>47,431</u>
At 31 December 2010	<u>7,130</u>	<u>8,986</u>	<u>16,116</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

9 PROPERTY, PLANT AND EQUIPMENT - continued

	Fixtures and fittings £	Computer equipment £	Total £
COST			
At 1 January 2010 – as restated	75,159	78,881	154,040
Additions	<u>-</u>	<u>6,078</u>	<u>6,078</u>
At 31 December 2010	<u>75,159</u>	<u>84,959</u>	<u>160,118</u>
DEPRECIATION			
At 1 January 2010 – as restated	58,093	56,619	114,712
Charge for year	<u>9,936</u>	<u>19,354</u>	<u>29,290</u>
At 31 December 2010	<u>68,029</u>	<u>75,973</u>	<u>144,002</u>
NET BOOK VALUE			
At 31 December 2010	<u>7,130</u>	<u>8,986</u>	<u>16,116</u>
At 31 December 2009	<u>17,066</u>	<u>22,262</u>	<u>39,328</u>

	Fixtures and fittings £	Computer equipment £	Total £
COST			
At 1 January 2009 – as restated	68,128	56,951	125,079
Additions	<u>7,031</u>	<u>21,930</u>	<u>28,961</u>
At 31 December 2009	<u>75,159</u>	<u>78,881</u>	<u>154,040</u>
DEPRECIATION			
At 1 January 2009 – as restated	43,061	30,588	73,649
Charge for year	<u>15,032</u>	<u>26,031</u>	<u>41,063</u>
At 31 December 2009	<u>58,093</u>	<u>56,619</u>	<u>114,712</u>
NET BOOK VALUE			
At 31 December 2009	<u>17,066</u>	<u>22,262</u>	<u>39,328</u>
At 31 December 2008	<u>25,067</u>	<u>26,363</u>	<u>51,430</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

10 TRADE AND OTHER RECEIVABLES

	31.12.11	31 12 10	1 1 10
	£	as restated	as restated
		£	£
Current			
Amounts owed by group undertakings	-	-	735,573
Other debtors	454,631	241,590	250,738
Directors current account	-	-	1,239
Prepayments and accrued income	20,818	29,714	27,409
	<u>475,449</u>	<u>271,304</u>	<u>1,014,959</u>
Non-current			
Amounts owed by group undertakings	-	876,166	-
Aggregate amounts	<u>475,449</u>	<u>1,147,470</u>	<u>1,014,959</u>

11 CASH AND CASH EQUIVALENTS

	31.12.11	31 12 10
	£	£
Bank deposit account	<u>10,291</u>	<u>11,841</u>

12 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		31.12.11	31 12 10
Number Class	Nominal value		
		£	£
2 Ordinary	£1	<u>2</u>	<u>2</u>

13 TRADE AND OTHER PAYABLES

	31.12.11	31 12 10	1 1 10
	£	as restated	as restated
		£	£
Current			
Trade creditors	52,251	121,890	140,709
Social security and other taxes	3,666	8,685	2,211
Other creditors	2,397,172	3,468,939	3,000,743
Accruals and deferred income	69,744	112,297	20,256
Directors' current account	325,848	229,784	-
	<u>2,848,681</u>	<u>3,941,595</u>	<u>3,163,919</u>
Non-current			
Amounts owed to group undertakings	<u>1,674,531</u>	-	-
Aggregate amounts	<u>4,523,212</u>	<u>3,941,595</u>	<u>3,163,919</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

14 FINANCIAL INSTRUMENTS

At 31 December 2011 the financial instruments of the company are

	Cash, loans & receivables	Other financial liabilities
	£	£
Financial Assets		
Other debtors	454,631	-
Cash and cash equivalents	10,291	-
Financial Liabilities		
Trade payables	-	(52,251)
Amounts owed to group undertakings	-	(1,674,531)
Social security and other taxes	-	(3,666)
Other creditors	-	(2,397,172)
Directors' current account	-	(325,848)
	<u>464,922</u>	<u>(4,453,468)</u>

At 31 December 2010 the financial instruments of the company are

	Cash, loans & receivables	Other financial liabilities
	£	£
Financial Assets		
Other debtors	241,590	-
Cash and cash equivalents	11,841	-
Amounts owed by group undertakings	876,166	-
Financial Liabilities		
Trade payables	-	(121,890)
Social security and other taxes	-	(8,685)
Other creditors	-	(3,468,939)
Directors' current accounts	-	(229,784)
	<u>1,129,597</u>	<u>(3,829,298)</u>

15 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Filmon com Limited (formerly Filmon com Plc), a company incorporated in the United Kingdom

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

16 CONTINGENT LIABILITIES

On 6 December 2011 a claim was brought against the company in the sum of £144,430. The claim relates to a supplier who believes 111 Pix Com Limited had entered into a contract with the supplier to provide promotional services.

The directors of 111 Pix Com Limited are confident that no contract was entered into and therefore there is no related liability that should be recognised in these financial statements at the balance sheet date.

17 RELATED PARTY DISCLOSURES

At the balance sheet date, as detailed in note 13 there were amounts due to A A David, a director. These amounts have no fixed date of repayment and are not accruing any interest. At the balance sheet date there is an amount of £325,848 (2010 £229,784) due to A A David. During the year A A David converted £648,717 of debt into 68,142 ordinary shares with a nominal value of £0.10 in the holding company Filmon com Limited (formerly Filmon com PLC) at a premium of £9.42. As a result of this, the amount due by the company, in respect of this conversion, was transferred to be due by Filmon Com Limited.

At the balance sheet date, included within other creditors is an amount of £335,834 (2010 £1,574,997) due to Talo Holdings Limited (incorporated in Saint Vincent and Grenadines) a company in which A A David has an interest. During the year Talo Holdings Limited advanced further funds of £620,914 (2010 £376,493) to the company. The loan is unsecured, interest free and had no fixed terms of repayment. Talo Holdings Limited converted £1,702,397 of debt into 178,823 ordinary shares with a nominal value of £0.10 of the holding company Filmon com Limited (formerly Filmon com PLC) at a premium of £9.42. As a result of this, the amount due by the company, in respect of this conversion, was transferred to be due by Filmon Com Limited.

At the balance sheet date, included within other creditors is an amount of £Nil (2010 £1,892,672) due to Septima Limited. Interest of £31,096 (2010 £91,753) was charged on the loan during the year. This loan is not secured and bears interest at 5% per annum. On 31 May 2011, the loan was novated to Utopia Business Company Limited (incorporated in the British Virgin Islands). At the balance sheet date, included within other creditors is an amount of £1,957,526 (2010 £Nil) due to Utopia Business Company Limited, a company in which A A David has an interest. Interest of £24,660 (2010 £Nil) was charged on the loan during the year. The loan is not secured and bears interest at 5% per annum.

At the balance sheet date, included within other creditors is an amount of £36,919 (2010 other debtor as restated £9,724) due to Gigabyte Films Limited (incorporated in England & Wales) a company in which A A David has an interest. During the year the company recharged £3,532 (2010 £2,900) of costs incurred to Gigabyte Films Limited. During the year the company also received income of £49,476 (2010 £29,266) on behalf of Gigabyte Films Limited.

At the balance sheet date, included within other debtors is an amount of £351,394 (2010 as restated £66,154) due from Filmon Com Inc (incorporated in Delaware, USA) a company in which A A David has an interest. Other transactions totalling £310,935 (2010 as restated £71,906) were settled on behalf of Filmon com Inc. During the year the company also received income of £25,695 (2010 as restated £5,752) on behalf of Filmon com Inc.

At the balance sheet date, included within other creditors is an amount of £25,436 (2010 £139,804 other debtors) due to Full On Entertainment Limited (incorporated in England & Wales) a company in which A A David had an interest. This balance has arisen due to the company undertaking various transactions totalling £165,240 (2010 £3,542) on behalf of Full On Entertainment Limited.

At the balance sheet date, included within other debtors is an amount of £3,077 (2010 £Nil) due from Battlecam com Inc (Incorporated in Delaware, USA), a company in which A A David has an interest. This balance has arisen due to the company meeting various costs totalling £3,077 (2010 £Nil) on behalf of Battlecam com Inc.

At the balance sheet date, included within other debtors is an amount of £73,655 (2010 £Nil) due from My Combat Channel Inc (incorporated in Nevada, USA), a company in which A A David has an interest. This balance has arisen due to the company meeting various costs totalling £73,655 (2010 £Nil) on behalf of My Combat Channel Inc.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

17 RELATED PARTY DISCLOSURES - continued

At the balance sheet date, included within amounts owed to group undertakings is an amount of £1,674,531 (2010 as restated £876,166 amount due from group undertaking) due to Filmon com Limited (incorporated in England & Wales) a company in which A A David has an interest This balance has arisen due to the company paying fees of £262,998 (2010 as restated £90,416) to Filmon com Limited Also Filmon com settled various costs totalling £2,287,699 (2010 £224,470) on behalf of the company

At the balance sheet date, included within other debtors in an amount of £5,479 (2010 £Nil) due from 9021go com (incorporated in California, USA), a company in which A A David has an interest This balance has arisen due to the company meeting various costs totalling £5,479 (2010 £Nil) on behalf of 9021go com

At the balance sheet date, included within other creditors is an amount of £41,458 (2010 £20,953 other debtor) due to 111 Pictures Limited (incorporated in England & Wales), a company in which A A David has an interest This balance has arisen due to the company undertaking various transactions totalling £62,411 on behalf of the group

18 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the Director of the company

19 FINANCIAL RISK MANAGEMENT

The company's exposure to the variety of financial risks is as follows

a) Market risk

(i) Foreign exchange risk

The company is not exposed to foreign currency translation risk at present as the company currently only operates within the UK and all its transactions and year end balances are denominated in Sterling

(ii) Price risk

The price paid for utilities is subject to market movement, however as these costs are not significant for the company this will have minimal impact on the operations of the company

(iii) Fair value interest rate risk

The company does not have significant cash balances which expose it to movements in market interest rates The company also has no liabilities which accrue interest at a variable rate and therefore the company has no exposure to interest rate risk on borrowings

b) Credit risk

The company does not hold any trade receivables due from external customers and is therefore not exposed to any significant credit risk

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash Management monitors rolling forecasts of the company's liquidity reserve The review consists of considering the liquidity of local markets, projecting cash flows and the level of liquid assets to meet these The management raise additional capital financing when the review indicates this to be necessary

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

20 RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	31 12.11	31 12 10 as restated
	£	£
Loss before income tax	(1,111,184)	(678,252)
Depreciation charges	33,668	29,290
Amortisation	66,168	-
Finance costs	55,771	91,758
	(955,577)	(557,204)
Decrease/(increase) in trade and other receivables	672,021	(133,750)
Increase in trade and other payables	429,782	462,678
Cash generated from/(used in) operations	146,226	(228,276)

21 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of this statement of financial position amounts

Year ended 31 December 2011

	31.12.11	1 1 11
	£	£
Cash and cash equivalents	10,291	11,841

Year ended 31 December 2010

	31.12.10	1 1 10
	£	£
Cash and cash equivalents	11,841	15,177