

REGISTERED NUMBER 06047620 (England and Wales)

**REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
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 2012

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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 2012

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 2012

The director presents his report with the financial statements of the company for the year ended 31 December 2012

CHANGE OF NAME

The company passed a special resolution on 11 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 £1,452,587 (2011 £1,111,184). 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 director is looking at means to increase subscription numbers.

Key performance indicator

Revenues increased from £223,026 in the year ended 31 December 2011 to £248,544 in the year ended 31 December 2012 primarily due to an organic increase in paid subscriber revenue, partly attributable to an increase in subscription rates.

The key non-financial performance indicator is the number of paid subscribers. Throughout 2012 the number of subscribers doubled, reaching a peak of 2,450 in August 2012. While the terms of agreement were being re-negotiated with the payment facilitator and the accounts were suspended the number of subscribers dropped to 815 between October and December 2012. Once the terms of the agreement were re-negotiated with the payment facilitator the accounts were reinstated with the number of subscribers rising to 1,300 in January 2013.

Future Developments

The company's parent company 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 receive a free version of the streams subject to pre-roll advertising and also have the ability to purchase HD package and DVR packages. Additionally the company has launched a Blackberry app and is in the process of building and distributing a connected TV app. The company has also launched an affiliate program which is proving to be a great success, bringing in partners such as Pandora TV, NXP software and Lenovo.

As an addition in 2013 the company will be introducing new DVR subscription packages giving customers the option to record shows via the website/Android/iOS apps and store recordings on the company's servers. It is anticipated that these subscription packages will prove to be quite popular amounting to 22% of sales in October 2013. In addition to this the company will be introducing the FREE SD streams giving customers the option to watch for free subject to 30 second pre-roll ads running while channel is loaded. As a result the company plan on receiving income from approximately 1800 monthly subscription orders and advertising revenue of roughly £200,000 per month.

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

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 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 a company incorporated in the British Virgin Islands in which A A David has an interest

A letter has been obtained 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 director considers 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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012 (2011: £Nil)

DIRECTOR

A A David held office during the whole of the period from 1 January 2012 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 2012, trade creditors of the company represented an average of 81 (2011: 28) 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 the director continues to personally fund the group until the necessary external investment is obtained

Financial risk

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

Exposure to credit risk

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

Reputation

The company prides itself on the using the latest technology to provide top quality and reliable streaming to clients. To enhance and maintain the company's reputation it is vital to continue to invest in cutting edge software and patents. Not investing in licences and patents is likely to lead to a less competitive product and pose severe damage to the future growth of the company and lead to a fall in reputation. In order to prevent this occurring, the company performs risk management and internal control procedures

ENVIRONMENTAL POLICY

Although the company does not have a formal environmental policy, the company did recognise the importance of environmental responsibility. The company believes that its activities had a low impact on the environment

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

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2012

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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, and
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the financial statements

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.

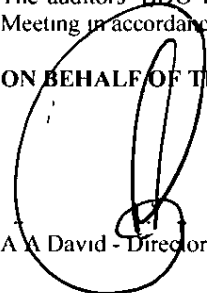
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

The auditors, 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 12/12/13

**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 2012 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 Financial Reporting Council'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 FRC'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 company's affairs as at 31 December 2012 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.

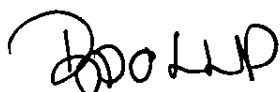
Opinion on other matter prescribed by the Companies Act 2006

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

12th December 2013

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

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

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
CONTINUING OPERATIONS			
Revenue	2	248,544	223,026
Cost of sales		<u>(794,540)</u>	<u>(681,101)</u>
GROSS LOSS		(545,996)	(458,075)
Other operating income		24,438	7,600
Administrative expenses		<u>(683,449)</u>	<u>(604,938)</u>
Legal settlement	4	<u>(148,246)</u>	<u>-</u>
Total administrative expenses		(831,695)	(604,938)
OPERATING LOSS	6	(1,353,253)	(1,055,413)
Finance costs	5	<u>(99,334)</u>	<u>(55,771)</u>
LOSS BEFORE INCOME TAX		(1,452,587)	(1,111,184)
Income tax	7	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(1,452,587)</u>	<u>(1,111,184)</u>

The notes on pages 11 to 22 form part of these financial statements

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
LOSS FOR THE YEAR	(1,452,587)	(1,111,184)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(1,452,587)</u>	<u>(1,111,184)</u>

The notes on pages 11 to 22 form part of these financial statements

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

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2012

	Notes	2012	2011
		£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	171,096	184 624
Property, plant and equipment	9	<u>32,766</u>	<u>47 431</u>
		<u>203,862</u>	<u>232 055</u>
CURRENT ASSETS			
Trade and other receivables	10	510,167	475 449
Cash and cash equivalents	11	<u>6,584</u>	<u>10 291</u>
		<u>516,751</u>	<u>485 740</u>
TOTAL ASSETS		<u>720,613</u>	<u>717,795</u>
EQUITY			
SHAREHOLDERS' DEFICIT			
Called up share capital	12	2	2
Share premium		2,446,999	2 446 999
Retained earnings		<u>(7,705,005)</u>	<u>(6 252,418)</u>
TOTAL DEFICIT		<u>(5,258,004)</u>	<u>(3,805,417)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	13	<u>2,519,428</u>	<u>1,674,531</u>
CURRENT LIABILITIES			
Trade and other payables	13	<u>3,459,189</u>	<u>2,848,681</u>
TOTAL LIABILITIES		<u>5,978,617</u>	<u>4 523 212</u>
TOTAL EQUITY & LIABILITIES		<u>720,613</u>	<u>717,795</u>



A A David - Director

The financial statements were approved by the director on 12/12/13 and were signed by

The notes on pages 11 to 22 form part of these financial statements

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Called up Share Capital	Profit and loss account	Share Premium	Total Equity
	£	£	£	£
Balance at 1 January 2011	<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>2</u>	<u>(6,252,418)</u>	<u>2,446,999</u>	<u>(3,805,417)</u>
Total comprehensive loss	<u>-</u>	<u>(1,452,587)</u>	<u>-</u>	<u>(1,452,587)</u>
Balance at 31 December 2012	<u>2</u>	<u>(7,705,005)</u>	<u>2,446,999</u>	<u>(5,258,004)</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 22 form part of these financial statements

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012	2011
		£	£
Cash flows (used in)/from operating activities			
Cash (used in)/generated from operations	20	<u>(101,208)</u>	<u>146 226</u>
Net cash (outflow)/inflow from operating activities		<u>(101,208)</u>	<u>146 226</u>
Cash flows used in investing activities			
Purchase of intangible fixed assets	8	<u>(85,642)</u>	<u>(178 857)</u>
Purchase of tangible fixed assets	9	<u>(14,537)</u>	<u>(64 983)</u>
Net cash outflows from investing activities		<u>(100,179)</u>	<u>(243 840)</u>
Cash flows from financing activities			
Amount introduced by director		<u>197,680</u>	<u>96 064</u>
Net cash inflow from financing activities		<u>197,680</u>	<u>96,064</u>
Decrease in cash and cash equivalents		(3,707)	(1 550)
Cash and cash equivalents at beginning of year	21	<u>10,291</u>	<u>11 841</u>
Cash and cash equivalents at end of year	21	<u>6,584</u>	<u>10 291</u>

The notes on pages 11 to 22 form part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

I 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 A 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, A A David

Utopia Business Company Limited is a company incorporated in the British Virgin Islands in which A A David has an interest

A letter has been obtained 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

Adoption of new and revised standards and interpretations

a) Standards, amendments and interpretations effective in 2012

The following standards, amendments and interpretations were effective from 1 January 2012

- Amendments to IAS 12 Income Taxes – Deferred Tax Recovery of Underlying Assets
- Amendments to IAS 1 – Presentation of Financial Statements

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

- Amendments to IAS 19 Employee Benefits – effective for accounting periods beginning on or after 1 January 2013
- IAS 27 Separate Financial Statements – effective for accounting periods beginning on or after 1 January 2013
- IFRS 7 Financial Instruments Disclosures – effective when IFRS 9 Financial Instruments is applied
- Annual Improvements to IFRSs 2009-2011 Cycle – effective for accounting periods beginning on or after 1 January 2013

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

- IFRS 9 Financial Instruments and subsequent amendments – effective for accounting periods beginning on or after 1 January 2015

Although the above new standards, interpretations and amendments which have not been adopted early, are relevant to the company it is not envisaged they 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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

I ACCOUNTING POLICIES - continued

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

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 2012.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

I ACCOUNTING POLICIES - continued

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

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 television platform, providing a broad menu of content and live television 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 generated in the UK.

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

3 STAFF COSTS

Staff costs during the year (including directors) amounted to

	31 12 12	31 12 11
	£	£
Wages and salaries	86,129	72,540
Social Security Costs	<u>8,176</u>	<u>6,336</u>
	<u>94,305</u>	<u>78,876</u>

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

	31 12 12	31 12 11
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 12	31 12 11
Director's remuneration	<u>-</u>	<u>-</u>

4 EXCEPTIONAL ITEM

The exceptional item relates to a claim brought against the company in the sum of £148,246. This amount was paid post year end as settlement for the claim.

The item is exceptional by virtue of its size and incidence.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

5 FINANCE COSTS

	31 12 12	31 12 11
	£	£
Finance costs		
Bank Interest	5	15
Loan Interest	<u>99,329</u>	<u>55,756</u>
	<u>99,334</u>	<u>55,771</u>

6 OPERATING LOSS

The loss before income tax is stated after charging/(receiving)

	31 12 12	31 12 11
	£	£
Depreciation - owned assets	29,202	33,668
Content licenses amortisation	79,704	66,168
Auditors' remuneration	10,000	10,573
Foreign exchange differences	(4,932)	20,761
Loss on disposal of intangible assets	<u>13,368</u>	<u>-</u>

7 INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2012 nor for the year ended 31 December 2011

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 12	31 12 11
	£	£
Loss on ordinary activities before income tax	<u>(1,452,587)</u>	<u>(1,111,184)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 - 26%)	(355,884)	(288,908)
Effects of		
Net disallowable expenditure	292	1,180
Capital allowances in excess of depreciation	(11,715)	(30,833)
Losses available to carry forward	<u>367,307</u>	<u>318,561</u>
Tax expense	<u>-</u>	<u>-</u>

The company has a potential deferred tax asset of £2,164,307 (2011: £1,797,000). 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.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

8 INTANGIBLE ASSETS

	Content licenses £
COST	
At 1 January 2012	250,792
Additions	85,642
Disposals	<u>(19,466)</u>
At 31 December 2012	<u>316,968</u>
AMORTISATION	
At 1 January 2012	66,168
Amortisation for year	<u>79,704</u>
At 31 December 2012	<u>145,872</u>
NET BOOK VALUE	
At 31 December 2012	<u>171,096</u>
At 31 December 2011	<u>184,624</u>
	Content licenses £
COST	
At 1 January 2011	71,935
Additions	<u>178,857</u>
At 31 December 2011	<u>250,792</u>
AMORTISATION	
At 1 January 2011	-
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>

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

9 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2012	75,159	149,942	225,101
Additions	<u>-</u>	<u>14,537</u>	<u>14,537</u>
At 31 December 2012	<u>75,159</u>	<u>164,479</u>	<u>239,638</u>
DEPRECIATION			
At 1 January 2012	71,850	105,820	177,670
Charge for year	<u>1,901</u>	<u>27,301</u>	<u>29,202</u>
At 31 December 2012	<u>73,751</u>	<u>133,121</u>	<u>206,872</u>
NET BOOK VALUE			
At 31 December 2012	<u>1,408</u>	<u>31,358</u>	<u>32,766</u>
At 31 December 2011	<u>3,309</u>	<u>44,122</u>	<u>47,431</u>

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2011	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	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>

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

10 TRADE AND OTHER RECEIVABLES

	31 12 12	31 12 11
	£	£
Current		
Other debtors	487,083	454 631
Prepayments and accrued income	<u>23,084</u>	<u>20,818</u>
	<u>510,167</u>	<u>475 449</u>

11 CASH AND CASH EQUIVALENTS

	31 12 12	31 12 11
	£	£
Bank account	<u>6,584</u>	<u>10,291</u>

12 CALLED UP SHARE CAPITAL

Alotted, issued and fully paid	Nominal value	31 12 12	31 12 11
Number	Class	£	£
2	Ordinary	<u>2</u>	<u>2</u>

13 TRADE AND OTHER PAYABLES

	31.12.12	31 12 11
	£	£
Current		
Trade creditors	193,826	52 251
Social security and other taxes	2,293	3 666
Other creditors	2,498,259	2 397 172
Accruals and deferred income	241,283	69 744
Directors current account	<u>523,528</u>	<u>325 848</u>
	<u>3,459,189</u>	<u>2 848 681</u>
Non-current		
Amounts owed by group undertakings	<u>2,519,428</u>	<u>1 674 531</u>
Aggregate amounts	<u>5,978,617</u>	<u>4 523 212</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

14 FINANCIAL INSTRUMENTS

At 31 December 2012 the financial instruments of the company are

	Cash loans & receivables £	Other financial liabilities £
Financial Assets		
Other debtors	487 083	-
Cash and cash equivalents	6,584	-
Financial Liabilities		
Trade payables	-	(193,826)
Amounts owed to group undertakings	-	(2,519 428)
Social security and other taxes	-	(2,293)
Other creditors	-	(2,498,259)
Directors' current account	-	(523,528)
	<u>493,667</u>	<u>(5 737 334)</u>

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>

15 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Filmon TV UK Limited (formerly Filmon com Limited), a company incorporated in the United Kingdom. The ultimate controlling party is A A David.

16 CONTINGENT LIABILITIES

Certain television companies have alleged that the Filmon com website infringes copyright pursuant to Section 20 of the Copyright Designs and Patents Act 1988 by communicating to the public broadcasts owned by the various broadcasters. At present we are unable to comment on the legality of such claims or the likelihood of their success. So far no proceedings have been issued.

FILMON TV LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

17 RELATED PARTY DISCLOSURES

At the balance sheet date, as detailed in note 13 there were amounts due to A A David the 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 £523,528 (2011 £325,848) due to A A David. During the year A A David advanced funds of £197,680 (2011 £96,064) to the company.

At the balance sheet date, included within other creditors is an amount of £335,834 (2011 £335,834) 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 £Nil (2011 £620,914) to the company. The loan is unsecured, interest free and had no fixed terms of repayment.

At the balance sheet date, included within other creditors is an amount of £Nil (2011 £Nil) due to Septima Limited. Interest of £Nil (2011 £31,096) 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 £2,047,103 (2011 £1,957,526) due to Utopia Business Company Limited, a company in which A A David has an interest. Interest of £99,329 (2011 £24,660) was charged on the loan during the year. The loan is not secured and bears interest at 5% per annum. A translation gain of £9,752 (2011 £nil) was recognised on the loan at the year end.

At the balance sheet date, included within other creditors is an amount of £35,874 (2011 £36,919) 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 £3,464 (2011 £3,532) of costs incurred to Gigabyte Films Limited. During the year the company also received income of £2,419 (2011 £49,476) on behalf of Gigabyte Films Limited.

At the balance sheet date, included within other debtors is an amount of £293,556 (2011 £351,394) due from Filmon Com Inc (incorporated in Delaware, USA) a company in which A A David has an interest. Other transactions totalling £nil (2011 £310,935) were settled on behalf of Filmon com Inc. During the year the company also received income of £7,639 (2011 £25,695) on behalf of Filmon com Inc. During the year Filmon Com Inc settled expenses totalling £50,199 (2011 £Nil) on behalf of the company.

At the balance sheet date, included within other creditors is an amount of £32,736 (2011 £25,436) 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 £7,300 (2011 £165,240) on behalf of Full On Entertainment Limited.

At the balance sheet date, included within other debtors is an amount of £4,143 (2011 £3,077) 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 £1,066 (2011 £3,077) on behalf of Battlecam com Inc.

At the balance sheet date, included within other debtors is an amount of £130,301 (2011 £73,655) 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 £56,646 (2011 £73,655) on behalf of My Combat Channel Inc.

At the balance sheet date, included within amounts owed to group undertakings is an amount of £2,519,428 (2011 £1,674,531) due to Filmon TV UK 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 £348,904 (2011 £262,998) to Filmon TV UK Limited. Also Filmon TV UK Limited settled various costs totalling £495,993 (2011 £2,287,699) on behalf of the company.

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

17 RELATED PARTY DISCLOSURES - continued

At the balance sheet date, included within other debtors in an amount of £16,467 (2011 £5 479) 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 £10 988 (2011 £5 479) on behalf of 9021go com.

At the balance sheet date, included within other creditors is an amount of £45 912 (2011 £41 458) 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 £4,454 (2011 £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 director reviews and agrees policies for managing financial risks and they are summarised below. These policies have remained unchanged throughout the financial period.

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.

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

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

	31.12.12	31.12.11
	£	£
Loss after income tax	(1,452,587)	(1,111,184)
Depreciation charges	29,202	33,668
Amortisation	79,704	66,168
Intangible asset disposals	13,368	-
Exceptional item	148,246	-
Finance costs	99,334	55,771
	(1,082,733)	(955,577)
Decrease/(increase) in trade and other receivables	(28,620)	672,021
Increase in trade and other payables	1,010,145	429,782
Cash (used in)/generated from operations	(101,208)	146,226

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 2012

	31.12.12	31.12.11
	£	£
Cash and cash equivalents	6,584	10,291

Year ended 31 December 2011

	31.12.11	31.12.10
	£	£
Cash and cash equivalents	10,291	11,841

22 SIGNIFICANT NON CASH TRANSACTION

The exceptional item of £148,246 relates to a settlement which was paid post year end