

REGISTERED NUMBER: 06047620 (England and Wales)

**REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008
FOR
111 PIX.COM LIMITED**



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FOR THE YEAR ENDED 31 DECEMBER 2008**

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111 PIX.COM LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2008

DIRECTOR: A A David

REGISTERED OFFICE: 1st Floor
111 Wardour Street
London
W1F 0UH

REGISTERED NUMBER: 06047620 (England and Wales)

AUDITORS: Clarkson Hyde LLP
70 Conduit Street
London
W1S 2GF

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2008**

The director presents his report with the financial statements of the company for the year ended 31 December 2008

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a video on demand media and entertainment business

DIRECTOR

A A David held office during the whole of the period from 1 January 2008 to the date of this report

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing 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 for use in the European Union. The financial statements are required by law to 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 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.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. 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 234ZA of the Companies Act 1985) of which the company's auditor is 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 auditor is aware of that information.

AUDITORS

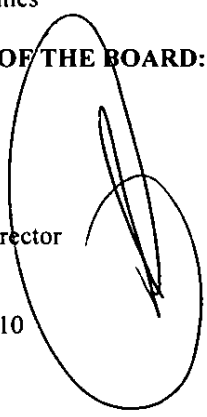
The auditors, Clarkson Hyde LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

A A David - Director

4 December 2010

A handwritten signature, likely of A A David, is written over a large, hand-drawn oval. The signature is in dark ink and appears to be a stylized representation of the name.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF 111 PIX.COM LIMITED

We have audited the financial statements of 111 Pix com Limited for the year ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under 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 a Report of the Auditor 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 auditor

The director's responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Director is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the Report of the Director 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, 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 me with sufficient evidence to give reasonable assurance that the financial statements 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 financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Director is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF
111 PIX.COM LIMITED**

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £2,572,979 (2007 £626,554) during the year ended 31 December 2008 and, at that date, the company's current liabilities exceeded its total assets by £752,532 (2007 £626,553). These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Clarkson Hyde LLP.

Clarkson Hyde LLP
70 Conduit Street
London
W1S 2GF

Date

15/12/10

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

		Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
	Notes		
CONTINUING OPERATIONS			
Revenue	2	194,797	-
Other operating income		100	-
Administrative expenses		(2,351,694)	(582,631)
Other operating expenses		<u>(392,425)</u>	<u>(43,954)</u>
OPERATING LOSS		(2,549,222)	(626,585)
Finance costs	4	(23,872)	-
Finance income	4	<u>115</u>	<u>31</u>
LOSS BEFORE INCOME TAX	5	(2,572,979)	(626,554)
Income tax	6	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u><u>(2,572,979)</u></u>	<u><u>(626,554)</u></u>

The notes form part of these financial statements

111 PIX.COM LIMITED (REGISTERED NUMBER 06047620)

**STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
LOSS FOR THE FINANCIAL YEAR	<u>(2,572,979)</u>	<u>(626,554)</u>
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	<u><u>(2,572,979)</u></u>	<u><u>(626,554)</u></u>

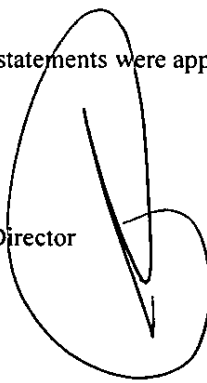
The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2008

	Notes	2008 £	2007 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	196,705	259,499
Property, plant and equipment	8	<u>326,067</u>	<u>324,557</u>
		<u>522,772</u>	<u>584,056</u>
CURRENT ASSETS			
Trade and other receivables	9	116,265	697,892
Cash and cash equivalents	10	<u>74,285</u>	<u>13,537</u>
		<u>190,550</u>	<u>711,429</u>
TOTAL ASSETS		<u><u>713,322</u></u>	<u><u>1,295,485</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	2	1
Share premium	12	2,446,999	-
Retained earnings	12	<u>(3,199,533)</u>	<u>(626,554)</u>
TOTAL EQUITY		<u>(752,532)</u>	<u>(626,553)</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	<u>1,465,854</u>	<u>1,922,038</u>
TOTAL LIABILITIES		<u>1,465,854</u>	<u>1,922,038</u>
TOTAL EQUITY AND LIABILITIES		<u><u>713,322</u></u>	<u><u>1,295,485</u></u>

The financial statements were approved by the director on 4 December 2010 and were signed by

A A David - Director



The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

		Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
Cash flows from operating activities	Notes		
Cash generated from operations	1	379,944	606,780
Interest paid		<u>(23,872)</u>	<u>-</u>
Net cash from operating activities		<u>356,072</u>	<u>606,780</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(46,930)	(259,499)
Purchase of tangible fixed assets		(249,949)	(333,776)
Sale of tangible fixed assets		1,440	-
Interest received		<u>115</u>	<u>31</u>
Net cash from investing activities		<u>(295,324)</u>	<u>(593,244)</u>
Cash flows from financing activities			
Share issue		<u>-</u>	<u>1</u>
Net cash from financing activities		<u>-</u>	<u>1</u>
Increase in cash and cash equivalents		<u>60,748</u>	<u>13,537</u>
Cash and cash equivalents at beginning of year	2	<u>13,537</u>	<u>-</u>
Cash and cash equivalents at end of year	2	<u>74,285</u>	<u>13,537</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

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

	Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
Loss before income tax	(2,572,979)	(626,554)
Depreciation charges	346,447	9,219
Loss on disposal of fixed assets	40,106	-
Equity issue	2,447,000	-
Assets transferred to ownership	(29,830)	-
Finance costs	23,872	-
Finance income	(115)	(31)
	254,501	(617,366)
Decrease/(Increase) in trade and other receivables	581,627	(697,892)
(Decrease)/Increase in trade and other payables	(456,184)	1,922,038
Cash generated from operations	379,944	606,780

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow in respect of cash and cash equivalents are in respect of these balance sheet amounts

Year ended 31 December 2008

	31/12/08 £	1/1/08 £
Cash and cash equivalents	<u>74,285</u>	<u>13,537</u>

Period ended 31 December 2007

	31/12/07 £	10/1/07 £
Cash and cash equivalents	<u>13,537</u>	<u>-</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

I ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's as adopted by the EU), IFRIC Interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

(a) Standards, amendments and interpretations effective in 2008

IFRS 7, 'Financial Instruments Disclosures' and the complementary amendment to IAS 1, 'Presentation of Financial Statements - Capital Disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the company's financial instruments, or the disclosures relating to taxation and trade and other payables.

(b) Standards, amendments and interpretations effective in 2007 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2008 but they are not relevant to the company's operations.

IFRIC 10 'Interim Financial Reporting and Impairment'

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the company and not relevant to the company operations

IAS 23 (Amendment) 'Borrowing Costs'

IFRS 8 'Operating Segments'

IFRIC 14 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'

IFRIC 12 'Service Concession Arrangements'

IFRIC 13 'Customer Loyalty Programmes'

IFRIC 15 'Agreements for the Construction of Real Estate'

Amendments to IAS 39 and IFRS 7 - 'Reclassification of Financial Instruments'

Revised IFRS 1 'First Time Adoption of IFRS'

Revised IFRS 3 - 'Business Combinations'

IFRIC 17 - 'Distributions of Non-Cash Assets to Owners'

IFRIC 18 - 'Transfer of Assets from Customers'

Amendment to IAS 27 - 'Consolidated and Separate Financial Statements'

Amendment to IAS 32 and IAS 1 - 'Puttable Financial Instruments and Obligations Arising on Liquidation'

Amendment to IFRS 1 and IAS 27 - 'Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate'

Amendment to IFRS 2 Share Based Payment - 'Vesting Conditions and Cancellations'

Improvements to IFRSs (issued 8 May 2008)

Amendment to IAS 39 Financial Instruments - 'Recognition and Measurement Eligible Hedged Items'

Amendment to IAS 39 'Reclassifications of Financial assets - effective Date and Transition'

Amendment to IFRIC 9 and IAS 39 'Embedded Derivatives'

Amendment to IAS 32 Financial Instruments 'Presentation Classification of Rights Issues'

Amendments to IFRS 2 - 'Group Cash Settled Share Based Payment Transactions'

Improvements to IFRSs (issued April 2009)

d) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the company

IAS 1 (Revised) 'Presentation of Financial Statements'

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'

Amendment to IFRS 7 - 'Improving Disclosures about Financial Instruments'

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008

Basis of Preparation (continued)

e) Standards, amendments and interpretations to existing standards that are not yet endorsed by the European Union. The following will not materially impact disclosures in the financial statements

IFRS 9 'Financial Instruments'

Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement'

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

Amendments to IFRS 1 - 'Additional Exemptions for First-Time Adopters'

Revised IAS 24 'Related Party Disclosures'

Amendment to IFRS 1 'Limited Exemption from Comparative IFRS 7 Disclosure for First-Time Adopters'

Revenue recognition

Revenue is recognised on demand of ordered content

Intangible assets

Content Licenses are stated at cost less any impairments identified by the director of the company

Patents and Trademarks are stated at cost less accumulated amortisation and impairments and are amortised on a straight-line basis over their expected useful lives, commencing upon successful registration of the respective patents and trademarks

Property, plant and equipment

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
Website development	- 50% on cost
Computer equipment	- 33% on cost

Depreciation has not been charged in the period on website development costs as at 31 December 2008 it was not capable of operating in the manner intended by management

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.

b) Other financial liabilities

The company classifies its financial liabilities as trade and other payables and tax payable which are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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.

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 2008

1 ACCOUNTING POLICIES - continued**Going concern**

The company meets its day to day working capital requirements through financing provided by Talo Holdings Limited, a company incorporated in Saint Vincent and Grenadines controlled by the director. There is material uncertainty over the continuing future financing of the company by Talo Holdings Limited and no specific written support agreement is in place. However, the directors do anticipate that support will continue and on this basis 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.

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 recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Critical accounting estimates

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 in relation to the capitalisation of website development costs and intangible assets.

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 video on demand services, therefore the disclosures for the primary segment have already been given in these financial statements.

The secondary reporting format is by geographical segment. The company has been unable to analyse turnover by geographical segment due to the nature of online sales.

3 EMPLOYEES AND DIRECTORS

	Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
Wages and salaries	269,199	124,308
Social security costs	<u>29,677</u>	<u>14,909</u>
	<u>298,876</u>	<u>139,217</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008

3 EMPLOYEES AND DIRECTORS - continued

The average monthly number of employees during the year was as follows

	Year ended 31/12/08	Period 10/1/07 to 31/12/07
Administration	1	1
Website development	3	2
Business development	<u>1</u>	<u>1</u>
	<u>5</u>	<u>4</u>

	Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
Director's emoluments	<u>-</u>	<u>-</u>

4 NET FINANCE COSTS

	Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
Finance income		
Deposit account interest	<u>115</u>	<u>31</u>
Finance costs		
Bank interest	14	-
PAYE & NI penalty	179	-
Loan	<u>23,679</u>	<u>-</u>
	<u>23,872</u>	<u>-</u>
Net finance costs	<u>23,757</u>	<u>(31)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008

5 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
Depreciation - owned assets	278,269	9,219
Loss on disposal of fixed assets	40,106	-
Patents & trademarks amortisation	68,178	-
Auditors' remuneration	5,000	5,000
Foreign exchange differences	8,147	201
Establishment costs	82,593	67,103
Computer expenses	350,879	43,954
Advertising and public relations	1,128,367	186,431
Legal and professional fees	<u>105,950</u>	<u>34,901</u>

6 INCOME TAX**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2008 nor for the period ended 31 December 2007

Factors affecting the tax charge

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

	Year ended 31/12/08 £	Period 10/1/07 to 31/12/07 £
Loss on ordinary activities before tax	<u>(2,572,979)</u>	<u>(626,554)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.500% (2007 - 30%)	(733,299)	(187,966)
Effects of		
Net disallowable expenditure	1,980	997
Depreciation in excess of capital allowances	47,673	(47,301)
Losses available to carry forward	894,361	234,270
Change of rate of corporation tax	<u>(210,715)</u>	<u>-</u>
Total income tax	<u>-</u>	<u>-</u>

The company has a potential deferred tax asset of £853,918 (2007 £70,281). This has not been recognised as there is no certainty that sufficient profits will arise in future accounting periods of which these losses could be offset against.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008

7 INTANGIBLE ASSETS

	Patents & trademarks £	Content licenses £	Totals £
COST			
At 1 January 2008	204,653	54,846	259,499
Additions	25,862	21,068	46,930
Disposals	(41,546)	-	(41,546)
At 31 December 2008	<u>188,969</u>	<u>75,914</u>	<u>264,883</u>
AMORTISATION			
Amortisation for year	<u>68,178</u>	-	<u>68,178</u>
At 31 December 2008	<u>68,178</u>	-	<u>68,178</u>
NET BOOK VALUE			
At 31 December 2008	<u>120,791</u>	<u>75,914</u>	<u>196,705</u>

8 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Website development £	Computer equipment £	Totals £
COST				
At 1 January 2008	8,636	302,438	22,702	333,776
Additions	8,898	215,816	25,235	249,949
Transfer to ownership	<u>50,594</u>	-	<u>9,014</u>	<u>59,608</u>
At 31 December 2008	<u>68,128</u>	<u>518,254</u>	<u>56,951</u>	<u>643,333</u>
DEPRECIATION				
At 1 January 2008	1,727	-	7,492	9,219
Charge for year	15,858	243,617	18,794	278,269
Transfer to ownership	<u>25,476</u>	-	<u>4,302</u>	<u>29,778</u>
At 31 December 2008	<u>43,061</u>	<u>243,617</u>	<u>30,588</u>	<u>317,266</u>
NET BOOK VALUE				
At 31 December 2008	<u>25,067</u>	<u>274,637</u>	<u>26,363</u>	<u>326,067</u>
At 31 December 2007	<u>6,909</u>	<u>302,438</u>	<u>15,210</u>	<u>324,557</u>

9 TRADE AND OTHER RECEIVABLES

	2008 £	2007 £
Current		
Other debtors	70,866	67,758
VAT	17,542	122,651
Prepayments and accrued income	<u>27,857</u>	<u>507,483</u>
	<u>116,265</u>	<u>697,892</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008

10 CASH AND CASH EQUIVALENTS

	2008 £	2007 £
Bank deposit account	<u>74,285</u>	<u>13,537</u>

11 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2008 £	2007 £
10,000	Ordinary		<u>10,000</u>	<u>10,000</u>

Allotted, issued and fully paid Number	Class	Nominal value £1	2008 £	2007 £
2 (2007 - 1)	Ordinary		<u>2</u>	<u>1</u>

12 RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2008	(626,554)	2,446,999	1,820,445
Deficit for the year	<u>(2,572,979)</u>		<u>(2,572,979)</u>
At 31 December 2008	<u>(3,199,533)</u>	<u>2,446,999</u>	<u>(752,534)</u>

13 TRADE AND OTHER PAYABLES

	2008 £	2007 £
Current		
Trade creditors	176,196	93,538
Amounts owed to group undertakings	49,448	1,756,926
Social security and other taxes	9,806	44,453
Other creditors	1,155,463	-
Accruals and deferred income	<u>74,941</u>	<u>27,121</u>
	<u>1,465,854</u>	<u>1,922,038</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008

14 FINANCIAL INSTRUMENTS

At 31 December 2008 the financial instruments of the company are

	Cash, loans & Receivables	Other financial liabilities
	£	£
Financial Assets		
Other debtors	70,866	
VAT	17,542	
Cash and cash equivalents	74,285	
Financial Liabilities		
Trade payables		(176,196)
Amounts owed to group undertakings		(49,448)
Social security and other taxes		(9,806)
Other creditors		(1,155,463)
	<u>162,683</u>	<u>(1,390,913)</u>

At 31 December 2007 the financial instruments of the company are

	Cash, loans & Receivables	Other financial liabilities
	£	£
Financial Assets		
Other debtors	67,758	
VAT	122,651	
Cash and cash equivalents	13,537	
Financial Liabilities		
Trade payables		(93,538)
Amounts owed to group undertakings		(1,756,926)
Social security and other taxes		(44,453)
	<u>203,946</u>	<u>(1,894,917)</u>

15 ULTIMATE PARENT COMPANY

During the year a restructuring of the group took place on a share for share basis. Following this share exchange FilmOn com Plc holds 100% of the issued share capital of the company.

The ultimate parent company is Anakando Limited a company incorporated in Saint Vincent and Grenadines.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

16 RELATED PARTY DISCLOSURES

At the year end the company owed Talo Holdings Limited £49,448 (2007 £1,756,926) for expenses incurred on behalf of the company. The amount loaned is unsecured, interest free and has no fixed terms of repayment. Talo Holdings Limited is controlled by the director of 111Pix.com Limited.

During the year Talo Holdings Limited swapped £2,447,000 of the debt owed by 111 Pix.com Limited for one £1 ordinary share in the company.

At the balance sheet date, included within other creditors is an amount of £1,150,220 due to Septima Limited, a company in which Mr A David has an interest. Interest of £23,679 was charged on this loan during the year.

17 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the Director of the company.

18 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 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.