
Aldgate Capital PLC

ANNUAL REPORT 2006

CHAIRMAN'S STATEMENT

It gives me great pleasure to report the results of Aldgate Capital Plc for the period from incorporation to 31 December 2006.

ACQUISITION STRATEGY

Aldgate Capital Plc was established, as described in the Company's AIM admission document dated 6 April 2006, to acquire and manage companies and businesses in sectors where the Directors believe there are opportunities for consolidation, with particular focus on sectors undergoing structural, technological and/or regulatory change.

During the period the Company announced its intention to work with Alliance Atlantis Communications Inc. and Movie Distribution Income Fund on a potential offer to acquire the motion picture distribution business owned by them through Motion Picture Distribution LP, at which time trading in the Company's shares on AIM was suspended. Trading in the Company's shares resumed and formal discussions ceased following the announcement that Canwest Global Communications Corp had partnered Goldman Sachs to acquire Alliance Atlantis Communications.

Following changes to the AIM rules, with effect from 1 April 2005, where an AIM Company is an investing Company, shareholder approval for its investing strategy will need to be sought on an annual basis. The Board therefore proposes to seek shareholder approval for the Company to continue its current acquisition strategy at the Annual General Meeting on 26 July 2007. The Board unanimously recommends that shareholders approve the resolution.

RESULTS

The Company was incorporated on 16 March 2006 and these preliminary results cover the period from that date to 31 December 2006. Aldgate Capital Plc completed placing and admission to AIM on 11 April 2006 raising £5,000,000 (before flotation expenses) at £1 per share.

Loss before taxation for the period ended 31 December 2006 was £418,000. As at 31 December 2006, Aldgate Capital Plc's net cash balances amounted to £4,526,000.

DIVIDENDS

As described in the Company's AIM admission document, it is the Board's policy that prior to making the first acquisition, no dividends will be paid. Following the first acquisition, subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so. However, the main focus of the Company will be delivering capital growth for shareholders.

OUTLOOK

The Company continues to pursue its stated acquisition strategy.

DAVID WILLIAMS

CHAIRMAN

26 JUNE 2007

BOARD OF DIRECTORS

DAVID WILLIAMS

NON-EXECUTIVE CHAIRMAN

David (54) has 36 years' experience in the investment market. He has served as Chairman in both executive and non-executive capacities for a number of companies, both public and private. He has overseen the development of these companies through both organic and acquisitive growth as well as dealing with turnaround situations. David is currently Chairman of Augean plc, Entertainment One Limited, Zetar plc, Silverdell plc and Drury Lane Capital plc as well as Marwyn Investments Group Limited, Marwyn Value Investors Limited and Marwyn Value Investors II Limited and associated companies.

MARK WATTS

DIRECTOR

Mark (33) has a BA (Hons) from London University and since 1998 he has advised the boards of quoted UK small and mid-cap companies. Since September 2004, Mark, together with James Corsellis, has undertaken 30 transactions raising an aggregate of over £800 million in acquisition funding for Marwyn-backed management teams and special purpose acquisition vehicles. Previously, Mark worked as management consultant completing international strategic development projects for clients including Ford Motor Company (US), Cummins (Japan) and 3M (Europe) and financial analysis and modelling for Barclays Bank, Shell and BP in the UK. Mark is a Director of Marwyn Investments Group Limited, a partner in Marwyn Capital LLP and Marwyn Investment Management LLP as well as a Director in investee companies, Inspicio plc, Silverdell plc and Drury Lane Capital plc.

JAMES CORSELLIS

DIRECTOR

James (37) has a BA (Hons) from London University and was Chief Executive Officer of icollector plc, a leading provider of live auction trading platforms. Since September 2004, James has, together with Mark Watts, undertaken 30 transactions raising an aggregate of over £800 million in acquisition funding for Marwyn-backed management teams and special purpose acquisition vehicles. He is currently a Director of Marwyn Investments Group Limited, a partner in Marwyn Capital LLP and Marwyn Investment Management LLP, is Deputy Chairman of Catalina Holdings Limited and is a Director of investee companies Concateno Plc, Drury Lane Capital plc and Entertainment One Limited.

BENJAMIN SHAW

NON-EXECUTIVE DIRECTOR

Benjamin (38) has extensive experience in the technology and e-commerce sector. Benjamin was responsible for setting up the online businesses at the Victor Chandler Group. He was a principal in the consortium which acquired Zetters Group plc, the pools betting operator, where he became Group Managing Director. In 2000, Benjamin left Zetters to set up a gaming business in Australia, which he sold to Tattersall's Group, a leading lottery operator, in 2001 and through a joint venture with N M Rothschild & Sons (Australia), Benjamin was involved in the consolidation of a number of online gambling businesses into Consolidated Gaming Corporation. Benjamin is a Director of Leisure & Gaming plc and Drury Lane Capital plc.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report on the affairs of the Company together with the audited financial statements for the period ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to acquire and manage companies and businesses in sectors where the Directors believe there are opportunities for consolidation, with particular focus on sectors undergoing structural, technological and/or regulatory change.

REVIEW OF THE BUSINESS

Since incorporation in March 2006, Aldgate Capital Plc has pursued its stated strategy. The Directors continue to review a number of potential acquisition opportunities.

The Company was incorporated on 16 March 2006 and these results cover the period from that date to 31 December 2006. Aldgate Capital Plc completed placing and admission to AIM on 11 April 2006, raising £5,000,000 (before flotation expenses) at £1 per share.

The Company was issued with a certificate pursuant to section 117 of the Act (allowing it to carry on business and to exercise its borrowing powers) on 17 March 2006.

The results for the period ended 31 December 2006 are set out in the Profit and Loss Account on page 6.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures.

The Company's principal financial instruments comprise Sterling cash and bank deposits and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

PRICE RISK

The Company has no significant exposure to securities price risk as it holds no listed equity investments.

FOREIGN CURRENCY RISK

The Company is exposed in its investing operations to the risk of changes in foreign currency exchange rates.

CREDIT RISK

The Company's principal financial asset is cash, which represents the Company's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

CASH FLOW INTEREST RATE RISK

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a floating rate.

SUBSTANTIAL SHAREHOLDINGS

The following persons have an interest in 3% or more of the issued share capital of the Company:

	Ordinary shares of 10 pence each	%
Vidacos Nominees Limited	44,750,000	89.5
OMX Securities Nominees Limited	4,875,000	9.8

DIRECTORS

The following Directors have held office since incorporation:

David Williams	(appointed 16 March 2006)
Mark Watts	(appointed 16 March 2006)
James Corsellis	(appointed 16 March 2006)
Benjamin Shaw	(appointed 16 March 2006)

The names of the Directors, together with their biographical details, are set out on page 1.

DIRECTORS' INTERESTS IN SHARES

No Director has any interest in the shares of the Company.

No Director was granted any options to subscribe in the shares of the Company during the period ended 31 December 2006.

DIRECTORS' REMUNERATION

No Director received a fee for their services to the Company.

EMPLOYMENT POLICY

The Company's policies respect the individual regardless of gender, race or religion. Full and fair consideration is given to application for employment from disabled people.

SUPPLIER PAYMENT POLICY

The Company's policy is that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with. At 31 December 2006, the Company had an average of 14 days' purchases outstanding in trade creditors.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in the financial statements.

CORPORATE GOVERNANCE

As an AIM-listed Company, Aldgate Capital Plc is not required to follow the provisions of the Combined Code, as set out in the Financial Services Authority's Listing Rules. However, the Directors recognise the importance and support the principles of good governance as contained within section 1 of the Combined Code (the "Code").

DISCLOSURE OF INFORMATION TO AUDITORS

At the date of making this report each of the Company's Directors, as set out on page 4, confirm the following:

- so far as each Director is aware, there is no relevant information required by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

AUDITORS

A resolution to reappoint Deloitte & Touche LLP as auditors will be put to the members at the Annual General Meeting.

APPROVAL

The report of the Directors was approved by the Board on 19 June 2007 and signed on its behalf by:

DAVID WILLIAMS
CHAIRMAN
26 JUNE 2007

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors have chosen to prepare accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the Directors to prepare such financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards in the United Kingdom have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors report which complies with the requirements of the Companies Act 1985.

INDEPENDENT AUDITORS' REPORT

to the members of Aldgate Capital PLC

We have audited the financial statements of Aldgate Capital plc for the period from 16 March 2006 to 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the cash flow statement, and the related notes 1 to 14. 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 an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited 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 prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report 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 Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors 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 us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited 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 United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

DELOITTE & TOUCHE LLP

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
LONDON
26 JUNE 2007

PROFIT AND LOSS ACCOUNT

for the period ended 31 December 2006

	Note	Period from 16 March 2006 to 31 December 2006 £'000
Administrative expenses		(504)
Operating loss	2	(504)
Interest receivable and similar income		86
Loss on ordinary activities before taxation		(418)
Tax on loss on ordinary activities	5	—
Loss on ordinary activities after taxation		(418)
(Loss) per share		
Basic and Diluted	6	(0.8)p

All the Company's activities derive from continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

BALANCE SHEET

as at 31 December 2006

	Note	2006 £'000
Current assets		
Debtors	7	81
Cash at bank and in hand		4,526
		4,607
Creditors: amounts falling due within one year	8	(25)
Net current assets		4,582
Net assets		4,582
Capital and reserves		
Ordinary share capital	9	5,000
Profit and loss account	10	(418)
Equity shareholders' funds	11	4,582

The financial statements were approved by the Board on 19 June 2007 and signed on its behalf by:

DAVID WILLIAMS
CHAIRMAN
26 JUNE 2007

CASH FLOW STATEMENT

for the period ended 31 December 2006

	Note	Period from 16 March 2006 to 31 December 2006 £'000
Net cash (outflow) from operating activities	12a	(547)
Returns on investments and servicing of finance	12b	73
Cash (outflow) before use of liquid resources and financing		(474)
Financing	12b	5,000
Increase in cash in the period		4,526

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

for the period ended 31 December 2006

	Note	Period from 16 March 2006 to 31 December 2006 £'000
Increase in cash in the period		4,526
Net funds at the end of the period	12c	4,526

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the Balance Sheet date.

PENSIONS

Contributions made by the Company to individual pension schemes are charged to the Profit and Loss Account as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2006

1. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation for the period is attributable to the principal activities of the Company, which are carried out predominantly within the United Kingdom.

2. OPERATING LOSS

Operating loss is stated after charging:

	Period from 16 March 2006 to 31 December 2006 £'000
Auditors' remuneration:	
– for the audit of the Company's annual accounts	6
– for other services pursuant to legislation	15

3. EMPLOYEES

The Company had no employees during the period.

4. DIRECTORS' REMUNERATION

The Directors received no remuneration for their services as Directors to the Company.

5. TAXATION

The taxation credit for the period is analysed below:

	Period from 16 March 2006 to 31 December 2006 £'000
Current taxation	
United Kingdom Corporation tax at 30%	—
Current taxation	—
Deferred taxation	
Net origination (reversal) of timing differences	—
Tax on loss on ordinary activities	—

CURRENT TAX RECONCILIATION

The current tax credit is lower than the standard rate of corporation tax in the UK. A reconciliation is shown below:

	Period from 16 March 2006 to 31 December 2006 £'000
Loss on ordinary activities before taxation	(418)
Theoretical tax credit at UK corporation tax rate 30%	(125)
Effects of:	
– expenditure that is not tax deductible	—
– losses carried forward to future periods	125
Current taxation	—

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A potential Deferred Tax Asset of £124,000 has not been recognised as future recovery is uncertain.

6. LOSS PER SHARE

Basic earnings per ordinary share is based on the loss for the period of £418,000 and on 50,000,000 Ordinary Shares of 10 pence each being the weighted average number of Ordinary Shares in issue during the period.

No diluted loss per share arises due to the loss in the period resulting in no dilutive share options.

7. DEBTORS

	Period from 16 March 2006 to 31 December 2006 £'000
Prepayments and accrued income	81

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Period from 16 March 2006 to 31 December 2006 £'000
Trade creditors	19
Accruals and deferred income	6
	25

9. SHARE CAPITAL

	Period from 16 March 2006 to 31 December 2006 £'000
Authorised	
100,500,000 Ordinary Shares of 10 pence each	10,050

Allotted and fully paid

50,000,000 Ordinary Shares of 10 pence each	5,000
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The Company was incorporated with an authorised share capital of £50,000, consisting of 50,000 Ordinary Shares of £1, of which two shares were allotted, called up and not paid. On 17 March 2006, each of the Ordinary Shares (both issued and unissued) were sub-divided into 10 Ordinary Shares of 10 pence. The two Ordinary Shares of £1 each that were issued on incorporation (subdivided into 10 Ordinary Shares of 10 pence each) were subsequently transferred to Mark Watts and James Corsellis, partners of Marwyn Capital LLP.

On the same day, the Company's authorised share capital was increased to 100,000,000 Ordinary Shares of 10 pence each, and to 50,000 Redeemable Preference Shares of £1 each. Also on the same day, the 50,000 Redeemable Preference Shares of £1 each were issued (at par) to Marwyn Capital LLP, who undertook to pay in cash one quarter of the par value of the Redeemable Preference Shares applied for.

On 6 April 2006 the 50,000 Redeemable Preference Shares of £1 each were redeemed and automatically subdivided into 500,000 Ordinary Shares of 10 pence each.

10. RESERVES

	Profit and loss £'000
Loss for the period	(418)
At 31 December 2006	(418)

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Period from 16 March 2006 to 31 December 2006 £'000
Ordinary Shares issued	5,000
Loss for the period	(418)
Net addition to shareholders' funds	4,582
Opening shareholders' funds	—
Closing shareholders' funds	4,582

The loss for the period includes flotation expenses of £189,500.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2006

12. CASH FLOWS

A. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES

	Period from 16 March 2006 to 31 December 2006 £'000
Operating loss	(504)
(Increase) in debtors	(68)
Increase in creditors	25
Net cash (outflow) from operating activities	(547)

B. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period from 16 March 2006 to 31 December 2006 £'000
Returns on investment and servicing of finance	
Interest received	73
Net cash inflow from returns on investment and servicing of finance	73
Financing	
Gross proceeds of Ordinary Shares issued	5,000
Net cash inflow from returns on investment and servicing of finance	5,000

C. ANALYSIS OF NET FUND

	On incorporation 16 March 2006 £'000	Cash flow £'000	At 31 December 2006 £'000
Cash at bank and in hand	—	4,526	4,526
Bank overdraft	—	—	—
Total net funds	—	4,526	4,526

13. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash balances and items such as trade creditors, which arise directly from its operations. Financial instruments such as creditors have been excluded from the disclosure below. The Company has little exposure to credit and cash flow risk. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are interest rate and liquidity risk. The policy for managing these risks is summarised below and has been applied through the period.

Cash balances are placed so as to maximise interest earned while maintaining liquidity requirements of the business. The Directors regularly review the placing of cash balances. Any surplus cash balances, during the period, were placed on short-term interest bearing accounts at standard bank interest rates. The cash at bank and in hand at 31 December 2006 was £4,526,000 and the fair value was the same as the carrying amount.

14. RELATED PARTY TRANSACTIONS

All four Directors of the Aldgate Capital Plc are also members of Marwyn Capital LLP. During the period the Company paid fees of £40,000 to Marwyn Capital LLP for corporate finance advisory services.

David Williams, Mark Watts and James Corsellis are also Directors in Marwyn Partners Limited. During the period the Company paid fees of £49,938 to Marwyn Partners Limited for office and infrastructure costs under the terms of their arrangement as disclosed in the AIM admission document. The Company owed Marwyn Partners Limited £11,750 as at 31 December 2006.

DIRECTORS

David Williams – Non-Executive Chairman
Mark Watts – Non-Executive Director
James Corsellis – Non-Executive Director
Benjamin Shaw – Non-Executive Director

JOINT COMPANY SECRETARIES

S C Fadil, FCIS and Robert Hillhouse, FCIS

REGISTERED OFFICE

20 Black Friars Lane
London EC3V 6HD

REGISTERED IN ENGLAND

Company number 05745526

AUDITORS

DELOITTE & TOUCHE LLP
Chartered Accountants
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

NOMINATED ADVISER

COLLINS STEWART LIMITED
88 Wood Street
London EC2V 7QR

SOLICITORS

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REGISTRARS

CAPITA REGISTRARS
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PRINCIPAL BANKERS

BARCLAYS BANK PLC
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