

Date: 3 June 2010
On behalf of: NetPlayTV plc ('NetPlay TV', 'the Company' or 'the Group')
Embargoed until: 0700hrs

NetPlay TV plc

Preliminary results for year ended 31 December 2009

NetPlay TV plc (AIM: NPT), the interactive gaming company, is pleased to announce its preliminary results for the year ending 31 December 2009, and to provide shareholders with an update on trading in the first quarter of 2010; the Company is also pleased to update the market on its partnership with ITV.

Financial Highlights

- Total Revenue up 10% to £21.6m (2008: £19.7m)
 - Like for like revenues excluding premium rate fixed line telephony operations up 27% to £21m (2008: £16.5m)
 - EBITDA* loss of £0.85m (2008: £2.43m profit)
 - EBITDA* for Q1 2010 £0.2m profit
 - Total Gross Bets for Q4 2009 £157m, up 25% on Q3 2009
 - Total Gross Bets for Q1 2010 £166m, up 6% on Q4 2009
 - Mobile gaming revenues continue to increase with Q1 2010, up 10% on Q4 2009
- * EBITDA is stated pre-exceptionals and share based payments

Operational Highlights

- Airtime deals with major UK broadcasters now in place - Sky and Virgin Media Television, plus partnership agreements with Channel Five, and ITV1
- Five year deal signed with Playtech allowing the Company to partner with major media owners
- £12.8m new funds injected into business in August 2009 allowing it to exploit the change in the Ofcom regulation in May of the same year
- £1.2m invested in studio refurbishment preparing NetPlayTV for the ITV1 partnership and allowing successful formats to be broadcast from one central location to international partners
- Five year partnership deal with Channel Five signed in October 2009

Post Balance Sheet Events

- Return to positive EBITDA in Q1 2010
- SuperCasino.com migration offshore completed end February 2010 – rescheduled from Q4 2009
- Revised deal with Virgin Media Television in March 2010
- Announced partnership with ITV1 in April 2010

Commenting on the results and the trading update, Clive Jones, NetPlay TV's Non-Executive Chairman, said:

“2009 was a pivotal year for the Company which transformed itself from a small opportunistic gaming company into a fully fledged media business. In June 2009, Ofcom's decision to allow terrestrial broadcasters to air transactional gaming shows, opened up a

potentially huge market for the Company. In August, we took £12.8m of new funding into the Company. This enabled us to upgrade our studio facilities giving us a state of the art facility from which we can deliver regulated, live interactive gaming to programming to any broadcaster in the world. It also allowed us to recruit some of the brightest talent in this emerging business, and gave us the cash to be able to enter into partnership agreements with STV, Channel Five, and ITV1. We also entered into a five year deal with Playtech, giving us a secure technical platform onto which we could add substantial customer numbers.

“The development of the mobile application we are now trialling on “Bingo Stars” is a world first, allowing users the ability to use their mobile phone to place an instant bet in a fully integrated Mobile, TV, and Internet solution. We believe this application will have far reaching uses for instant betting on a number of Interactive TV shows over the coming months and years.

“We are confident the decisions we made in 2009 were the right ones. We have built firm foundations upon which we can now drive growth globally through the unique integrated TV, Internet and mobile gaming solution we have created. Our focus on partnering with major media businesses, such as ITV, and Five gives us a unique position in this new marketplace. Whilst these relationships are still at their early stages, we are confident we have a sustainable and robust business model which will enable us to deliver substantial benefits to shareholders over the medium to long term.”

Martin Higginson, Group CEO, said:

“2009 was a significant year of development and change for the Company and we exited our premium rate telephony business allowing us to focus on the new opportunity the change in the Ofcom rules brought about. The Directors believe that we now dominate the UK terrestrial TV market for interactive gaming. In partnering with major broadcasters we are able to use the most trusted medium in the world, the television, to deliver interactive gaming programming. This will allow us, over time, to build significant gaming brands in which the customer can trust - trusted, recognised, branded content will become an increasing differentiator for online gaming companies. This will, in our opinion, lead to increased Life Time Values and ultimately increased profits.

“The development of the mobile betting solution we are now using for “Bingo Stars” is a major milestone for the business. This fully integrated mobile, Internet and TV solution allows us the ability to deliver a fully regulated instant gratification gaming solution to the TV viewer. Trading on ITV is in its very early stages with the mobile application being launched in mid June. We believe the appeal of the mobile text gaming solution as an instant call to action will increase interaction considerably.

“In 2009, Ofcom’s ruling enabled NetPlayTV to transform the way in which we could deliver our services; we are confident that initiatives such as GoogleTV, expected to go live in autumn 2010, will have a similarly significant, positive impact on our growth potential.”

Enquiries:

NetPlayTV plc

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Notes to Editors:

Publication photographs are available from Redleaf Communications or www.redleafpr.com

About NetPlayTV plc

- NetPlayTV plc is listed on the AIM market of the London Stock Exchange (NPT). NetPlayTV operates a number of interactive gaming services from the UK, Malta and Alderney, including 'SuperCasino.com', 'ChallengeJackpot.com', and 'Bingos.com'.
- The Company is focused on the delivery of a converged interactive gaming experience allowing its customers to interact with its games on a variety of platforms, TV, Internet and mobile from a common integrated wallet.

2009 Key Performance Indicators and Q1 2010 Trading Update

2009 was a "landmark" year for NetPlayTV and one of great opportunities for the business.

In early 2009 we took the decision to divest of our premium rate telephony business, Abstract Games. The closure of this business was in the view of the Board a necessity if we were to seriously partner with major broadcasters.

In May 2009, Ofcom changed the teleshopping rules permitting UK terrestrial TV channels to broadcast between midnight and 6am thus allowing gaming companies the ability to broadcast blocks of gaming content on terrestrial TV stations between these times; it also reclassified all transactional gaming as teleshopping. The changes in the Ofcom rules allowed us to capitalise on our area of expertise and the Company transformed itself from a small opportunistic gaming company into a fully fledged media business. These decisions, whilst adding to the cost base, mean the Company is uniquely positioned to seize the major global TV opportunities available today and grow the business in a sustainable manner over time. As a result of this opportunity, we have invested heavily in staff and technology allowing us to partner with "high end" Tier 1 media channels, such as Virgin Media Television, Channel Five and ITV1.

The Directors believe that we now dominate the UK terrestrial TV market for interactive gaming and, whilst this has come at a cost in terms of funding the early stages, we are now uniquely positioned to take advantage of our partnerships and capitalise on the investment we have made. Furthermore, as we prove the model, we will be able to roll out our formats to other broadcasters internationally.

Taking on £12.8m of new funding and entering into a five year deal with Playtech has allowed us to not only offer media partners a robust technical platform, it has given us the cash to enter into long term deals with them. Our investment in new studio facilities, staff, and technology will allow us to exploit formats we create in the UK on a global basis. In time, more and more countries will begin to regulate gaming thus allowing major international broadcasters to enter into this arena.

Broadcasters all over the world are looking at diversifying their sources of revenue as the traditional TV advertising markets shrink. This has come at a time when broadcasters' income from "CallTV" businesses, a sector that has for many years generated huge profits for the TV industry, has been hit by increasing regulation.

The development of the mobile gaming application will allow us to offer TV viewers used to using their phones to play a fully regulated gaming solution. Using the simplicity of text to place a bet that integrates seamlessly with the Internet and TV is a real first for the Company. In particular, it has allowed the Company to exploit its unique position and offer broadcasters around the world a "plug and play" solution as markets become regulated.

The second half of 2009 saw the Company enter into new partnerships and trials with STV and Channel Five. In the first quarter of 2010 we signed a new partnership trial with ITV, the UK's largest and most powerful commercial broadcaster. The new partnership with ITV is very exciting. As the largest and most prominent commercial broadcaster in the UK, a partnership with them is a significant milestone for the Company, both in terms of demonstrating its technical ability and its strict compliance procedures. With such a high profile client, it will be a 'slow burn'; we need to demonstrate the new technology we have developed works and it can process the volume of players a large broadcaster such as ITV will demand. I believe the investment made over the coming weeks and months in building this relationship will pay dividends for many years to come as the Company rolls its products out internationally.

We have successfully soft launched Roulette Nation on ITV1 however without the instant mobile interaction it is still too early to give any firm indication on current trading. The

success of the mobile application will be pivotal to the profitability of the venture and the deliverance of 2010 market expectations. We will update the market after the full launch has taken place. The investment in the new bingo show for ITV1 takes the Company into a brand new area of business. This proprietary technology, developed in partnership with Playtech, gives us the ability to offer mobile players the opportunity to place a bet, in this instance bingo using a simple text message. We will, over the coming months, use this technology for other interactive gaming solutions.

The decision to reschedule the migration of SuperCasino.com offshore to the end of February 2010 was made to ensure our customers faced as little disruption as possible.

Financial Overview

Our core gaming business continues to grow with gross bets hitting £157m in the fourth quarter of 2009, an increase of 25% on Q3. This growth has continued in 2010 with Q1 reporting gross bets of £166m an increase of 6% on the previous quarter. We anticipate this to grow significantly with the addition of the ITV1 partnership. Revenues have increased from £19.7m to £21.6m with the increase in Supercasino.com revenue from the FIVE partnership only starting to come through in Q4 of 2009. This overall increase was 10% however when you strip out the fixed line premium rate telephony business the increase was actually 27%.

The Company made an EBITDA loss of £0.85m for the year however this was on the back of £1.2m of airtime costs with FIVE and STV in Q4, though a large portion of the revenue associated with this expense will not be received until Q1 and Q2 of 2010. The Company made a £0.2m EBITDA profit in Q1 of 2010.

Administration expenses were significantly higher in 2009 due to increased operational costs, and the amortisation of databases acquired in relation to Challengejackpot.com and the first full year of Bingos.com, unrealised foreign exchange losses for the period of £0.142m and share based charge under IFRS 2 for the period was £1.367m, of which £0.94m is attributable to the Virgin warrant options issued in May 2009. These options were bought back from Virgin in March 2010 for a payment of £0.35m meaning there will be a significant credit to the P&L in 2010.

We have reduced the provision for the deferred consideration payable to the vendors of Abstract Games by £0.5m, thus reducing goodwill and liabilities. Given the divestment in the premium rate telephony business, we have decided to impair the goodwill by £1.1m. As part of this divestment we have also chosen to impair the goodwill acquired as part of the Info-Download transaction by £0.6m.

During the year there have been some major changes within the Group which include the acquisition of the Two Way Gaming assets, moving Challengejackpot.com to Playtech software, opening of a TV studio and office in Guernsey, launching in the Fixed Odds Betting Terminal (FOBT) market with Stanleybet and the signing of two terrestrial TV partner deals with FIVE and STV due to the reclassification of gaming as Teleshopping in May. The reclassification of gaming as teleshopping has opened the door to the mass market for NetPlayTV however it has also meant that certain non terrestrial airtime agreements have become onerous. We have taken the prudent decision to write all these costs off both past and future in 2009. These amount to £1.45m and there is a further exceptional restructuring charge of £1.62m. The Board took the strategic decision during the year to partner with Playtech to provide its casino software and this resulted in the impairment of £1m for a software development project where we were building our own back end administration system. The move to Playtech allows speed to market for international expansion and confidence in the stability provided by having software developed by the leading supplier of online gaming software in the market. These write offs have resulted in a full year loss before tax of £11.1m.

In 2010 we took the decision to amend our partnership with Virgin Media Television. We acquired total rights to the database of players from them and took a brand license on ChallengeJackpot.com allowing us more freedom to market the show and its website with other media partners; we will use the Challenge Jackpot brand on ITV1.

Furthermore over the coming months we will incorporate our bingo offering into the Challenge Jackpot brand allowing us to offer a more holistic gaming product. This will be fully integrated following the migration of our bingo platform to the new Virtue Fusion bingo platform now available from Playtech.

There is an obvious impact in terms of gaming duty and non reclaimable VAT incurred in the last quarter of 2009. This factor, plus investment into the new ITV1 bingo format, a delay in migrating SuperCasino.com offshore and the payment of the minimum revenue guarantee to Channel Five has resulted in a negative EBITDA. The Directors believe these additional costs are an essential investment in the future that will pay significant dividends in the coming years.

Supercasino.com, ChallengeJackpot.com

As the Group develops, we are moving towards offering customers branded solutions. We believe investment in recognised and trusted brands builds loyalty and trust, thus increasing the Life Time Value of a player. Currently we are focused on two brands, SuperCasino.com, and ChallengeJackpot.com.

SuperCasino.com is our interactive casino product. This brand is our serious casino offering. In time, we will offer additional casino games including poker and tournament blackjack. We will also look to take these new products onto TV with exciting new interactive TV formats.

The SuperCasino.com business has come a long way since we acquired the business. In 2009 we increased our staff numbers allowing us to focus on the terrestrial opportunities, and start to transform our business into a fully fledged media company. The five year agreement with Channel Five, an RTL subsidiary, will allow us to further develop the business in the UK as well as giving us the opportunity to offer a proven format to other broadcasters in the RTL family. On 17 September, the Company started to broadcast SuperCasino.com on Channel Five. We are extremely pleased with our partnership with Channel Five, revenues have grown substantially since we started to broadcast on the channel with gross bets exceeding £33m in March 2010 compared to £21m in September 2009. Our aims in 2010 are to introduce more formats to the Channel Five airtime making the viewing more exciting and hopefully driving more revenues.

ChallengeJackpot.com, is a light hearted, fun product where customers can play everything from slots to roulette in a relaxed environment. Challenge Jackpot has progressed well since we took over the business in May this year. We have changed its computerised roulette wheel to a real wheel as well as implementing a new studio set and improving the production values. The website now boasts a range of new arcade games, a number of which offer jackpots in excess of £2m. We are now able to offer many of the games on the mobile phone, giving players the ability to play a number of slots games, as well as the live game direct from their handset. In Q2 2010 we will begin the integration of our bingos.com product into the Challenge Jackpot brand thus further broadening our offering.

Following the announcement of the ITV1 partnership Challenge Jackpot will become the halo brand for this activity, we will broadcast our new interactive bingo format as well as the existing "Roulette Nation" show on ITV1 post midnight every night from 20 May 2010 for a six month trial period. Our Bingos.com business is performing in line with expectations and whilst revenues are down on the previous year our profit contribution remains healthy. The migration of our bingo service in 2010 onto Virtue Fusion, the bingo platform recently acquired by Playtech will give our players significant enhancements to their current game,

including bigger bingo jackpots, as well as a selection of branded slots games, including both monopoly and "Deal or No Deal" slots.

As we move to two main brands, the STVCasino product has been replaced by Challenge Jackpot with either Roulette Nation or our new Bingo Stars format being broadcast to STV viewers on a nightly basis.

Mobile

We are very pleased with the progress we have made with our mobile applications for Supercasino.com and Challengejackpot.com over the first quarter of 2010. Gross bets on our mobile games were £3.3m Q1 of 2010 compared to £3m in Q4 2009, an increase of 10%.

Over the past six months we have been developing a unique mobile phone application that uses the simplicity of an SMS text to place a bet; this solution creates a gaming account instantaneously allowing the user to play immediately. We have integrated this with the user's Internet and TV account enabling us to offer broadcasters an instant gratification solution to its viewers. A perfect regulated replacement for legacy "Call TV" shows.

In Q2 of 2010 we will release our new iphone application allowing players to play the "live" TV game direct from their iphone. We recognise that players want the ability to be able to interact with our services using a variety of devices. With our fully converged single wallet solution a user only needs to register with us once to be able to play on any device.

Fixed Odds Betting Terminals

In September 2009 we launched our first "live" Fixed Odds Betting Terminal (FOBT) through StanleyBet International. Whilst we were pleased with the results of the trial, we decided by mutual agreement to terminate the agreement with StanleyBet International in order to focus our efforts on fully regulated markets. Since termination of this agreement, the Italian regulator has banned the use of this type of "Fixed Odds Betting Terminals". As such we believe our decision to withdraw from this sector was correct.

We continue to see great scope for "live" terminals and will continue to work with Playtech on further development of these services.

People

I would like to take this opportunity to thank our staff for their continued commitment and enthusiasm for creating a world class, global media business. The decisions to appoint Clive Jones CBE as Non-Executive Chairman of the Company and to separate the roles of Chief Executive and Chairman reflected the stage of maturity of the business that the Board believes the Company has reached.

I would also like to welcome Charles Butler as Finance Director, Guy Templer as Chief Operating Officer and Moshe Edree as Non-Executive Director to the board in 2010. They bring a wealth of experience in online gaming and TV which will complement the board and help to drive the business forward.

Outlook

The agreement with ITV1 is a real milestone for the Company. We are very pleased with the early stages of this relationship, the first hurdle was to get ITV comfortable with our products on their channels; we have achieved this with Roulette Nation and we are currently undergoing advanced testing with Bingo Stars pending a full launch of the product in mid June incorporating the ability to bet by text. We will be supporting the launch with a major advertising campaign to give the launch the maximum impact. To date we have been airing

our interactive gaming services after 1am. Once we have proved the service we will move nearer to a 12 midnight broadcast slot.

The investment in new studios and the new interactive bingo format, as well as the partnership with both Five and ITV, give the Company the ability to be able to offer proven TV formats to international broadcasters in regulated markets.

We are today in discussions about exporting our formats to other countries as markets become fully regulated. We believe more territories will become regulated in the coming years and, as such, NetPlayTV is uniquely positioned to take advantage of these opportunities.

Television companies are looking for new and innovative sources of revenue to replace both falling advertising spend and a move away from "Call TV" activities. In partnership with Playtech, NetPlayTV is able to offer a complete "one stop shop" from international customer care, online slots, bingo and casino games, to payment processing, to proven TV formats, making the decision processes of any media owner a simple one. The partnerships with the major UK terrestrial channels, Five and ITV1 bolster the Company's position in this market and affirm its credentials as we start to talk to other global broadcasters.

Online gaming companies are under pressure to deliver new sources of customers. NetPlayTV prides itself in not following the pack; we have purposefully carved ourselves a new niche in this market. Our mantra has always been to deliver "trusted" properly regulated interactive gaming solutions, to build a brand in which the customer can not only trust but can rely upon and to put the customer at the centre of everything we do. In delivering quality TV formats we will incur greater start-up costs compared to a purely online business. However, in working in partnership with the broadcaster, we can develop and tweak these formats without fear of competition building a strong IP portfolio. Thus creating a niche in which we are the only player. Online marketing will in our view get more expensive due to increased competition for this virtual real estate. This will in turn put greater pressure on them to either evolve new channels to market, or for the market to see further consolidation.

We know broadcasters on a global basis are suffering from an advertising downturn and the majority are looking for a replacement to their "Call TV" businesses. Regulated interactive gaming programming delivers this solution and NetPlayTV is today uniquely positioned to offer these solutions. We also expect the launch of services such as Google TV, scheduled to come to TVs by the end of 2010, to open up online gambling to millions more players. The on screen search box, developed in conjunction with Sony, will allow viewers to search for their favorite web based content on their larger screen, high definition TVs in the comfort of their own homes.

We have invested in the best technology and people to build a solid sustainable media business going forward. I am pleased to confirm the Company has returned to positive EBITDA in the first Quarter of 2010, and whilst we may see a delay in the full run rate of profits we expect, we remain very excited about the Company's future and its ability to deliver significant profits from its media relationships.

Martin Higginson, Chief Executive Officer

NetPlay TV plc
Consolidated statement of comprehensive income
for the year ended 31 December 2009

		Year ended 31 December 2009 £ 000's	Year ended 31 December 2008 £ 000's
	Note		
Revenue		21,562	19,759
Cost of sales		(17,028)	(12,924)
Gross profit		4,534	6,835
Administrative expenses		(9,006)	(5,250)
Impairment of goodwill		(1,675)	(1,415)
Impairment of intangible assets		(989)	-
Amortisation of intangible assets		(2,573)	(944)
Share based payments		(1,367)	(229)
Operating loss		(11,076)	(1,003)
Analysed as:			
Operating loss before exceptional items		(7,996)	(440)
Exceptional items	3	(3,080)	(563)
Operating loss		(11,076)	(1,003)
Finance income		22	34
Finance costs		(23)	(24)
Loss before taxation		(11,077)	(993)
Income tax expense		(27)	(217)
Loss for the financial year		(11,104)	(1,210)
Other comprehensive income:			
Foreign exchange arising on consolidation		24	-
Other comprehensive income, net of tax		24	-
Total comprehensive income for the period		(11,080)	(1,210)
Loss per share			
Basic (p)	4	(7.19)	(1.13)
Diluted (p)	4	(7.19)	(1.13)

Consolidated statement of financial position
as at 31 December 2009

	Year ended 31 December 2009	Year ended 31 December 2008
Note	£ 000's	£ 000's
ASSETS		
Non-current assets		
Property, plant and equipment	1,423	809
Goodwill	2,664	5,084
Intangible assets	7,390	7,528
Deferred tax assets	-	1
Total non-current assets	11,477	13,422
Current assets		
Inventories	-	57
Trade and other receivables	3,852	2,656
Cash and cash equivalents	10,165	2,015
Total current assets	14,017	4,728
TOTAL ASSETS	25,494	18,150
EQUITY AND LIABILITIES		
Share capital	5 9,811	6,162
Share premium	21,020	8,763
Merger reserve	1,317	1,457
Other reserves	1,511	371
Retained earnings	(15,183)	(4,470)
Total equity	18,476	12,283
Non-current liabilities		
Borrowings	48	64
Total non-current liabilities	48	64
Current liabilities		
Financial liabilities	-	1,880
Trade and other payables	6,780	3,511
Current income tax liabilities	-	176
Borrowings	190	236
Total current liabilities	6,970	5,803
TOTAL EQUITY AND LIABILITIES	25,494	18,150

NetPlay TV plc
Consolidated statement of cash flows
for the year ended 31 December 2009

	Year ended 31 December 2009	Year ended 31 December 2008
	£ 000's	£ 000's
Cash flows from operating activities		
Operating loss	(11,076)	(1,003)
Adjustments for:		
Depreciation and amortisation	3,115	1,279
Impairment of intangible assets	990	-
Impairment of goodwill	1,675	1,415
Negative goodwill	-	(49)
Share based payments and similar charges	1,367	229
Foreign exchange differences	29	-
Decrease in inventories	57	101
Increase in trade and other receivables	(1,196)	(312)
Increase in trade and other payables	3,288	841
Cash (used in)/from operations	<u>(1,751)</u>	<u>2,501</u>
Interest paid	(23)	(24)
Income taxes (paid)/received	(202)	91
Net cash (used in)/from operating activities	<u>(1,976)</u>	<u>2,568</u>
Cash flows from investing activities		
Acquisition of subsidiary undertakings	(1,100)	(1,075)
Net cash balances acquired with subsidiary undertakings	(18)	85
Purchase of property, plant and equipment	(1,149)	(361)
Purchase of intangible assets	(1,224)	(7,318)
Interest received	22	34
Net cash used in investing activities	<u>(3,469)</u>	<u>(8,635)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	13,656	6,950
Proceeds from borrowings	238	-
Repayment of borrowings	(307)	-
Net cash from financing activities	<u>13,587</u>	<u>6,950</u>
Net increase in cash and cash equivalents	<u>8,142</u>	<u>883</u>
Cash and cash equivalents at beginning of period	1,976	1,093
Cash and cash equivalents at end of period	<u>10,118</u>	<u>1,976</u>

Consolidated statement of changes in equity
for the year ended 31 December 2009

	Share capital £ 000's	Share premium £ 000's	Merger reserve £ 000's	Other reserves £ 000's	Retained earnings £ 000's	Total £ 000's
As at 1 January 2008	3,802	3,593	1,457	268	(3,386)	5,734
Shares issued for purchase consideration	360	1,185	-	-	-	1,545
Shares issued for cash	2,000	4,000	-	-	-	6,000
Transfer between reserves:						
Share options lapsed	-	(15)	-	-	-	(15)
Share based payments charge in period	-	-	-	(126)	126	-
Investment in own shares	-	-	-	229	-	229
Loss for the period	-	-	-	-	(1,210)	(1,210)
As at 31 December 2008	6,162	8,763	1,457	371	(4,470)	12,283
Shares issued for purchase consideration	475	1,775	-	-	-	2,250
Shares issued for cash	3,140	10,498	-	-	-	13,638
Share options exercised	34	79	-	-	-	113
Costs of issuing shares	-	(95)	-	-	-	(95)
Transfer between reserves:						
Share options lapsed	-	-	-	(227)	227	-
Disposal of investments	-	-	(140)	-	140	-
Share based payments charge in period	-	-	-	1,367	-	1,367
Loss for the period	-	-	-	-	(11,080)	(11,080)
As at 31 December 2009	9,811	21,020	1,317	1,511	(15,183)	18,476

Other reserves are comprised of the share based payments reserve and holdings in the Company's own shares.

1. Accounting policies

Reporting entity

NetPlay TV plc is a public limited company which is listed on AIM and is incorporated and domiciled in the UK.

The consolidated financial statements of the Company for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The Group is primarily involved in the provision of interactive gaming, gambling and mobile telephony services.

Basis of preparation

The financial information which comprises the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of financial position, consolidated statement of cash flows and related notes do not constitute full accounts within the meaning of s434 of the Companies Act 2006. The auditors have reported on the Group's statutory accounts for each of the years 2009 and 2008 under Chapter 3 of Part 16 of the Companies Act 2006, which do not contain statements under s498(2) or s498(3) of the Companies Act 2006 and are unqualified. The statutory accounts for 2008 have been delivered to the Registrar of Companies and the statutory accounts for 2009 will be filed with the Registrar in due course.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB), as adopted for use in the EU.

The financial statements have been prepared on a historical cost basis except where IFRS requires an alternative treatment. The principal variations from the historical cost basis relate to certain financial instruments (IAS 32 and 39), which are measured at fair value.

This statement was approved by the directors on 2 June 2010.

2. EBITDA analysis

	2009	2008
	£ 000's	£ 000's
Operating loss	(11,076)	(1,003)
Adjusted for:		
Depreciation of property, plant and equipment	544	335
Amortisation of goodwill and intangible assets	2,571	944
Impairment of goodwill and intangible assets	2,665	1,415
Negative goodwill	-	(49)
Exceptional items	3,080	563
Share based payments	1,367	229
	(849)	2,434

3. Exceptional items

	2009	2008
	£ 000's	£ 000's
Aborted projects and restructuring costs	1,544	463
Regulatory fine and related professional fees	77	100
Onerous contracts	1,459	-
	3,080	563

4. Loss per share

	Year ended 31 December 2009 £ 000's	Year ended 31 December 2008 £ 000's
Loss attributable to shareholders	(11,080)	(1,210)
	Number of shares	Number of shares
Weighted average numbers of shares in issue	154,155,470	107,325,135
Dilution effects of share options	20,591,205	7,026,433
Dilution effect of employee share schemes	99,933	99,933
Diluted weighted average number of shares in issue	174,846,608	114,451,501
	Pence per share	Pence per share
Loss per share		
Basic loss per share	(7.19)	(1.13)
Diluted loss per share	(7.19)	(1.13)

Basic loss per share is calculated on the results attributable to ordinary shares divided by the weighted average number of shares in issue during the year excluding those held by the AESOP scheme, which are treated as cancelled.

The effect of the loss for the year is anti-dilutive and so in accordance with IAS 33 the diluted loss per share is equal to the basic loss per share.

On 29 April 2010, the Company issued 166,666 ordinary shares at 16.5 pence by way of employee share options exercised.

5. Share capital

	2009 £ 000's	2008 £ 000's
Authorised		
270,000,000 (2008: 200,000,000) ordinary shares of 5p	<u>13,500</u>	10,000
Allotted, called up and fully paid		
196,224,649 (2008: 123,242,859) ordinary shares of 5p	<u>9,811</u>	6,162

At an extraordinary general meeting of the Company on 11 May 2009 the authorised share capital was increased from £10,000,000 to £11,500,000. At an extraordinary general meeting of the Company on 14 August 2009 the authorised share capital was further increased from £11,500,000 to £13,500,000.

On 12 May 2009 the Company issued an option to Virgin Media Television over 14,967,639 ordinary shares of 5p each at a price of 18p each exercisable from 7 April 2010.

On 12 May 2009 the Company issued 8,533,333 ordinary shares of 5p each at a price of 23.4p for consideration the acquisition of trading assets from Two Way Gaming Limited.

On 12 May 2009 the Company issued 4,444,444 ordinary shares of 5p each at a price of 18p in a private placing.

On 30 June 2009 the Company issued 523,333 ordinary shares at a price of 16.5p following an exercise of employee options.

On 14 August 2009 the Company issued 58,352,476 ordinary shares of 5p each at a price of 22p to Direct Force Trading Limited.

On 20 November 2009 the Company issued 166,666 ordinary shares of 5p each of 16.5p following an exercise of employee options.

On 31 December 2009 the Company issued 961,538 ordinary shares of 5p each at a price of 26p per share as final consideration for the acquisition of trading assets from Info-Download Limited.