SPARK Ventures plc

Preliminary Announcement of Unaudited Annual Results for the year ended 31 March 2009

is pleased to announce preliminary results for the year ended 31 March 2009.

Highlights

Operational

- The two largest portfolio companies, IMImobile and Kobalt (representing over 50% of portfolio value), each delivered revenue growth of 70%+ within the last year, but without triggering a valuation event;
- Net positive re-valuations from a generally good performance of the portfolio is offset by a write down of Skinkers arising from a refinancing after customer contract delays, pushing Net Asset value per share down by 6% from 15.5p to 14.6p;
- Cash reserves remain stable at £17.6m (March 2008: £17.2m), but with the restricted cash component of this rising from £2.9m to £3.2m over the year following the capital reconstruction required to make future shareholder distributions;
- Fund management operations continue to be cash positive and the operating loss for the period is reduced by 82% as two loss making portfolio companies previously consolidated have now been sold or re-structured;

Proposed Strategic Developments

- The Board is proposing an immediate return of surplus cash (amounting to 2p per share), a moratorium on the introduction of any new investments into the portfolio and the return to shareholders of surplus cash from future asset sales to address the continuing discount at which the shares trade to their asset value.
- In view of this capital return strategy, the Board is also proposing that the management company is sold to its management team via a Management Buyout to ensure continuity of management to the SPARK portfolio and third party funds throughout the process.
- Further details of the Proposed Strategic Developments are set out in a separate announcement being made today.

For further information:

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Overview

The construction of the SPARK venture portfolio, where most of the value resides in the two larger, more mature assets, IMI and Kobalt (representing over 50% by value), has largely protected the erosion of asset value throughout a very turbulent year. Both of these companies operate without any significant debt and have been taking substantial business from larger (often distressed) industry competitors, both growing rapidly in spite of the global recession. In the case of IMI, the growth in revenues by 80% to over 900m Indian Rupees (circa $20m) has generated a near five fold increase in EBITDA to over $5m, demonstrating that the company can generate substantial value. Similarly, Kobalt has been investing funds raised in February 2008 to grow its US business, delivering a revenue increase of 70% to £29m in the first ten months of its financial year to June 2009, with full year revenues expected to be ahead of budget at approximately £35m.

Both of these companies benefit from high levels of repeat business, and the effect of successful business development in any given year is often felt more fully in the second and subsequent years, giving us a high degree of confidence that both companies will continue to generate future value for our shareholders.

There is, however, a generation of newer companies which SPARK invested in from 2006 onwards, which are less developed businesses and have therefore been more vulnerable in the difficult markets. Nevertheless, overall even these businesses have delivered a very robust, and in some cases exceptional, performance. In this category are Notonthehighstreet, which delivered 130% revenue growth to £2.3m, Gambling Compliance which has seen revenues grow by 100% to £1.1m and DEM which has delivered a revenue growth of 35% to £2.2m. In the case of MyDeco, which raised money during the year at a higher valuation, leading to a £0.6m write up in value at the interims, we have written that value down again by £0.9m in the second half as retail markets have continued to suffer. More significantly, Skinkers has had a disappointing year in sales as its pipeline of financial services customers was hit particularly hard, leading to a refinancing at a substantially lower value and reducing SPARK's net assets by £4.1m (of which £2m had been recorded at the interims). However, the company has recently won MBNA and Capital One as clients and potential customers who had previously delayed are reviving interest. Skinkers had also been funding LiveStation, the online TV proposition, which is being spun off and funded separately by other investors.

Overall, therefore, despite a modest 6% decline in the Net Asset Value of the company to 14.6p per share, we believe that there remains substantial upside potential to that value.

In addition, following the sale of DX3 and the reconstruction of Aspex, neither of these two portfolio companies will have their performance consolidated into the accounts of SPARK plc, thereby simplifying their presentation in future. In the current period, their removal part way through the financial year has been reflected in a marked reduction in the operating loss from £3.85m (as stated in the 2008 audited accounts) to £0.7m in the current year. The total loss for the current year of £3.9m includes losses from investments of £3.0m, a loss on the serviced office operations of £0.5m, a loss from the former subsidiaries Aspex and Dx3 of £0.3m, a break-even performance from the investment management operations, non-cash amortisation charges of £1.3m offset by interest received of £1.0m and the release of an old liability of £0.2m. The result from the fund management business has provided SPARK shareholders with the benefit of another year of cost free management for the direct investments held on the balance sheet. The decline in fees from the management of third party funds to £3.2m in the year (2008: £3.4m) reflects a fall in the value of the funds under management from £215m to £197m.

Proposed Strategic Developments

The continuing discount at which our share price has traded to the value of our assets has become a significant structural challenge for SPARK. We appreciate the patience of our shareholders and accept that the time has come to demonstrate this value by realizing the assets held on our balance sheet and distributing the cash proceeds as the portfolio matures. Consequently, the Board has proposed a scheme for approval at an extraordinary general meeting of the Company, under which no new investments will be brought into the portfolio and the proceeds from the sales of existing investments will be returned to shareholders.

If this proposal is approved by shareholders, a proportion of the cash balance will become surplus to requirements, allowing an immediate return to shareholders equivalent to 2p per share. In order to ensure that the value of existing investments can be maximised, SPARK will retain sufficient cash resources to enable it to make follow-on investments in existing portfolio companies where required.

In addition, in order to ensure that the direct investments have continuity of management even as the portfolio reduces, the Board proposes to externalise its management team via a Management Buyout by which the executive management of SPARK (Thomas Teichman, Andrew Carruthers, Jay Patel and Andrew Betton) will acquire certain parts of the third party fund management business to create a newly incorporated company ("The Manager"). Following the acquisition, the Manager will be appointed to manage the direct investment portfolio of SPARK Ventures plc, as well as continuing to manage existing third party funds with the management team that previously managed these investments. When combined, these contracts will together create a fund management business with the necessary scale and stability to provide effective fund management services to all parties.

A circular describing these proposals in more detail, and convening an EGM for shareholders to approve them, will be sent to shareholders in the near future. If these changes are approved, the value of the intangible assets held on SPARK's balance sheet will reduce from £3.3m to approximately £1.0m. Additionally SPARK will receive proceeds of £1.0m for those assets being sold resulting in an income statement charge (and corresponding reduction in balance sheet value) of £1.3m in the year to 31 March 2010 being the difference between the £3.3m intangible assets at 31 March 2009 and the resulting residual values post completion of £2m.

Portfolio review

IMI

IMImobile (www.imimobile.com) achieved a very strong year of growth with revenues up 80% to over INR900m (circa $20m) and EBITDA increasing nearly fivefold to INR240m (over $5m) in the year ended March 2009. Revenues have now quadrupled over the last three years and this illustrates the strength of the company's business model which provides managed services under rolling software and services contracts with its telecom and media sector clients. The increase in profitability reflects the investment made in previous years on international expansion and product development as the rewards from that investment are now creating higher operating margins.

The company's services now reach over 500m subscribers globally and its platform manages over 40m billing transactions, 15m minutes of usage for voice services and 1m content downloads on a monthly basis. IMImobile's home market of India continues to grow strongly and the company is well positioned to benefit from new entrants into the market and the expected licensing of 3G spectrum later in the year. The business now employs over 400 people, with 300 based in Hyderabad.

IMI took a major step to establishing a presence in Africa and the Middle East with new clients including MTN, Yu (Kenya), and Mascom (Botswana). In several competitive bid situations, the company was chosen ahead of many much larger global telecom infrastructure vendors and this is testament to IMI's unique value proposition. The financial benefits of this contract will come through in future years as the services are deployed.

In addition, IMImobile has established a significant presence in Europe through the acquisitions of DX3 and M2Y (a unit of Nokia Siemens Network). This has delivered blue chip clients including AOL and Vodafone, as well as relationships with all the major music record labels. The European presence has led to a Joint Venture with Telecom Express, the UK's largest provider of interactive services to UK media companies, for the development of a dedicated business ("IMEXmobile") that provides UK media businesses with mobile interactivity solutions.

The company's progress has been recognised by a number of industry awards from Deloitte and Red Herring.

SPARK owns 38% of IMI and has worked with the management team since 2000. SPARK helped to create the mobile division through operational and business development activities and continues to provide significant levels of strategic advice and acquisition support.

Kobalt Music Group

Kobalt (www.kobaltmusic.com), based in London, has developed a leading music industry technology for royalty collection on an industrial scale. Their state-of-the art administration system is designed to collect more royalties, speed up payments and avoid errors on a global basis. In addition, Kobalt's synch licensing division works across borders in all major territories including the U.K., the U.S., Europe, Asia and Australia.

SPARK owns 23% of Kobalt, having backed the management team as a start up in 2001, and has been the lead investor ever since, chairing the board, providing strategic input and assisting with execution.

In the past 12 months, Kobalt has grown rapidly to become the world's largest "independent" music publisher with a chart market share of over 5% in the major music economies such as the USA, the UK and Germany, ranking just below the 'Majors' (e.g. Universal, Sony, Warner Chappell and EMI). Revenues of £29m in the ten months to April 2009 is 70% up on the same period last year, and 17% up on budget. Full year revenues are expected to be approximately £35m, benefiting in part from favorable exchange rates, since much of the revenue is generated outside the UK. Costs are in line with budget. Client retention, a key performance indicator, is running at over 95%, and new revenue sources from "synching" music into advertisements and movies, while small in absolute terms, have increased rapidly and are delivering higher margins (15-25%) than Kobalt's traditional business.

Following the fund raising in early 2008, Kobalt has deliberately followed a strategy of rapid expansion of staff and offices in order to gain market recognition and confidence. It has focused on winning world class writers as clients, establishing its brand in the music industry, and developing an impressive and solid pipeline of significant new publishing and synching business. As a result, since July 2008, Kobalt has won 110 new clients, processed more than one million new registrations and collected approximately five million individual royalties. In addition, the value of these new deals is increasing with a number of major names amongst the new signings including Lionel Richie, Kelly Clarkson, Kid Rock, and as of this month, Dave Stewart. Kobalt now has three offices in the USA and three in Europe and has won major music industry awards in both markets (Independent Music Publisher of the Year- Music Week).

Kobalt continues to believe that investing in rapid growth is the key driving shareholder value. This growth, combined with high marginal profitability in the business, means that the Kobalt group is expected to breakeven by the end of 2010. An exit could be in the form of an IPO within the next 2-3 years. The very high level of renewals is a positive factor in valuation.

Unanimis

Unanimis (www.unanimis.co.uk) has continued to maintain its position as one of the leading digital advertising networks in the UK. Although turnover was initially hit by the loss of eBay, a major client, in April 2008, the company has now recovered those revenues and has a more diversified publisher and media product base. The company's new clients include ASOS, Sony PlayStation and WWE. Growth in the large, maturing internet advertising UK market has slowed in the year and expectations for the whole market in the next few years are at best in the single digits. However, Unanimis is well placed to weather the storm as it has diversified into a complete digital media offering which includes branded exclusive media, regional and international departments, and performance-based advertising products including a recently acquired affiliate advertising business. The valuation increase in the period arises from strategic interest in the company.

MyDeco

To date, Mydeco.com (www.mydeco.com) has generated 41 million page views, 46,000 sales and has created 90,000 rooms on its 3D 'Complete Room Planner' tool. Through the period, the website saw encouraging growth in the key metrics of monthly unique visitors, number of referrals to retailers, total number of customers and a reasonable conversion rate of visits to purchasers. However, there is no doubt that Mydeco has been affected by the current economic climate, and achieving the revenue forecasts put in place before the downturn has proved difficult.

Nevertheless, through judicious use of the capital raised during the year (£7.5m) along with reduced spend on contractors and marketing, Mydeco remains in a strong position to ride out the recession.

Skinkers

Skinkers (www.skinkers.com) has had a tough year. The company raised £6m in September 2007 to complete the development of the "Live Notification Platform", an enterprise grade push communications platform. The company completed the development of the platform during 2008 and started a number of trials with companies in the financial services sectors. It had been expected that the pipeline would generate significant revenues with a number of million pound contracts. The potential uses for the platform included secure customer communications, branch communications and internal employee communication. However the turmoil in the financial services sector, as well as consolidation and delays in certain technology modules, has led to sales not meeting expectations. The company had anticipated at least doubling its sales from £2m, but will instead see a decline by 40% in the year to March 2009. However, the majority of potential sales appeared to have been "delayed" rather than cancelled and as the environment has stabilized, the company has progressed a number of discussions. Over the last few months the company has won MBNA as a client and the application has been recognised by the Credit Card Awards as the "best online initiative". The company has also closed deals with Procter & Gamble and Capital One. Skinkers recently raised £1.2m from existing investors for its sales and marketing activities in which SPARK participated, but the valuation at which this round was completed has led to a further reduction in our carrying value by £4.1m to £2.0m after a write down of £2m in the interim results.

Skinkers has also been funding the development of LiveStation, a peer to peer technology for the streaming of live video. During the year, LiveStation established partnerships with the BBC, Bloomberg, Al Jazeera and many other news organisations to deliver live news to the desktop and user numbers have grown quickly. In addition, in June 2009, LiveStation announced the launch of a BBC World News application, allowing users of the iPhone and iPod Touch in sixteen European countries to watch the channel live on their Apple devices over Wi-Fi and 3G networks. The company had been searching for a strategic partner to help fund the growth. However, for a variety of reasons this initiative was not successful and as a result Skinkers has spun off the business and the management has raised private funds to continue its activities. Skinkers retains a significant minority stake.

DEM Solutions

DEM Solutions (www.dem-solutions.com) provides computer aided engineering tools that allow industrial designers to test the performance of complex industrial machinery prior to building them. From its academic roots it has grown rapidly with the advances in computer processing power by creating a software tool that is now used by many of the world's leading companies across many industrial sectors. The list of clients taking annual licenses of its software has grown impressively every year and includes names like Procter & Gamble, Pfizer, NASA, GSK, Xerox, Hitachi, Caterpillar and GE. The cost savings offered by their software, combined with the solid revenue base from renewing licenses, has allowed the company to grow revenues in the current year to June 2009 by 35% to £2.2m, despite the dramatic slowdown experienced by many of their customers. With growth returning to their major clients in the commodities and mining sectors, and the relatively low penetration into these markets of tools such as these, the prospects for DEM Solution's growth remain strong.

Notonthehightstreet.com

www.notonthehightstreet.com is a web retailer for over 1,200 smaller, specialised, UK businesses creating unique products. The company was backed as a start up by SPARK in 2006 and is valued at the last round in mid 2008 when a new specialist investor in retail, Venrex (major shareholder in Smythson), invested. Revenues for the year to December 2008 grew by 134% to £2.3m, and already in the current year to date (Jan-April) shows a 187% increase over the same period last year. On almost every metric the business is performing strongly despite the economic situation; traffic is up 68%, conversion is up by 83% year to date, average basket size is up 3% to over £40 - and accelerating. A distinctive strength of its business model compared to most retailers is that it holds no stock, thereby making it very capital efficient. Instead, the company collects sign-up fees and a commission on sales through its website. The company's critical contribution to suppliers is its marketing strength and product selection. The personality of the brand has grown strongly on the back of award winning catalogues and impressive PR, with the result that supplier sign-ups are up 67%, total transaction value is running at 210% above and commissions 238% above last year. On the back of this performance, the expectation is that the company will not need further funding and is budgeting to go cash positive in 2009.

When the IPO market has recovered, notonthehighstreet.com should be a good candidate for a public listing.

Other investments

In addition to these larger investments, the performances of some of our smaller holdings have also been very strong overall. Complinet, (www.complinet.com) the leading global provider of online regulatory solutions, has performed well in the current year, growing revenues by 16% despite the turmoil in its clients' markets. In addition, Aspex Semiconductors (www.aspex-semi.com), which we wrote off in full following a failed sale of the business in September 2008, has subsequently won a major contract that has provided consistent revenues for the company allowing it to trade profitably for the first time. This major achievement provides the basis to revise up the value of our debt and minority equity holdings in the company to £1m. Similarly, the continuing successful development and adoption of OpenX (www.openx.org) has been the basis of a further capital raising of $10m in May 2009, which underpins the valuation of £1m. Gambling Compliance (www.gamblingcompliance.com), the provider of regulatory, legal and compliance information for the global gambling industry, has grown revenues by 100% and has raised further funding at a valuation that allows us to write up the value of our investment by £0.4m. Finally, after several years of development, Mind Candy launched 'Moshi Monsters' (www.moshimonsters.com) a major new subscription based puzzle game for children. It has experienced exceptional growth in recent months gaining over 3 million registrations since November 2008, with a current growth rate of 25% per month, and a worldwide distribution of users. This performance is well ahead of budget and has taken the company through to cash flow breakeven for the first time since start-up in 2004.

In the context of these positive developments, the downward adjustment of the valuation of our holding in Firebox (www.firebox.com) by £0.7m is a modest setback and reflects falling margins and valuations in the retail sector generally. Despite this margin pressure, Firebox has maintained its revenue levels at £11.5m and has maintained good stock turnover.

Conclusion

In summary, the SPARK portfolio of directly held investments has performed well through the recession. While there have been setbacks in certain cases, we are pleased with the way in which many portfolio companies have adapted to the current market and, in many cases, have taken full advantage of the opportunities presented by the recession to take market share from competitors. This robust reaction from portfolio companies overall, when combined with the fact that it is our largest investments that have added the most scale in the period, demonstrates, we believe, that there is significant value to be achieved from holding them to maturity. Furthermore, the proposed strategic changes being put forward by the Board to return surplus cash to shareholders and to externalise the management of its direct investments will ensure that the Company is able to manage effectively its existing portfolio with a view to maximising value and generating returns for shareholders over the next few years.

Andrew Carruthers, Chief Executive Officer
20July 2009

Group income statement

Year ended 31 March 2009

	Year ended 31 March 2009 £'000 Unaudited	Year ended 31 March 2008 £'000 Audited
Continuing operations		
Gains/(losses) on investments at fair value through profit and loss		
- Realised gains and losses	452	172
- Unrealised gains/(losses)	(3,474)	6,477
	(3,022)	6,649
Revenue		
Bank interest receivable	953	1,394
Management fee income	3,197	3,423
Portfolio dividends and interest	151	40
Other income	2,640	1,998
	6,941	6,855
Administrative expenses		
Salaries and other staff costs	(3,144)	(2,840)
Depreciation of property, plant and equipment	(136)	(141)
Amortisation and impairment of other intangible assets	(1,256)	(664)
Other costs	(3,085)	(4,004)
	(7,621)	(7,649)
(Loss)/profit before taxation	(3,702)	5,855
Taxation	73	655
(Loss)/profit for the financial year from continuing operations	(3,629)	6,510
Loss for the year from discontinued operations	(294)	(15,970)
Loss for the financial year	(3,923)	(9,460)
Attributable to:		
- Equity shareholders	(3,923)	(9,460)
Basis and diluted loss per ordinary share	(0.97p)	(2.32p)

Group balance sheet

As at 31 March 2009

	As at 31 March 2009 £'000 Unaudited	As at 31 March 2008 £'000 Audited
Non-current assets		
Property, plant and equipment	482	596
Investments at fair value through profit and loss	37,349	40,580
Deferred consideration	700	-
Intangible assets	3,330	4,586
Restricted cash	3,199	2,869
	45,060	48,631
Current Assets		
Deferred consideration	-	1,639
Inventory – finished goods	-	47
Trade and other receivables	2,060	2,040
Taxation	-	288
Cash and cash equivalents	14,423	14,281
	16,483	18,295
Current liabilities		
Trade and other payables	(2,112)	(3,072)
Deferred consideration	(500)	(500)
	(2,612)	(3,572)
Net current assets	13,871	14,723
Non – current liabilities		
Deferred consideration	-	(500)
	-	(500)
Net assets	58,931	62,854
Equity		
Issued capital	11,250	11,250
Share premium	26,486	39,693
Revenue reserve	20,802	11,518
Capital Redemption Reserve	568	568
Own shares	(175)	(175)
Total equity	58,931	62,854

	Number '000	Number '000
Total Equity		
Ordinary shares in issue	450,000	450,000
Shares held in Treasury	(39,245)	(39,245)
Shares held by Employee Benefit Trust	(6,273)	(6,273)
Shares in issue for net asset value per share calculation	404,482	404,482
NAV per share	14.57	15.54

Reconciliation of movements in equity

	Year ended 31 March 2009 £'000 Unaudited	Year ended 31 March 2008 £'000 Audited
Opening total equity	62,854	72,437
Loss for the year	(3,923)	(9,460)
Share based payments	-	227
Share buy-backs	-	(350)
Closing total equity	58,931	62,854

Group cash flow statement

Year ended 31 March 2009

	Year ended 31 March 2009 £'000 Unaudited	Year ended 31 March 2008 £'000 Audited
Cash flows from operating activities		
Cash flow from operations	(693)	(6,832)
Tax (paid)/received	(13)	135
Net cash outflow from operating activities	(706)	(6,697)
Cash flows from investing activities		
Purchase of property, plant and equipment	(66)	(141)
Acquisition of subsidiary	-	(2,994)
Purchase of financial investments	(2,532)	(9,660)
Sale of financial investments	3,446	2,277
Net cash inflow/(outflow) from investing activities	848	(10,518)
Cash flows from financing activities		
Purchase of own shares	-	(350)
Net cash outflow from financing activities	-	(350)
Change in cash and cash equivalents	142	(17,565)
Opening cash and cash equivalents	14,281	31,846
Closing cash and cash equivalents	14,423	14,281

Reconciliation of operating income to net cash inflow from operating activities

	Year ended 31 March 2009 £'000 Unaudited	Year ended 31 March 2008 £'000 Audited
Interest received	953	1,394
Dividends received	115	40
Other revenue	5,873	5,421
Total revenue	6,941	6,855
Administrative expenses	(7,621)	(7,649)
Operating loss	(680)	(794)
Loss on discontinued operations	(486)	(15,970)
	(1,166)	(16,764)
(Increase)/decrease in trade and other receivables	(20)	1,692
Decrease in trade and other trade payables	(946)	(6,064)
Decrease in inventory	47	43
Depreciation of property, plant and equipment	136	192
Amortisation/impairment of other intangible assets	1,256	13,842
Share based payment	-	227
Net cash outflow from operations	(693)	(6,832)

Notes

1. Basis of preparation

Spark Ventures plc is a company incorporated in the UK under the Companies Act 1985. The information for the year ended 31st March 2009 and 31st March 2008 does not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985, but is derived from and has been prepared on the same basis as those financial statements.

Statutory accounts for the year ended 31st March 2008, which were prepared under International Financial Reporting Standards, have been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

Whilst the financial information included in this unaudited preliminary announcement has been computed in accordance with IFRS, this unaudited preliminary announcement does not itself contain sufficient information to comply with IFRS. The audit of the statutory accounts for the year ended 31 March 2009 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this unaudited preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting. This unaudited preliminary announcement was approved by the Board on 1July 2009 for release. This unaudited preliminary announcement has also been prepared in accordance with the accounting policies set out in the 2008 Annual Report and Accounts. The following Standards and Interpretations, which have not been applied in this unaudited preliminary announcement, were in issue but not yet effective:

IFRS 1 (Revised) ‘First time adoption IFRS’
Amendment to IFRS 2 ‘Share based payments Vesting Conditions and Cancellations’
IFRS 3 (Revised) ‘Business Combinations’
Amendment to IFRS 7 ‘Financial instruments disclosure’
IFRS 8 ‘Operating Segments’
IAS 1 (Revised) ‘Presentation of Financial Statements’
IAS 23 (Revised) ‘Borrowing Costs’
Amendment to IAS 27 ‘Consolidation and Separate Financial Instruments’
Amendment to IAS 29 ‘Eligible hedge items’
Amendment to IAS 32 ‘Financial Instruments: Presentation’
IFRIC 9, 12, 13, 15, 16, 17 and 18

The Directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements in the period when they become applicable, except for IFRS 3 (as amended) which deals with business combinations and may have an impact on the Group’s financial statements depending upon the investment decisions that the Group may take in the future. None of these standards have been adopted early.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executives Officer’s report. In assessing the group as a going concern, the directors’ have considered the forecasts which reflect the directors proposed strategy for portfolio investments and the current uncertain economic outlook. The group’s forecasts and projections, taking into account reasonably possible changes in performance, show that the group is able to operate within its available working capital.

After making enquiries, the directors have a reasonable expectation that the company and group have sufficient funds to continue in operational existence for the foreseeable future after the return of capital to shareholders. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2. Investments at fair value through profit and loss

Portfolio company name	**Value at 31/03/08** £'000	**Additions** £'000	**Disposals** £'000	**Revaluations** £'000	**Value at 31/03/09** £'000
IMI Mobile	12,653	463	-	(116)	13,000
Kobalt Music	6,640	-	-	-	6,640
Unanimis	2,102	25	-	1,000	3,127
Skinkers	5,186	937	-	(4,123)	2,000
DEM Solutions	1,723	-	-	-	1,723
Notonthehighst	643	75	-	872	1,590
Complinet	1,900	-	(380)	-	1,520
MyDeco	1,855	-	-	(355)	1,500
Aspex	-	1,000	-	-	1,000
Openads	1,000	-	-	-	1,000
Gambling Compliance	300	275	-	384	959
Firebox	1,430	-	-	(700)	730
Mindcandy	580	26	-	-	606
Mblox	500	-	-	-	500
Other < £500k (5)	1,864	182	(156)	(436)	1,454
Investments sold during the year					
IMI Engineering	2,204	-	(2,204)	-	-
	40,580	2,983	(2,740)	(3,474)	37,349

3. Discontinued operations

In September 2008, Spark sold DX3 to IMI Mobile. In December 2008, the shareholding in Aspex was reconstructed, leaving Spark with less than 50% shareholding. Both have been accounted for under IFRS 5 ‘Non-current assets held for sale and discontinued operations’

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Year ended 31 March 2009 £'000 Unaudited	**Year ended 31 March 2008 £'000 Audited**
Revenue	1,492	1,172
Expenses	(2,101)	(4,231)
Impairment of goodwill	-	(13,178)
Loss before taxation	(609)	(16,237)
Taxation	123	267
Loss for the period	(486)	(15,970)
Gain on disposal of discontinued operation	192	-
Net loss attributable to discontinued operation	(294)	(15,970)