

**Bright Things Plc**

Interim Report and Financial Statements

For the six months ended  
30 September 2008

**Company number:** 05066489

## **Bright Things Plc**

### **Chairman's Statement**

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#### **Introduction**

The first six months of the year have seen Bright Things focus on refining and preparing for launch, its innovative new product SocialGO, the social network maker, whilst reducing costs.

Revenues have dropped significantly and this reflects the fact that the historic business of developing iDVD games is beginning to wind down organically as sales of the Tiger Woods golf DVD game slow which was entirely to be expected given that the game was release prior to Christmas 2007. However, the Company's Patent and Intellectual Property portfolio together with its experience and knowledge would allow it to consider developing a new game if the proposition was compelling enough.

There has been a commensurate rise in Research & Development costs which has been funnelled into the development of SocialGO. I am delighted to report that other costs have been significantly reduced compared to the same period last year, and we will continue to work hard to ensure the Company keeps costs to a minimum.

#### **Financial Review**

Revenue at £2,000 (2007 H1 - £96,000) reflects limited sales of interactive DVD software. Sales from the launch of SocialGO will impact on the second half results.

The loss from operations was £624,000 (2007 H1 loss £433,000), with research & development costs at £326,000 (2007 H1 - £82,000) and other administrative expenses at £297,000 (2007 H1 - £448,000).

Cost reductions have reflected on the above overheads. All overhead expenditure continues to be closely monitored.

The Group had cash deposits of £73,000 (2007 H1 - £336,000) at the Balance Sheet date. Details of cash raised by a share issue on 23 October 2008 can be found below in 'post balance sheet events'.

#### **SocialGO**

SocialGO has been in a Beta test period during which over 10,000 networks have been created with over 300,000 members joining them. Members posted 500,000 photos, videos and music files. This has allowed the developers to monitor usage traffic and patterns, fix bugs and test the servers. We are pleased with the way the software and our systems have dealt with the traffic.

The new 'live' phase will soft launch the product in early January to ensure the billing systems, which are at the heart of the commercial element of the software, run smoothly.

The service will offer a 'Free' version of SocialGO and a 'Premium' paid-for version. We expect the take up of the free version to dominate during the next six months, as network creators explore the possibilities that the software affords, and as their networks increase in size. The storage and bandwidth allowances for the free version are limited, and certain extra features are provided only on the premium version. This should encourage users to upgrade to premium over time. Also, as the market matures and the benefits of using micro networking are accepted, we anticipate the ratio of premium to free networks to increase positively.

We also intend to launch two other services: a limited Premium version at a lower starter rate and a higher rate Concierge service that provides design and support functions to users who prefer a bespoke product. We hope to introduce these in the new year.

We are now set to start our marketing and promotion of SocialGO. A PR campaign is being planned and we have engaged a specialist in search engine optimisation.

## **Bright Things Plc**

### **Chairman's Statement (Continued)**

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It has become clear The United States is our largest and most advanced potential customer base, and the Company is planning to increase activity in that market towards the middle of next year. We will also be looking to enter into key partnerships to gain distribution and greater reach. However, it is important that we take each stage in our development with care to ensure that maximum quality is reached both in terms of service and technical support.

The board is encouraged and excited by the progress made to date. Social networking is being increasingly cited by businesses as a concept they are now willing to embrace for the many benefits it can provide them, both internally and externally. We are aiming to tailor our marketing and product development to meet the needs of our network owners over the coming months.

Please visit [www.socialgo.com](http://www.socialgo.com) to see the website which will give a comprehensive tour of this impressive software.

### **The Board**

On 30 September 2008 the Company appointed Charles Delamain as Chief Operating Officer.

Charles Delamain has been involved in the software and technology industry for 23 years, having started his IT career working for ICL, Nixdorf and Sequent Computers. Charles then became UK sales director of Data General before moving to Parametric Technology where he was European Senior Vice President. In 2000 Charles was part of a MBI team which bought Profund Systems, getting involved in private equity backed businesses. Since then Charles has been involved as a director and shareholder in a number of privately backed technology businesses, and recently has spent 2 years in the city with Pre-X Capital Management, fund – raising for pre IPO and AiM businesses. Charles is also a director of 2 other businesses.

### **Financing**

On 30 September 2008 the Company announced that it had raised £734,500 by the issuing of 58,760,000 new Ordinary 1p Shares. This ensures the Company has sufficient working capital, and cash available for investment in SocialGO, into 2009.

Details of cash raised by this fundraising and an additional smaller fundraising on the same date of £50,000 by the issuing of 4,000,000 new Ordinary 1p Shares can be found below in 'post balance sheet events' as they were conditional on the Annual General Meeting of the Company which was held outside the interim reporting period on 23 October 2008.

### **Prospects and Strategy**

The Company is focused on SocialGO and views it as the main source of future revenue.

However, as previously reported opportunities for new applications for the ASIC chip will continue to be explored.

### **Post Balance Sheet Events**

On 23 October 2008 the Company raised £784,500 from the issue of 62,760,000 new Ordinary 1p Shares at 1.25p per share.

## **Bright Things Plc**

### **Chairman's Statement** *(Continued)*

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#### **Summary**

Although we continue to explore all opportunities to utilise the Company's expertise and intellectual property the real focus for Bright Things is now launching, monetising, and marketing SocialGO. We have made big steps toward these goals and we will continue to update the market as and when significant milestones are passed.

Administrative overheads have been significantly reduced and your Board will continue to carefully monitor the working capital requirements of the Company.

Finally, I would like to thank all employees for their continuing hard work and dedication during the year.

Ian Livingstone

**Chairman**

18 December 2008

## **Bright Things Plc**

### **Operational and financial review**

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#### **Unaudited interim results for the 6 months ended 30 September 2008 and future product portfolio**

Bright Things had no software or hardware product launches in the six month period to 30 September 2008.

The following product is currently in live Beta testing and is scheduled for release in 2009:

SocialGO – Social Network Maker

#### **Development model**

We continue to retain the core management and technical skills in house and subcontract development to an external partner. Having acquired CommonWorld Ltd from the owners of Get On With It Ltd in December 2007 the Company acquired the core IP for SocialGO. At that date, the company also entered into a contract with Get On With It Ltd who have the appropriate expertise in website design and development to complete development of SocialGO and provide ongoing development thereafter.

#### **Manufacturing capabilities**

The i-DVDs are manufactured by Sony DADC located in the UK.

#### **Further revenue streams**

The Group's Patent and Intellectual Property portfolio presents opportunities to generate revenue using our technology within the Interactive DVD industry. While no games are currently in development, these continue to be considered.

#### **Strategy for the future**

The company is focusing its resources on the launch of SocialGO. The product, which is presently undergoing Beta testing has progressed well. Enhanced features will include video chat and member billing as well as the ability to buy additional bandwidth and storage modules.

## Bright Things Plc

### Operational and financial review (*Continued*)

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#### Results for operations

The Group made an operating loss of £624,000 (2007 H1 - £433,000).

#### Key figures:

	<b>6 Months Ended 30 September 2008 £'000</b>	<b>6 Months Ended 30 September 2007 £'000</b>	<b>Year Ended 31 March 2008 £'000</b>
Revenue	<b>2</b>	96	257
Gross (Loss)/Profit	<b>(1)</b>	97	163
Research and Development	<b>326</b>	82	350
Other administrative expenses	<b>297</b>	448	805
Net assets	<b>184</b>	236	780
Decrease in cash and cash equivalents	<b>528</b>	528	263
Basic and diluted loss per share	<b>(1.0p)</b>	(1.4p)	(2.5p)

## **Bright Things Plc**

### **Operational and financial review (*Continued*)**

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#### **Administrative expenses**

Administrative expenses for the six months ended 30 September 2008 are the main component of the loss on ordinary activities during the period. Administrative expenses are in line with expectation and are analysed into four categories:

#### **Research & Development, £326,000 (2007 H1 - £82,000)**

Research and development expenditure in the 6 month period was entirely SocialGO related. In accordance with IAS 38, all research and development costs in the period have been expensed as incurred.

#### **Other administrative expenditure - £297,000 (2007 H1 - £448,000)**

The main component of general and administrative expenditure relates to human resource costs, totalling £97,000 (2007 H1 - £203,000) for the period. Also included in other administrative expenditure is depreciation of £6,000 (2007 H1 - £54,000). Intangible assets have not been amortised in the period as they are not yet available for commercial use.

The share based payment charge (IFRS 2) for the period totalled £21,000 (2007 H1 - £26,000). This relates to employee share options.

Office and administration costs reduced to £39,000 (2007 H1 - £48,000) for the period, of which office costs were £19,000 (2007 H1 - £23,000).

Travel and subsistence costs reduced to £17,000 (2007 H1 - £25,000).

Marketing costs increased to £63,000 (2007 H1 - £20,000) in the period. These costs primarily relate to agencies and consultants retained for SocialGO.

Professional expenses decreased in the period to £30,000 (2007 H1 - £49,000).

#### **Taxation**

No tax charge arises on the loss for the financial period. At 30 September 2008 the Group has approximately £12.7 million of losses available to carry forward to set against future taxable profits, subject to agreement with the UK and USA tax authorities.

#### **Loss per share**

Basic and diluted loss per share of 1.0p (2007 H1 loss of 1.4p) has decreased principally due to the increased weighted average number of shares.

## **Bright Things Plc**

### **Operational and financial review (*Continued*)**

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#### **Working Capital**

The Group's operational cash position has been reduced by the continued investment in research and development during the period together with operational working capital cash outflows. Cash at bank at 30 September 2008 is £73,000 (2007 H1 - £336,000). This comprises £57,000 held in a Special Interest Bearing Account (SIBA) with the remainder of the funds held in current accounts. At the end of the financial period the group had net assets of £184,000 (2007 H1 - £236,000).

Net assets have decreased from £780,000 at 31 March 2008 to £184,000 as at 30 September 2008. This is due principally to the operating loss for the period.

After the balance sheet date, on 23 October 2008, the Company raised £784,500 from the issue of 62,760,000 new Ordinary 1p shares, issued at 1.25p per share.

The board will continue to assess the appropriate application of these funds.

#### **Financial Instruments**

During the period, the Group's financial instruments, comprised cash and various items such as trade debtors and creditors that arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations. The Group's policy is, and was throughout the period under review, not to trade in financial instruments. The main risk arising from the Group's financial instruments are liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks on a regular basis.

#### **Liquidity risk**

With reference to detailed cash flow forecasts the Group continually monitors the operational working capital requirements of the business. The Group continues to assess appropriate financing opportunities based on future business plans and working capital requirements.

Edward Levey

**Finance Director**

18 December 2008

**Bright Things Plc****Consolidated income statement for the six month period ended 30 September 2008**

	<b>6 months ended 30 September 2008 (unaudited) £'000</b>	<b>6 months ended 30 September 2007 (unaudited) £'000</b>	<b>12 months ended 31 March 2008 (audited) £'000</b>
<b>Revenue</b>	<b>2</b>	96	257
Cost of sales	<b>(3)</b>	1	(94)
<b>Gross (loss)/ profit</b>	<b>(1)</b>	97	163
Research and development costs	<b>(326)</b>	(82)	(350)
Administrative expenses - other	<b>(297)</b>	(448)	(805)
Administrative expenses - exceptional	-	-	(19)
Total administrative expenses	<b>(623)</b>	(530)	(1,174)
<b>Loss from operations</b>	<b>(624)</b>	(433)	(1,011)
Finance income	<b>7</b>	16	27
<b>Loss before and after tax for the financial period</b>	<b>(617)</b>	(417)	(984)
<b>Attributable to:</b>			
Equity shareholders	<b>(617)</b>	(417)	(984)
<b>Loss per share</b>			
Basic and diluted	<b>3</b>	(1.4p)	(2.5p)

The notes on pages 14 to 21 form part of these financial statements.

**Bright Things Plc**

**Consolidated statement of changes in equity for the period ended 30 September 2008**

	<b>Called up 10p share capital £'000</b>	<b>Called up 1p share capital £'000</b>	<b>Deferred 9p share capital £'000</b>	<b>Share premium £'000</b>	<b>Merger reserve £'000</b>	<b>Warrant reserve £'000</b>	<b>Share based payment reserve £'000</b>	<b>Retained deficit £'000</b>	<b>Total £'000</b>
<b>At 1 April 2007</b>	<b>3,045</b>	<b>-</b>	<b>-</b>	<b>9,589</b>	<b>(286)</b>	<b>267</b>	<b>220</b>	<b>(12,208)</b>	<b>627</b>
Loss for the period	-	-	-	-	-	-	-	(417)	(417)
<b>Total recognised income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(417)</b>	<b>(417)</b>
Share based payment charge	-	-	-	-	-	-	26	-	26
<b>At 30 September 2007</b>	<b>3,045</b>	<b>-</b>	<b>-</b>	<b>9,589</b>	<b>(286)</b>	<b>267</b>	<b>246</b>	<b>(12,625)</b>	<b>236</b>

The notes on pages 14 to 21 form part of the group financial statements.

**Bright Things Plc**

**Consolidated statement of changes in equity for the period ended 30 September 2008**

	Called up 10p share capital £'000	Called up 1p share capital £'000	Deferred 9p share capital £'000	Share premium £'000	Merger reserve £'000	Warrant reserve £'000	Share based payment reserve £'000	Retained deficit £'000	Total £'000
<b>At 1 October 2007</b>	<b>3,045</b>	-	-	<b>9,589</b>	<b>(286)</b>	<b>267</b>	<b>246</b>	<b>(12,625)</b>	<b>236</b>
Loss for the period	-	-	-	-	-	-	-	(567)	(567)
<b>Total recognised income and expense for the period</b>	-	-	-	-	-	-	-	<b>(567)</b>	<b>(567)</b>
Share based payment charge	-	-	-	-	-	-	66	-	66
1 October 2007 10p Ordinary shares subdivided in to 1p Ordinary shares and 9p Deferred shares	(3,045)	304	2,741	-	-	-	-	-	-
Issue of shares – private placing	-	239	-	716	-	-	-	-	955
Share issue costs	-	-	-	(135)	-	-	-	-	(135)
Issue of shares – acquisition of CommonWorld Ltd	-	75	-	-	150	-	-	-	225
<b>At 31 March 2008</b>	-	<b>618</b>	<b>2,741</b>	<b>10,170</b>	<b>(136)</b>	<b>267</b>	<b>312</b>	<b>(13,192)</b>	<b>780</b>

The notes on pages 14 to 21 form part of the group financial statements.

**Bright Things Plc**

**Consolidated statement of changes in equity for the period ended 30 September 2008**

	Called up 1p share capital £'000	Deferred 9p share capital £'000	Share premium £'000	Merger reserve £'000	Warrant reserve £'000	Share based payment reserve £'000	Retained deficit £'000	Total £'000
<b>At 1 April 2008</b>	<b>618</b>	<b>2,741</b>	<b>10,170</b>	<b>(136)</b>	<b>267</b>	<b>312</b>	<b>(13,192)</b>	<b>780</b>
Loss for the period	-	-	-	-	-	-	(617)	(617)
<b>Total recognised income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(617)</b>	<b>(617)</b>
Share based payment charge	-	-	-	-	-	21	-	21
Share based payment charge reversed 30 July upon issue of shares	-	-	-	-	-	53	-	53
Issue of shares – to vendors of CommonWorld Ltd	31	-	-	-	-	(93)	9	(53)
<b>At 30 September 2008</b>	<b>649</b>	<b>2,741</b>	<b>10,170</b>	<b>(136)</b>	<b>267</b>	<b>293</b>	<b>(13,800)</b>	<b>184</b>

The notes on pages 14 to 21 form part of the group financial statements.

**Bright Things Plc**

**Consolidated balance sheet at 30 September 2008**

	Note	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) £'000	31 March 2008 (audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		6	22	9
Intangible assets	4	414	54	414
<b>Total non-current assets</b>		<b>420</b>	76	423
<b>Current assets</b>				
Inventories		-	10	-
Trade and other receivables		22	137	27
Tax asset		34	14	37
Cash and cash equivalents		73	336	601
<b>Total current assets</b>		<b>129</b>	497	665
<b>Total assets</b>		<b>549</b>	573	1,088
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(180)	(120)	(118)
Tax liabilities		(9)	(8)	(8)
Accruals and deferred income		(176)	(209)	(182)
<b>Total liabilities</b>		<b>(365)</b>	(337)	(308)
<b>Total net assets</b>		<b>184</b>	236	780
<b>Capital and reserves attributable to equity shareholders</b>				
Called up share capital – 1p ordinary	5	649	-	618
Called up share capital – 9p ordinary	5	2,741	-	2,741
Called up share capital – 10p ordinary	5	-	3,045	-
Share premium		10,170	9,589	10,170
Warrant reserve		267	267	267
Merger reserve		(136)	(286)	(136)
Share based payment reserve		293	246	312
Retained deficit		(13,800)	(12,625)	(13,192)
<b>Total Equity</b>		<b>184</b>	236	780

The interim unaudited balance sheet was approved and authorised for issue by the Board of Directors on 18 December 2008. Edward Levey, Director

**Bright Things Plc****Consolidated cash flow statement for the six month period ended 30 September 2008**

	<b>6 months ended 30 September 2008 (unaudited) £'000</b>	<b>6 months ended 30 September 2007 (unaudited) (as restated) £'000</b>	<b>12 months ended 31 March 2008 (audited) (as restated) £'000</b>
<b>Cash flows from operating activities</b>			
Loss before tax	(617)	(417)	(984)
Share based payments	21	26	92
Depreciation on property plant and equipment	6	18	33
Amortisation of intangible assets	-	35	70
Goodwill and IP impairment	-	-	19
Finance income	(7)	-	(27)
	<u>(597)</u>	<u>(338)</u>	<u>(797)</u>
<b>Cash used in operating activities before changes in working capital and provisions</b>			
Decrease in trade and other receivables	8	30	120
(Increase)/decrease in inventory	-	(3)	7
Increase/(Decrease) in trade and other payables and accruals and deferred income	57	(215)	(248)
	<u>(532)</u>	<u>(526)</u>	<u>(918)</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(3)	(3)	(3)
Sale of property, plant and equipment	-	1	-
Purchase of intangible fixed assets	-	-	(189)
Finance income	7	-	27
	<u>4</u>	<u>(2)</u>	<u>(165)</u>
<b>Net cash from/(used) in investing activities</b>			
<b>Financing activities</b>			
Proceeds from issue of new share capital	-	-	955
Costs of issue of new share capital	-	-	(135)
	<u>-</u>	<u>-</u>	<u>820</u>
<b>Net cash from financing activities</b>			
<b>Net decrease in cash and cash equivalents</b>	<b>(528)</b>	<b>(528)</b>	<b>(263)</b>
<b>Cash and cash equivalents at start of period</b>	<b>601</b>	<b>864</b>	<b>864</b>
<b>Cash and cash equivalents at end of period</b>	<b>73</b>	<b>336</b>	<b>601</b>

**1 Accounting Policies**

*Principal accounting policies*

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

*Basis of preparation*

These interim financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union ('IFRS').

The accounting policies applied are consistent with those described in the Annual Report and Financial Statements for the year ended 31 March 2008, and with the policies expected to be applied to the Group's full year financial statements for the year ending 31 March 2009.

The financial information for the six months ended 30 September 2008 and the six months ended 30 September 2007 are unreviewed and unaudited, within the meaning of section 240 of the Companies Act 1985, such accounts do not constitute full statutory accounts of the Group.

The comparative figures for the financial year ended 31 March 2008 have been extracted from the statutory financial statements of Bright Things Plc for that financial year on which the report of the auditors was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985. However the auditors' report on those accounts included an emphasis of matter paragraph with regards to the going concern basis of preparation of the financial statements. Their opinion was not qualified in this respect.

*Significant accounting judgements and estimates*

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These judgements and estimates are based on managements' best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements.

**2 Segmental information**

The Group operates in the following main business segments: Bubble hardware and software; ASIC chips; Interactive DVD software; Sales of component parts from stock; ASIC sales development kit and SocialGO.

The Group's primary reporting format is business segments. All amounts relate to continuing activities.

**Bright Things Plc**

Notes forming part of the financial statements for the period ended 30 September 2008 *(Continued)*

**2 Segmental information** *(Continued)*

**Period ended 30 September 2008**

	<b>Business Segments</b>								
	<b>Bubble hardware and software £'000</b>	<b>ASIC chips £'000</b>	<b>i-DVD software £'000</b>	<b>Sale of component stock £'000</b>	<b>ASIC sales development kit £'000</b>	<b>SocialGO £'000</b>	<b>Not allocated £'000</b>	<b>Total £'000</b>	
<b>Total segment revenue</b>	-	-	2	-	-	-	-	2	
Cost of sales	-	-	(1)	(2)	-	-	-	(3)	
<b>Gross profit</b>	-	-	1	(2)	-	-	-	(1)	
Research and development costs	-	-	-	-	-	(326)	-	(326)	
Administrative expenses - other	-	-	-	-	-	(270)	(27)	(297)	
Administrative expenses - impairment of intangible assets	-	-	-	-	-	-	-	-	
<b>Administrative expenses</b>	-	-	-	-	-	(596)	(27)	(623)	
<b>Profit / (Loss) from operations</b>	-	-	1	(2)	-	(596)	(27)	(624)	
Finance income	-	-	-	-	-	-	7	7	
<b>Profit / (Loss) before and after tax for the period</b>	-	-	1	(2)	-	(596)	(20)	(617)	

**Bright Things Plc**

Notes forming part of the financial statements for the period ended 30 September 2008 *(Continued)*

**2 Segmental information** *(Continued)*

**Period ended 30 September 2007**

	<b>Business Segments</b>							<b>Total</b>
	<b>Bubble hardware and software £'000</b>	<b>ASIC chips £'000</b>	<b>i-DVD software £'000</b>	<b>Sale of component stock £'000</b>	<b>ASIC sales development kit £'000</b>	<b>SocialGO £'000</b>	<b>Not allocated £'000</b>	<b>£'000</b>
<b>Total segment revenue</b>	-	62	5	13	16	-	-	96
Cost of sales	-	-	2	(1)	-	-	-	1
<b>Gross profit</b>	-	62	7	12	16	-	-	97
Research and development costs	35	(18)	(97)	-	-	-	(2)	(82)
Administrative expenses - other	-	(77)	(20)	-	-	-	(351)	(448)
Administrative expenses - impairment of intangible assets	-	-	-	-	-	-	-	-
<b>Administrative expenses</b>	35	(95)	(117)	-	-	-	(353)	(530)
<b>Profit / (Loss) from operations</b>	35	(33)	(110)	12	16	-	(353)	(433)
Finance income	-	-	-	-	-	-	16	16
<b>Profit / (Loss) before and after tax for the period</b>	35	(33)	(110)	12	16	-	(337)	(417)

**Bright Things Plc**

Notes forming part of the financial statements for the period ended 30 September 2008 *(Continued)*

**2 Segmental information** *(Continued)*

**Year ended 31 March 2008**

	<b>Business Segments</b>							<b>Total</b>
	<b>Bubble hardware and software £'000</b>	<b>ASIC chips £'000</b>	<b>i-DVD software £'000</b>	<b>Sale of component stock £'000</b>	<b>ASIC sales development kit £'000</b>	<b>SocialGO £'000</b>	<b>Not allocated £'000</b>	<b>£'000</b>
<b>Total segment revenue</b>	-	139	87	14	17	-	-	257
Cost of sales	2	(76)	(20)	-	-	-	-	(94)
<b>Gross profit</b>	<b>2</b>	<b>63</b>	<b>67</b>	<b>14</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>163</b>
Research and development costs	30	(15)	(154)	-	-	(209)	(2)	(350)
Administrative expenses - other	(70)	(33)	(90)	-	-	(123)	(489)	(805)
Administrative expenses - impairment of intangible assets	(19)	-	-	-	-	-	-	(19)
<b>Administrative expenses</b>	<b>(59)</b>	<b>(48)</b>	<b>(244)</b>	<b>-</b>	<b>-</b>	<b>(332)</b>	<b>(491)</b>	<b>(1,174)</b>
<b>Profit / (Loss) from operations</b>	<b>(57)</b>	<b>15</b>	<b>(177)</b>	<b>14</b>	<b>17</b>	<b>(332)</b>	<b>(491)</b>	<b>(1,011)</b>
Finance income	-	-	-	-	-	-	27	27
<b>Profit / (Loss) before and after tax for the period</b>	<b>(57)</b>	<b>15</b>	<b>(177)</b>	<b>14</b>	<b>17</b>	<b>(332)</b>	<b>(464)</b>	<b>(984)</b>

## Bright Things Plc

### Notes forming part of the financial statements for the period ended 30 September 2008 (Continued)

#### 2 Segmental information (Continued)

All recognised assets of the Group relate to SocialGO.

The Group's secondary reporting format for reporting segment information is geographic segments by location of customer.

##### Revenue

	6 months ended 30 September 2008 (unaudited)	6 months ended 30 September 2007 (unaudited)	12 months to 31 March 2008 (audited)
Italy	-	9	-
Portugal	-	-	16
Russia	-	9	-
United Kingdom	(10)	(16)	33
United States of America	12	91	219
Other	-	3	(11)
	<hr/>	<hr/>	<hr/>
Revenue	2	96	257
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All the Group's assets are UK based.

#### 3 Loss per share

Loss per share has been calculated using the following:

	6 months ended 30 September 2008 (unaudited)	6 months ended 30 September 2007 (unaudited) (as restated)	12 months to 31 March 2008 (audited) (as restated)
Loss after taxation for the period (£'000)	617	417	984
Weighted average number of shares (‘000s)	62,872	30,450	38,680
	<hr/>	<hr/>	<hr/>
Basic and diluted loss per share	1.0p	1.4p	2.5p
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**3 Loss per share (Continued)**

Loss per ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue, is 62,872,387 (2007 H1 – 30,450,078) and the earnings, being loss after tax is £617,000 (2007 H1 – £417,000 loss). There are no potentially dilutive shares in issue. Share options totalling 3,593,105 (2007 H1 – 2,393,105) have not been included in the calculation of diluted loss per share because they are anti-dilutive for the periods presented.

During the period ended 30 September 2008, following completion of the first version of the SocialGO product on 31 July 2008, 3,091,250 new Ordinary Shares were issued to the vendors of CommonWorld Ltd. In addition, if the net proceeds of sales of the Social Network Maker product in the period of two years following the commercial launch exceed £2,000,000, the Company will issue to the vendors of CommonWorld a further 3,091,250 new Ordinary Shares.

On 23 October 2008 the Company raised £784,500 from the issue of 62,760,000 new Ordinary 1p shares. There have been no other share issues since the balance sheet date that would significantly alter the basic and diluted EPS calculations if those transactions had occurred before the year end.

The company has outstanding issued warrants to subscribe for 31,380,000 1p ordinary shares at 5p per share, 540,541 1p ordinary shares at £1.50 per share and 250,000 1p ordinary shares at £2.50 per share. These outstanding warrants are considered to be anti-dilutive.

**4 Intangible assets**

On 27 December 2007 the Group acquired 100% of the voting equity instruments of CommonWorld Limited, a company whose sole activity was the development of intellectual property supporting a social networking platform (“SocialGO”).

On the grounds that the SocialGO IP was the only asset within CommonWorld on acquisition, this transaction has been deemed to be a purchase of an asset rather than a business combination. On this basis, the acquisition of the SocialGO IP has been recorded at cost.

Details of the fair value of purchase consideration is as follows:

	<b>Fair value £'000</b>
<b>Consideration paid</b>	
Cash paid to developers between July and December 2007	<b>189</b>
7,500,000 ordinary shares issued 27 December 2007 at market value of 3p per share	<b>225</b>
	<hr/>
Intellectual property	<b>414</b>
	<hr/> <hr/>

The fair value of the shares issued was determined by reference to the market price of 3p on the date of issue, 27 December 2007.

**5 Share capital**

At the EGM on 24 December 2007 it was resolved that the 10p Ordinary Shares be sub-divided into one new Ordinary Share of 1p and one Deferred Share of 9p. The Deferred Shares hold no rights to voting or dividends and so the equity value of the Company and Group is entirely attributable to the new Ordinary Shares. It was also resolved to sub-divide each of the authorised, but unissued Ordinary Shares into 10 new Ordinary Shares of 1p. In due course, it is intended that the Deferred Shares will be cancelled as part of a capital reconstruction.

In the analysis below, the 30 September 2007 comparative figures are restated to show the effects of the subdivision of the 10p Ordinary shares in to 1p Ordinary shares and 9p Deferred shares.

On 30 July 2008, following the completion of the development and developer testing of SocialGO by 31 July 2008, the Company issued the vendors of CommonWorld Limited, a further 3,091,250 new 1p Ordinary Shares.

After the balance sheet date, on 23 October 2008 the Company raised £784,500 from the issue of 62,760,000 new Ordinary 1p shares at 1.25p per share.

**Ordinary shares of 1p each**

	<b>30 September 2008</b>	<b>Authorised 30 September 2007 (restated)</b>	<b>31 March 2008</b>
Ordinary shares of 1p each ('000s) (2007 – 10p each)	500,000	500,000	500,000
Ordinary shares of 1p each (£'000) (2007 – 10p each)	5,000	5,000	5,000
		<b>Allotted, called up and fully paid</b>	
	<b>30 September 2008</b>	<b>30 September 2007 (restated)</b>	<b>31 March 2008</b>
Ordinary shares of 1p each ('000s) (2007 – 10p each)	64,916	30,450	61,825
Ordinary shares of 1p each (£'000) (2007 – 10p each)	649	304	618

**Bright Things Plc**

**Notes forming part of the financial statements for the period ended 30 September 2008 (Continued)**

**5 Share capital (Continued)**

**Deferred shares of 9p each**

	<b>30 September 2008</b>	<b>Authorised 30 September 2007 (restated)</b>	<b>31 March 2008</b>
Deferred shares of 9p each ('000s)	274,051	274,051	274,051
Deferred shares of 9p each (£'000)	2,741	2,741	2,741
		<b>Allotted, called up and fully paid</b>	
	<b>30 September 2008</b>	<b>30 September 2007 (restated)</b>	<b>31 March 2008</b>
Deferred shares of 9p each ('000s)	274,051	274,051	274,051
Deferred shares of 9p each (£'000)	2,741	2,741	2,741

The movement in share capital was as follows:

	<b>Ordinary shares of 1p each Number</b>	<b>£'000</b>
In issue at 30 September 2007 (restated)	30,450,078	304
1p Ordinary Shares issued for 4p each – 24 December 2007	23,875,000	239
1p Ordinary Shares issued for 3p each – 27 December 2007	7,500,000	75
In issue at 31 March 2008	61,825,078	618
1p Ordinary Shares issued for 1p each – 30 July 2008	3,091,250	31
In issue at 30 September 2008	64,916,328	649

At 30 September 2008, options were outstanding over 3,593,105 shares, (2007 H1 – 2,393,105), including options held by directors. The 1,200,000 increase refers to share options exercisable at 4p per Ordinary Share. These were granted 2 May 2008. 825,000 of these options were granted to directors.