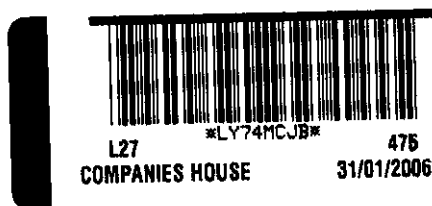


Company Registration No. 2859150 (England and Wales)

XENOS PICTURES LIMITED

DIRECTOR'S REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005



XENOS PICTURES LIMITED

COMPANY INFORMATION

Director	N Marsh-Edwards
Secretary	R Bailey
Company number	2859150
Registered office	8 Blackstock Mews Islington London N4 2BT
Accountants	Barcant Beardon LLP Chartered Accountants 8 Blackstock Mews Islington London N4 2BT
Bankers	Barclays Bank plc Soho Square Business Centre 27 Soho Square London W1A 4WA

XENOS PICTURES LIMITED

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XENOS PICTURES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2005

The director presents her report and financial statements for the year ended 31 March 2005.

Principal activities

The principal activity of the company is that of the development, production and distribution of films and television programmes.

Director

The following director has held office since 1 April 2004:

N Marsh-Edwards


Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary Shares of £ 1 each	
	31 March 2005	1 April 2004
N Marsh-Edwards	2	2

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

On behalf of the board



.....
N Marsh-Edwards

Director

Date:

10/1/2006

XENOS PICTURES LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF XENOS PICTURES LIMITED

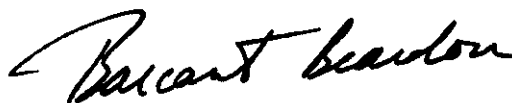
In accordance with the engagement letter dated 20 July 2005, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Xenos Pictures Limited for the year ended 31 March 2005, set out on pages 3 to 9 from the accounting records and information and explanations you have given to us.

This report is made to the company's board of directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so, and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the year ended 31 March 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



BARCANT BEARDON LLP
Chartered Accountants

8 Blackstock Mews
Islington
London
N4 2BT

26 January 2006

XENOS PICTURES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover		4,000	1,000
Cost of sales		(257)	(370)
Gross profit		3,743	630
Administrative expenses		(3,430)	(3,163)
Operating profit/(loss)	2	313	(2,533)
Other interest receivable and similar income	3	174	74
Profit/(loss) on ordinary activities before taxation		487	(2,459)
Tax on profit/(loss) on ordinary activities	4	-	-
Profit/(loss) on ordinary activities after taxation	10	487	(2,459)

XENOS PICTURES LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Intangible assets	5	43,786		43,786	
Tangible assets	6	1,505		883	
			<u>45,291</u>		<u>44,669</u>
Current assets					
Cash at bank and in hand		15,577		15,395	
Creditors: amounts falling due within one year	7	<u>(19,550)</u>		<u>(19,232)</u>	
Net current liabilities			<u>(3,973)</u>		<u>(3,837)</u>
Total assets less current liabilities			41,318		40,832
Creditors: amounts falling due after more than one year	8		<u>(57,685)</u>		<u>(57,685)</u>
			<u>(16,367)</u>		<u>(16,853)</u>
Capital and reserves					
Called up share capital	9	2		2	
Profit and loss account	10	(16,369)		(16,855)	
Shareholders' funds			<u>(16,367)</u>		<u>(16,853)</u>

XENOS PICTURES LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2005

In preparing these financial statements:

- (a) The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The director acknowledges her responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on10/11/2006.....



.....
N Marsh-Edwards
Director

XENOS PICTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

1.3 Project development costs

The direct preliminary costs of developing specific projects, which are financed by Project Development Loans, are capitalised. These costs are amortised over the production phase of the project when the loans become repayable, or they are written off when the loans are written off under the terms of the loan agreements, as described in Note 9.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment 25% per annum on reducing balance

2 Operating profit/(loss)	2005	2004
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	501	294
	<u> </u>	<u> </u>
3 Investment income	2005	2004
	£	£
Bank interest	174	74
	<u> </u>	<u> </u>
4 Taxation		
Current tax charge	-	-
	<u> </u>	<u> </u>

The company has losses available for carry forward against future trading profits.

XENOS PICTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

5 Intangible fixed assets

	Project Development Costs £
Cost	
At 1 April 2004 & at 31 March 2005	43,786
Net book value	
At 31 March 2005	43,786
At 31 March 2004	43,786

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2004	4,639
Additions	1,123
At 31 March 2005	5,762
Depreciation	
At 1 April 2004	3,756
Charge for the year	501
At 31 March 2005	4,257
Net book value	
At 31 March 2005	1,505
At 31 March 2004	883

7 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	94	272
Taxation and social security	936	842
Other creditors	18,520	18,118
	19,550	19,232

XENOS PICTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

8	Creditors: amounts falling due after more than one year	2005 £	2004 £
	Project Development Loans	57,685	57,685

The specific Project Development Loans are non interest bearing and are repayable in the event of commencement of a production based on the Development Works or on disposal of the company's rights in the Development Works. The loans as follows are secured by a fixed charge on the copyright and all other rights connected with the Development Works of the specific projects.

	2005 £	2004 £
The Black Writing Initiative - British Screen Finance Ltd	29,935	29,935
- Polar Productions Ltd	14,750	14,750
Party - British Screen Finance Ltd	8,500	8,500
Penge - British Screen Finance Ltd	4,500	4,500
	57,685	57,685

9	Share capital	2005 £	2004 £
	Authorised		
	1,000 Ordinary Shares of £1 each	1,000	1,000
	Allotted, called up and fully paid		
	2 Ordinary Shares of £1 each	2	2

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2004	(16,856)
Retained profit for the year	487
Balance at 31 March 2005	(16,369)

11 Control

Throughout the year the company was controlled by the Director, Ms N Marsh-Edwards

XENOS PICTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) ***FOR THE YEAR ENDED 31 MARCH 2005***

12 Related party transactions

The company is related to Xenos Pictures (Hijack) Ltd which is controlled by Ms N.Marsh Edwards. During the year the company received income amounting to £4,000 (2004 -£1,000) for management and production services for a film produced by Xenos Pictures (Hijack) Ltd.