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REGISTRAR'S COPY

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD
25 NOVEMBER 1998 TO 31 MARCH 2000
FOR
LIQUID LIGHT DIGITAL LTD**



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COMPANIES HOUSE 22/12/00

COMPANY INFORMATION
for the Period 25 November 1998 to 31 March 2000

DIRECTORS: R L DAY
F F L TAYLOR

SECRETARY: F F L TAYLOR

REGISTERED OFFICE: CIPPENHAM COURT
CIPPENHAM LANE
SLOUGH
BERKSHIRE
SL1 5AT

REGISTERED NUMBER: 03674252

ACCOUNTANTS: OURY CLARK CHARTERED ACCOUNTANTS
CIPPENHAM COURT
CIPPENHAM LANE
SLOUGH
BERKSHIRE
SL1 5AT

LIQUID LIGHT DIGITAL LTD

REPORT OF THE DIRECTORS for the Period 25 November 1998 to 31 March 2000

The directors present their report with the financial statements of the company for the period 25 November 1998 to 31 March 2000.

INCORPORATION

The company was incorporated on 25 November 1998 and commenced trading on 20 January 1999. The company passed a special resolution on 21 January 1999 changing its name from Leeswell Limited to LIQUID LIGHT DIGITAL LTD.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of new media, design and technology.

DIRECTORS

The directors during the period under review were:

R L DAY

F F L TAYLOR

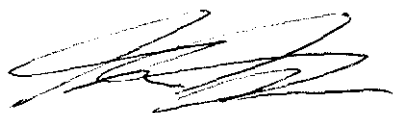
The beneficial interests of the directors holding office on 31 March 2000 in the issued share capital of the company were as follows:

	31.3.00	at date of appointment
Ordinary £1 shares		
R L DAY	1	-
F F L TAYLOR	-	-

Both the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

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:



F F L TAYLOR - DIRECTOR



Dated: 19 December 2000

LIQUID LIGHT DIGITAL LTD**PROFIT AND LOSS ACCOUNT**
for the Period 25 November 1998 to 31 March 2000

	Notes	£
TURNOVER		287,422
Cost of sales		<u>48,236</u>
GROSS PROFIT		239,186
Administrative expenses		<u>125,790</u>
		113,396
Other operating income		<u>2,581</u>
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	115,977
Tax on profit on ordinary activities	3	<u>23,653</u>
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		92,324
Dividends	4	<u>84,000</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£8,324</u></u>

The notes form part of these financial statements

BALANCE SHEET
31 March 2000

	Notes	£	£
FIXED ASSETS:			
Tangible assets	5		6,127
CURRENT ASSETS:			
Debtors	6	56,158	
Cash at bank and in hand		<u>68,307</u>	
		124,465	
CREDITORS: Amounts falling due within one year	7	<u>122,267</u>	
NET CURRENT ASSETS:			<u>2,198</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£8,325</u>
CAPITAL AND RESERVES:			
Called up share capital	8		1
Profit and loss account			<u>8,324</u>
SHAREHOLDERS' FUNDS:			<u>£8,325</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ended 31 March 2000.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, 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 March 2000).

ON BEHALF OF THE BOARD:


F F L TAYLOR - DIRECTOR



Approved by the Board on 19 December 2000

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Period 25 November 1998 to 31 March 2000

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 50% on cost

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. OPERATING PROFIT

The operating profit is stated after charging:

Depreciation - owned assets	£ <u>6,129</u>
Directors' emoluments and other benefits etc	<u>25,872</u>

3. TAXATION

The tax charge on the profit on ordinary activities for the period was as follows:

UK corporation tax	£ <u>23,653</u>
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UK corporation tax has been charged at 20%.

4. DIVIDENDS

Final Dividend	£ <u>84,000</u>
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NOTES TO THE FINANCIAL STATEMENTS
for the Period 25 November 1998 to 31 March 2000

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc
	£
COST:	
Additions	<u>12,256</u>
At 31 March 2000	<u>12,256</u>
DEPRECIATION:	
Charge for period	<u>6,129</u>
At 31 March 2000	<u>6,129</u>
NET BOOK VALUE:	
At 31 March 2000	<u><u>6,127</u></u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	53,242
Other Debtors	<u>2,916</u>
	<u><u>56,158</u></u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Accruals & deferred Income	38,982
Other creditors	45,419
Directors' current accounts	4,627
Social security & other taxes	9,586
Taxation	<u>23,653</u>
	<u><u>122,267</u></u>

8. CALLED UP SHARE CAPITAL

Authorised:			
Number:	Class:	Nominal value:	£
100	Ordinary	£1	<u><u>100</u></u>
Allotted and issued:			
Number:	Class:	Nominal value:	£
1	Share capital 1	£1	<u><u>1</u></u>