

SOFTCARD SOLUTIONS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2003



REGISTRATION NO: 3678919 (England and Wales)

SOFTCARD SOLUTIONS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2003

Company Number: 3678919

Registered Office: 299 Northborough Road
Norbury
London SW16 4TR

Directors: Philip Myers Esq.
Noel Stephens Esq.
Thian Yee Chua Esq. (resigned 1/7/02)
Philippe Julien (appointed 1/2/03)

Secretary: Philip Myers Esq.

Bankers: Barclays Bank Plc
Piccadilly Corporate Banking Centre
Pall Mall Corporate Group
50 Pall Mall
London SW1 1QA

Solicitors: Denton Wilde Sapte Solicitors
One Fleet Place
London EC4M 7WS

Auditors: Leroy Reid & Co
Chartered Certified Accountants & Registered Auditors
299 Northborough Road
Norbury
London SW16 4TR

SOFTCARD SOLUTIONS LIMITED
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YEAR ENDED 31ST DECEMBER 2003

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**REPORT OF THE DIRECTORS TO THE MEMBERS
OF
SOFTCARD SOLUTIONS LIMITED**

The directors present their report and the accounts for the year ended 31st December 2003

Principal activities and review of business

The principal activity of the company is that of software development and related implementation consultancy.

The company continues to seek trading and technological advances.

During the year 2003, the company did not receive any contract.

Details of the company's results for the year are shown on page 6 of the accounts.

Research and development and future developments

The directors considered that there is a huge potential users for Multos and other Multi Application smartcard systems. However significant investment is required to fully develop the Smart Card market. Therefore the company is seeking to increase the sales of its Smart Card products.

The company controls 100% of SCS Applications Limited's ordinary share as of 1st March 2003 to develop potential sales in the United States of its smart card products.

Dividends

The directors do not recommend the payment of a dividend.

Amortisation of Intangible assets

The reason for the write down is that all software was originally written using Microsoft Com technology unfortunately for the company the market now demand technology written in JAVA or .net technologies.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary 'A' Shares of 0.01p each	Ordinary 'B' Shares of 0.01p each
Noel Stephens Esq.	401,000	8,000
Philip Myers Esq.	-	150,000

The directors are also the directors of the SCS Applications Limited and their interest in the share capital of that company are disclosed in its financial statements.

Mr. Thian Yee Chua represents Gemplus on the board of directors of Softcard Solutions Limited who own 243,000 Ordinary "B" Shares of 0.01p each.

**REPORT OF THE DIRECTORS TO THE MEMBERS
OF
SOFTCARD SOLUTIONS LIMITED**

Directors share options

The following share options have been granted to directors:

Unauthorised share option scheme

31st December 2003

Ordinary 'C' Shares of 0.01p each

Phillip Myers Esq.	14,000
Noel Stephens	45,500

None of the Directors options disclosed above lapsed or were exercised during the period.

At 31st December 2003

Name	Date of Option	No of Shares	Option Price	Performance related conditions of exercise
Philip Myers Esq.	31.12.99	14,000	£1	None
Noel Stephens Esq.	31.12.99	45,500	£1	None

Events since the end of the year

The company has continued to seek projects to implement their smart card technology and to seek funding for future developments.

Creditors Payment Policy

It is the company's policy to maintain good relationships with its suppliers. Suppliers are made aware of the terms of payment, which are agreed with them in advance and these terms are adhered to. The number of days' purchases included in trade creditors at 31st December 2003 was 11.

Directors' Responsibilities for the financial statements

The law requires us as directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing the financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently throughout the year
2. make judgements and estimates that are reasonable and prudent
3. state whether applicable accounting standards have been followed, subject to any material departures that should be disclosed and explained in the financial statements
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**REPORT OF THE DIRECTORS TO THE MEMBERS
OF
SOFTCARD SOLUTIONS LIMITED**

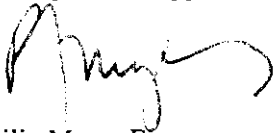
Directors' Responsibilities for the financial statements (Continued)

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities should they exist.

Auditors

The auditors Leroy Reid & Co, will be proposed for reappointment in accordance with S385 of the Companies Act 1985.

This report was approved by the board on 26 February 2004 and signed on its behalf.



Philip Myers Esq.
Director

SOFTCARD SOLUTIONS LIMITED
Auditors' Report to the Shareholders of Softcard Solutions Limited.

We have audited the financial statements of Softcard Solutions Limited for the year ended 31 December 2003 on pages 6 to 12. These financial statements have been prepared under the historical cost convention as modified by the revaluation of leasehold property and the accounting policies set out on page 7.

Respective responsibilities of director and auditors

As described in the Statement of directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the **Companies Act 1985**. We also report to you if, in our opinion, the directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts disclosed in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SOFTCARD SOLUTIONS LIMITED
Auditors' Report to the Shareholders of Softcard Solutions Limited.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the **Companies Act 1985**.

A handwritten signature in dark ink, appearing to read 'Leroy Reid', with a stylized flourish at the end.

LEROY REID & CO.

CHARTERED CERTIFIED ACCOUNTANTS & REGISTERED AUDITORS

299 Northborough Road

Norbury

London SW16 4TR

26th February 2004

SOFTCARD SOLUTIONS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2003

	NOTES	<u>2003</u>	<u>2002</u>
Turnover	2	-	8,630
Administrative Expenses		<u>(9,451)</u>	<u>(59,408)</u>
Loss on ordinary activities before interest	3	(9,451)	(50,778)
Other interest receivable and similar income	4	<u>2,281</u>	<u>2,630</u>
Loss on ordinary activities before taxation		(7,170)	(48,148)
Tax on profit on ordinary activities	5	=	=
Loss on ordinary activities after taxation		(7,170)	(48,148)
Retained Loss Brought forward		<u>(1,263,965)</u>	<u>(1,215,817)</u>
Retained Loss Carried forward		<u>(£1,271,135)</u>	<u>(£1,263,965)</u>

The profit / (loss) for the year represents the total recognised gains / (losses) for the period.

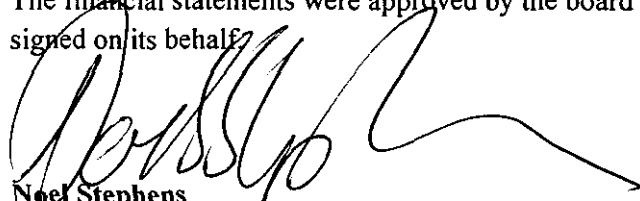
None of the company's activities were acquired or discontinued during the year.

The accompanying notes form an integral part of the financial statements.

SOFTCARD SOLUTIONS LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2003

	NOTES	<u>2003</u>	<u>2002</u>
Fixed Assets			
Intangible assets	7	2	2
Investments	8	<u>100</u>	<u>100</u>
		<u>102</u>	<u>102</u>
Current Assets			
Debtors	9	691	562
Cash at bank and in hand		<u>100,007</u>	<u>108,289</u>
		100,698	108,851
Creditors: Amounts falling due within one year	10	<u>(58,935)</u>	<u>(59,918)</u>
Net current assets		<u>41,763</u>	<u>48,933</u>
Total assets less current liabilities		<u>£41,865</u>	<u>£49,035</u>
Capital and Reserves			
Called up Share Capital	11	11,500	11,500
Share Premium Account	12	1,301,500	1,301,500
Profit and Loss Account		<u>(1,271,135)</u>	<u>(1,263,965)</u>
Shareholders' funds - all equity	13	<u>£41,865</u>	<u>£49,035</u>

The financial statements were approved by the board of directors on 26 February 2004 and signed on its behalf:


Noel Stephens
 Director

The accompanying notes form an integral part of the accounts.

SOFTCARD SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies of the company are set out below .

The company and its subsidiary undertaking comprise a small group. The company has taken advantage of the exemption provided by s.248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided as principal excluding value added tax and trade discounts.

1.3 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.4 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.5 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

SOFTCARD SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

2. Turnover

The whole of the turnover and profit before taxation from continuing activities is attributable to consultancy and software sales.

	<u>2003</u>	<u>2002</u>
UK	=	8,450
	=	<u>£8,450</u>

3. Operating loss

The operating loss is stated after charging:	<u>2003</u>	<u>2002</u>
Operating lease rentals		
- Land and Buildings	2,403	2,086
Auditors Remuneration		
- for audit services	360	360
- for other services	80	105

4. Other Interest Receivable and Similar Income

	<u>2003</u>	<u>2002</u>
Bank interest receivable	<u>£2,281</u>	<u>£2,630</u>

5. Taxation

	<u>2003</u>	<u>2002</u>
Corporation Tax @ (2003 - 20%)	=	=

6. Staff Costs

Staff costs, including directors remuneration, were as follows:

	<u>2003</u>	<u>2002</u>
Wages and Salaries	-	15,138
Social Security costs	=	<u>1,711</u>
	=	<u>£16,849</u>

SOFTCARD SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

6. Staff Costs (Continue)

The average number of employees, including directors during the year was as follows:

	<u>2003</u>	<u>2002</u>
Office and Administration	1	1
Development and Consultancy	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

7. Intangible fixed assets

	Patents	Development Costs	Total
Cost			
At 1st January 2003	9,854	116,153	126,007
Additions	=	=	=
	<u>9,854</u>	<u>116,153</u>	<u>126,007</u>
Amortisation			
At 1st January 2003	9,853	116,152	126,005
Charge for the Year	=	=	=
	<u>9,853</u>	<u>116,152</u>	<u>126,005</u>
Net Book Values			
At 31st December 2003	<u>£1</u>	<u>£1</u>	<u>£2</u>
At 31st December 2002	<u>£1</u>	<u>£1</u>	<u>£2</u>

The Research and development have been capitalised in accordance with the provision of SSAP 13.

SOFTCARD SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

8. Investment	<u>2003</u>	<u>2002</u>
Shares in group undertakings	<u>£100</u>	<u>100</u>

The company holds 100% of the ordinary shares of SCS Applications Limited, a company which operates in the same business. The aggregate amount of share capital and reserves of SCS applications Limited as at 31 December 2003 was £(566) and the loss for the year ended on that date was £235.

9. Debtors	<u>2003</u>	<u>2002</u>
Trade Debtors	-	-
Amounts owed by group undertaking	390	170
HM Custom & Excise	113	213
Other Debtors	<u>188</u>	<u>179</u>
	<u>£691</u>	<u>£562</u>

10. Creditors: Amounts Falling due Within One Year	<u>2003</u>	<u>2002</u>
Bank loans and overdrafts	3,300	-
Trade Creditors	108	1,828
Directors Loan account	80	80
Accruals and deferred income	<u>55,447</u>	<u>58,010</u>
	<u>£58,935</u>	<u>£59,918</u>

11. Share Capital	<u>2003</u>	<u>2002</u>
Authorised		
700,000 Ordinary 'A' Shares of 0.01p each	7,000	7,000
1,000,000 Ordinary 'B' Shares of 0.01p each	10,000	10,000
300,000 Ordinary 'C' Shares of 0.01p each	<u>3,000</u>	<u>3,000</u>
	<u>£20,000</u>	<u>£20,000</u>
Allotted, called up and fully paid		
600,000 'A' Ordinary Shares of 0.01p each	6,000	6,000
534,000 'B' Ordinary Shares of 0.01p each	5,340	5,340
16,000 'C' Ordinary Shares of 0.01p each	<u>160</u>	<u>160</u>
	<u>£11,500</u>	<u>£11,500</u>

12. Share Premium Account	<u>2003</u>	<u>2002</u>
Balance at 1st January 2003	1,301,500	1,301,500
Arising on shares issued during the year	=	=
Balance at 31st December 2003	<u>£1,301,500</u>	<u>£1,301,500</u>

SOFTCARD SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

13. Reconciliation of shareholders funds	<u>2003</u>	<u>2002</u>
New Share Capital subscribed	-	-
Other recognised gains and losses	-	-
Loss for the Period	<u>(7,170)</u>	<u>(48,148)</u>
Net Addition to shareholders funds'	(7,170)	(48,148)
Opening shareholders' funds	<u>49,035</u>	<u>97,183</u>
Closing shareholders' funds	<u>£41,865</u>	<u>£49,035</u>

14. Post Balance Sheet Events

The company has continued to seek projects to implement their smart card developments and to seek funding for future developments.