

Registration number 3924279

CONNECT INTERACTIVE SERVICES LIMITED

Directors' report and financial statements

for the year ended 28 February 2003



CONNECT INTERACTIVE SERVICES LIMITED

Company information (As at 19 November 2003)

Directors	David Street Jason Cremins Peter Baldock Darren Cremins
Secretary	Peter Baldock
Company number	3924279
Registered office	The New Granary Station Road Newport Saffron Walden Essex CB11 3PL
Accountants	Pinfold & Digby 5 Rendlesham Mews Rendlesham Woodbridge Suffolk IP12 2SZ

CONNECT INTERACTIVE SERVICES LIMITED

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CONNECT INTERACTIVE SERVICES LIMITED

Directors' report for the year ended 28 February 2003

The directors present their report and the financial statements for the year ended 28 February 2003.

Principal activity

The principal activity of the company is the development, selling and installation of remote media networks.

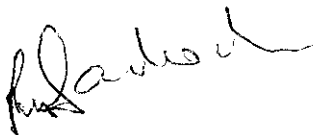
Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	28/02/03	01/03/02
David Street	1	1
Jason Cremins	1	1

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

This report was approved by the Board on 19 November 2003 and signed on its behalf by



Peter Baldock
Secretary

CONNECT INTERACTIVE SERVICES LIMITED

Accountants' report on the unaudited financial statements to the directors

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 28 February 2003 set out on pages 3 to 7 and you consider that the company is exempt from an audit. In accordance with your instructions we have compiled these unaudited financial statements, in order to assist you to fulfil your statutory responsibilities, from the accounting records and information supplied to us.



**Pinfold & Digby
Chartered Accountants
5 Rendlesham Mews
Rendlesham
Woodbridge
Suffolk
IP12 2SZ**

19 November 2003

CONNECT INTERACTIVE SERVICES LIMITED

Profit and loss account for the year ended 28 February 2003

		2003	2002
	Notes	£	£
Turnover	2	124,662	99,211
Cost of sales		(58,847)	(4,572)
Gross profit		65,815	94,639
Administrative expenses		(99,539)	(129,221)
Operating profit (loss)	3	(33,724)	(34,582)
Other interest receivable and similar income		73	766
Profit (loss) on ordinary activities before taxation		(33,651)	(33,817)
Tax on profit on ordinary activities	4	-	3,596
Profit (loss) on ordinary activities after taxation		(33,651)	(30,221)
Retained profit brought forward		(15,839)	14,382
Retained profit (deficit) carried forward		(49,490)	(15,839)

The notes on pages 6 to 7 form an integral part of these financial statements.

CONNECT INTERACTIVE SERVICES LIMITED

Balance sheet as at 28 February 2003

	Notes	2003		2002	
		£	£	£	£
Debtors	5	183,117		-	
Cash at bank and in hand		48,883		90,161	
		<u>232,000</u>		<u>90,161</u>	
Creditors: amounts falling due within one year	6	<u>(123,781)</u>		<u>(3,540)</u>	
Net current assets			108,220		86,621
Deferred income	7		(67,708)		(102,458)
Net assets (deficit)			<u>40,512</u>		<u>(15,837)</u>
Capital and reserves					
Called up share capital	8 ii		2		2
Subscription monies advanced	8 iii		90,000		
Profit and loss account			(49,490)		(15,839)
Shareholders' funds			<u>40,512</u>		<u>(15,837)</u>

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 6 to 7 form an integral part of these financial statements.

CONNECT INTERACTIVE SERVICES LIMITED

Balance sheet (continued)

**Directors' statements required by Section 249B(4)
for the year ended 28 February 2003**

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985 ;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 28 February 2003

and

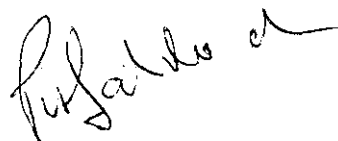
(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements 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 year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 19 November 2003 and signed on its behalf by



Director

The notes on pages 6 to 7 form an integral part of these financial statements.

CONNECT INTERACTIVE SERVICES LIMITED

Notes to the financial statements for the year ended 28 February 2003

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 the total invoice value, excluding value added tax, of sales made during the year.

1.3. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating loss

The operating loss is stated after charging product development costs of £40,000.

4. Tax on profit on ordinary activities

Analysis of charge in period	2003	2002
	£	£
UK corporation tax	-	3,596
Total current tax recoverable (charge)	-	3,596
Tax on profit on ordinary activities	-	3,596

5. Debtors

	2003	2002
	£	£
Trade, other debtors and prepayments	14,119	-
Loans	168,998	-
	183,117	-

CONNECT INTERACTIVE SERVICES LIMITED

Notes to the financial statements for the year ended 28 February 2003

6. Creditors: amounts falling due within one year	2003 £	2002 £
Trade creditors	30,830	262
Customer advances	81,413	
Corporation tax	-	-
Other taxes and social security costs	3,188	428
Accruals and deferred income	8,350	2,850
	<u>123,781</u>	<u>3,540</u>
 7. Deferred Income	 2003 £	 2002 £
Long term product development funding	<u>67,708</u>	<u>102,458</u>
 8. Share capital	 2003 £	 2002 £
i Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
ii Allotted, called up and fully paid		
2 Ordinary shares of £1000 each	<u>2</u>	<u>2</u>
iii Subscription monies received in advance	<u>90,000</u>	<u>-</u>