

PIXERA UK LIMITED
DIRECTOR'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2003

Company No. 4408507



PIXERA UK LIMITED
COMPANY INFORMATION

Director	Yuji Ide
Secretary	TJG Secretaries Limited
Company number	4408507
Registered office	50 Victoria Embankment Blackfriars London EC4Y 0DX

PIXERA UK LIMITED
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PIXERA UK LIMITED
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2003

The director presents his report and the accounts for the company for the year ended 31st December 2003.

Principal activities

The company's principal activity during the year was the sale of high resolution digital camera systems.

Director and his interests

The director who held office during the year and his beneficial interest in the company's issued share capital are given below:

Name of director	Share type	31 December 2003	1 January 2003
Yuji Ide	Ordinary Shares of £1.00 each	-	-

Statement of director's responsibilities

Company law requires the director to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts the director is required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

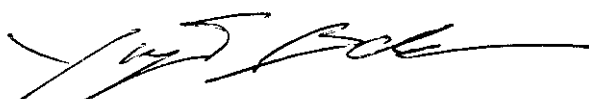
Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable him to ensure that the accounts comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small company exemptions

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

By order of the Board



Yuji Ide
Director
21st October 2004

PIXERA UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	41,332	70,759
Cost of sales		(34,733)	(53,596)
Gross profit		6,599	17,163
Administrative expenses		(70,046)	(76,030)
Operating loss	3	(63,447)	(58,867)
Profit on sale of fixed assets	8	27	-
Tax on loss on ordinary activities		-	-
Loss for the financial year		(63,420)	(58,867)
Retained loss brought forward		(58,867)	-
Retained loss carried forward		(122,287)	(58,867)

PIXERA UK LIMITED
BALANCE SHEET AT 31ST DECEMBER 2003

	Notes	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	4		-		1,034
Current assets					
Stocks		-		32,963	
Debtors	5	1,827		13,002	
Cash at bank and in hand		-		15,139	
		1,827		61,104	
Creditors: amounts falling due within one year	6	(33,767)		(26,163)	
Net current liabilities/assets			(31,940)		34,941
Total assets less current liabilities			(31,940)		35,975
Creditors: amounts falling due after more than one year	7		(89,347)		(93,842)
			(121,287)		(57,867)
Capital and reserves					
Share capital	10		1,000		1,000
Profit and loss account			(122,287)		(58,867)
Shareholders' funds			(121,287)		(57,867)

For the financial year ended 31st December 2003, the company was entitled to exemption from audit under Section 249A(1) Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.


The director acknowledges his responsibility for:

ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985,

and preparing accounts which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of its results for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

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

These accounts were approved by the board on 21st October 2004 and signed on its behalf by:


 Yuji Ide
 Director

The notes on pages 4 to 6 form part of these accounts.

PIXERA UK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2003

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

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

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, with the exception of freehold land, by the method shown over their expected useful lives:

Computer equipment	50% straight line
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Stocks

Stocks are stated at the lower of cost and net realisable value.

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 director considers that a liability to taxation is unlikely to crystallise.

Fundamental accounting concept

The Balance Sheet at 31st December 2003 shows a deficit of funds of £121,287. Pixera Corporation has confirmed its intention to continue to support the company and will not request payment of the sums due to it for at least 12 months. On that basis it is appropriate to prepare these financial statements on the going concern basis.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the European Union.

3 Operating loss

<i>The operating loss is stated after charging or crediting:</i>	2003	2002
	£	£
Depreciation of tangible fixed assets:		
-owned assets	639	1,034

PIXERA UK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2003

4 Tangible fixed assets

	Plant and machinery etc £	Total £
Cost		
At 1st January 2003	2,068	2,068
Disposals	(790)	(790)
At 31st December 2003	1,278	1,278
Depreciation		
At 1st January 2003	1,034	1,034
Charge for the year	639	639
On disposals	(395)	(395)
At 31st December 2003	1,278	1,278
Net book value		
At 31st December 2003	-	-

5 Debtors	2003	2002
	£	£
Trade debtors	1,003	9,343
Other debtors	824	3,659
	1,827	13,002

6 Creditors: amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	808	-
Trade creditors	2,797	6,843
Other creditors	30,162	19,320
	33,767	26,163

'Other creditors' include £20,530 in respect of taxation and social security.

7 Creditors: amounts falling due after more than one year	2003	2002
	£	£
Amounts owed to parent company	89,347	93,842
	89,347	93,842

8 Exceptional items	2003	2002
	£	£
Profit on sale of fixed assets	27	-
	27	-

PIXERA UK LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2003

9 Related parties

In the director's opinion the company's ultimate parent company and controlling party is Pixera Corporation which is incorporated in the United States of America. Copies of its group accounts are available from 140 Knowles Drive, Los Gatos, California, United States of America.

During the year the company purchased goods in the normal course of business from its ultimate parent company, Pixera Corporation, at a cost of £34,706. Amounts owed to Pixera Corporation relating to these purchases amounted to £61,178 at 31st December 2003 and this sum is included in the total sum due to Pixera Corporation as disclosed in note 7.

10 Share capital	2003	2002
	£	£
Authorised		
1,000 Ordinary shares of £1.00 each	1,000	1,000
	1,000	1,000
Allotted		
1,000 Allotted, called up and fully paid ordinary shares of £1.00 each	1,000	1,000
	1,000	1,000