

FIRSTLIGHT ONLINE LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

Company Registration Number 4552788



Tenon Limited
66 Chiltern Street
London
W1U 4JT

FIRSTLIGHT ONLINE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

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FIRSTLIGHT ONLINE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 JUNE 2004

| | |
|-------------------------------|--|
| The board of directors | Mr B Bailey Mr C Jeavons |
| Company secretary | Geoffrey Griggs |
| Registered office | 14 Great College Street London SW1P 3RX |
| Accountants | Tenon Limited 66 Chiltern Street London W1U 4JT |

FIRSTLIGHT ONLINE LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2004

The directors present their report and the unaudited financial statements of the company for the year ended 30 June 2004.

Principal activities

The principal activity of the company during the year continued to be that of computer related activities.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

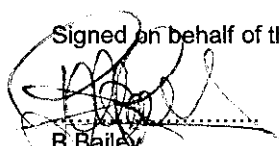
| | Ordinary Shares of £1 each | |
|--------------|----------------------------|-------------------|
| | At 30 June 2004 | At 1 July 2003 |
| Mr B Bailey | — | — |
| Mr C Jeavons | 37 | 37 |

At the start and end of the year, B Bailey had a beneficial interest in a trust which controls Jamara Holdings Limited. Jamara Holdings Limited owns 25% of the shares in Firstlight Online Limited.

Small company provisions

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

Signed on behalf of the directors


B Bailey
Director

Approved by the directors on

3-2-05

FIRSTLIGHT ONLINE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2004

| | Note | 2004 £ | 2003 £ |
|---|------|----------------|------------------|
| Turnover | | 351,078 | 228,573 |
| Cost of sales | | (239,230) | (224,532) |
| Gross profit | | <u>111,848</u> | <u>4,041</u> |
| Administrative expenses | | (84,490) | (110,345) |
| Other operating income | 2 | 65,504 | — |
| Profit/(loss) on ordinary activities before taxation | | <u>92,862</u> | <u>(106,304)</u> |
| Tax on profit/(loss) on ordinary activities | 4 | — | — |
| Retained profit/(loss) for the financial year | | <u>92,862</u> | <u>(106,304)</u> |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 5 to 8 form part of these financial statements.

FIRSTLIGHT ONLINE LIMITED

BALANCE SHEET

30 JUNE 2004

| | Note | 2004 £ | £ | 2003 £ | £ |
|---|------|-----------------|-----------------|------------------|------------------|
| Fixed assets | | | | | |
| Investments | 5 | | 1 | | 1 |
| Current assets | | | | | |
| Debtors | 6 | 45,881 | | 83,589 | |
| Creditors: Amounts falling due within one year | 7 | <u>(59,224)</u> | | <u>(189,794)</u> | |
| Net current liabilities | | | (13,343) | | (106,205) |
| Total assets less current liabilities | | | <u>(13,342)</u> | | <u>(106,204)</u> |
| Capital and reserves | | | | | |
| Called-up share capital | 9 | | 100 | | 100 |
| Profit and loss account | 10 | | (13,442) | | (106,304) |
| Shareholder's funds | 11 | | <u>(13,342)</u> | | <u>(106,204)</u> |

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) 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 financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 3-2-05 and are signed on their behalf by:


 Mr B Bailey
 Director

The notes on pages 5 to 8 form part of these financial statements.

FIRSTLIGHT ONLINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2004

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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 of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Going concern

The accounts are prepared under the going concern basis on the assumption of the continuing support of the directors and shareholders.

Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value.

2. Other operating income

| | 2004 | 2003 |
|------------------------|---------------|-------------|
| | £ | £ |
| Other operating income | <u>65,504</u> | <u>—</u> |

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

| | 2004 | 2003 |
|--|-------------|-------------|
| | £ | £ |
| Net loss on foreign currency translation | <u>—</u> | <u>233</u> |

FIRSTLIGHT ONLINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2004

4. Taxation on ordinary activities

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

| | 2004 | 2003 |
|--|-------------|-------------|
| | £ | £ |
| Profit/(loss) on ordinary activities before taxation | 92,862 | (106,304) |
| Profit/(loss) on ordinary activities multiplied by rate of tax | 27,859 | (31,891) |
| Effects of: | | |
| Expenses not deductible for tax purposes | — | 89 |
| Utilisation of tax losses | (8,207) | — |
| Unrelieved tax losses | — | 31,802 |
| Sundry tax adjusting items | (19,652) | — |
| Total current tax | — | — |

5. Investments

Shares in group undertaking and participating interest

| | £ |
|---------------------------------|----------|
| Cost | |
| At 1 July 2003 and 30 June 2004 | 1 |
| Net book value | |
| At 30 June 2004 | 1 |
| At 30 June 2003 | 1 |

FIRSTLIGHT ONLINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2004

5. Investments (continued)

The company owns 100% of the issued share capital of the company listed below,

| Company | Name and country of incorporation | Shares held | % |
|--------------------------------|--|--------------------|----------|
| Firstlight Online (NZ) Limited | New Zealand | Ordinary | 100% |

The aggregate amount of capital and reserves and the results of this undertaking were as follows:

| | 2004 | 2003 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Aggregate capital and reserves | | |
| Firstlight Online (NZ) Limited | 37,714 | 54,575 |
| Profit for the year | | |
| Firstlight Online (NZ) Limited | 7,005 | 287 |

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

6. Debtors

| | 2004 | 2003 |
|---------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 45,781 | 3,546 |
| Other debtors | 100 | 80,043 |
| | <u>45,881</u> | <u>83,589</u> |

7. Creditors: Amounts falling due within one year

| | 2004 | 2003 |
|-----------------|---------------|----------------|
| | £ | £ |
| Trade creditors | 18,800 | 2,750 |
| Other taxation | 12,110 | 13,191 |
| Other creditors | 28,314 | 173,853 |
| | <u>59,224</u> | <u>189,794</u> |

8. Related party transactions

The company had a balance of £14,575 due to Firstlight Online (NZ) Limited as at 30 June 2004, a company which is a wholly owned subsidiary of Firstlight Online Limited and of which Brett Bailey is also a director.

FIRSTLIGHT ONLINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2004

9. Share capital

Authorised share capital:

| | 2004 | 2003 |
|--------------------------------|------------|------------|
| | £ | £ |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

Allotted, called up and fully paid:

| | 2004 | 2003 |
|----------------------------|------------|------------|
| | No | No |
| | £ | £ |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

10. Profit and loss account

| | 2004 | 2003 |
|---|-----------------|------------------|
| | £ | £ |
| Balance brought forward | (106,304) | — |
| Retained profit/(accumulated loss) for the financial year | <u>92,862</u> | <u>(106,304)</u> |
| Balance carried forward | <u>(13,442)</u> | <u>(106,304)</u> |

11. Reconciliation of movements in shareholders' funds

| | 2004 | 2003 |
|--|-----------------|------------------|
| | £ | £ |
| Profit/(loss) for the financial year | 92,862 | (106,304) |
| New equity share capital subscribed | — | 100 |
| Net addition/(reduction) to shareholders' equity deficit | <u>92,862</u> | <u>(106,204)</u> |
| Opening shareholders' equity deficit | (106,204) | — |
| Closing shareholders' equity deficit | <u>(13,342)</u> | <u>(106,204)</u> |

12. Controlling parties

The directors consider there to be no controlling party.

FIRSTLIGHT ONLINE LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 30 JUNE 2004

The following pages do not form part of the statutory financial statements.

FIRSTLIGHT ONLINE LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2004

| | 2004 | | 2003 | |
|---|-------------|------------------|-------------|------------------|
| | £ | £ | £ | £ |
| Turnover | | 351,078 | | 228,573 |
| Cost of sales | | | | |
| Direct wages | — | | 34,363 | |
| Recruitment costs | — | | 200 | |
| Travel | 1,200 | | 668 | |
| Subcontracting costs | 239,283 | | 179,822 | |
| Bonus and commission | (1,253) | | — | |
| Third party direct costs | — | | 9,479 | |
| | | <u>(239,230)</u> | | <u>(224,532)</u> |
| Gross profit | | 111,848 | | 4,041 |
| Overheads | | | | |
| Administrative expenses | | 84,490 | | 110,345 |
| | | <u>27,358</u> | | <u>(106,304)</u> |
| Other operating income | | | | |
| Other operating income | | 65,504 | | — |
| Profit/(loss) on ordinary activities | | <u>92,862</u> | | <u>(106,304)</u> |

FIRSTLIGHT ONLINE LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2004

| | 2004 | | 2003 | |
|--|--------|---------------|--------|----------------|
| | £ | £ | £ | £ |
| Administrative expenses | | | | |
| Personnel costs | | | | |
| Wages and salaries | — | | 41,970 | |
| Redundancy costs | — | | 4,167 | |
| Staff national insurance contributions | — | | 4,407 | |
| | — | | — | 50,544 |
| General expenses | | | | |
| Travel and subsistence | 2,631 | | 1,484 | |
| Telephone | 511 | | 1,152 | |
| Promotional and collateral | 5,238 | | — | |
| Per diems | 1,281 | | 972 | |
| Miscellaneous | (1) | | (3) | |
| Rent | — | | 8,108 | |
| Software expenses | — | | 450 | |
| Entertaining | — | | 449 | |
| Printing, postage and stationery | — | | 997 | |
| Accommodation | — | | 119 | |
| Legal and professional fees | 16,000 | | — | |
| Consultancy fees | 44,766 | | 41,865 | |
| Accountancy fees | 11,100 | | 3,955 | |
| | | 81,526 | | 59,548 |
| Financial costs | | | | |
| Bad debts written off | 320 | | — | |
| Provision for doubtful debts | 2,644 | | — | |
| Bank charges | — | | 20 | |
| Foreign currency gains/losses | — | | 233 | |
| | | 2,964 | | 253 |
| | | <u>84,490</u> | | <u>110,345</u> |