

ePOINT TECHNOLOGY LIMITED
(formerly MusicPoint Limited)

Report and Financial Statements

31 December 2004



ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

REPORT AND FINANCIAL STATEMENTS 2004

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G G C Venters
D W McDonald
R S Logan
R Sillar

SECRETARY

MBM Secretarial Services Limited

REGISTERED OFFICE

107 George Street
Edinburgh
EH2 3ES

BANKERS

Lloyds TSB Scotland plc
Henry Duncan House
120 George Street
Edinburgh
EH2 4LH

SOLICITORS

Dundas & Wilson C S
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Edinburgh

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 31 December 2004.

ACTIVITIES

The Company began trading on 1 December 2004 with its principal activity being the development, manufacture and sale of multimedia products. The Company focuses on two distinct markets: digital imaging and leisure/retail. On 1 December 2004, the Company changed its name from MusicPoint Limited to ePoint Technology Limited.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

In the one-month trading period to 31 December 2004 the Company incurred costs as it began operations resulting in a loss of £171,370 (2003: £Nil) for the period.

The Company's parent company, ePoint Group Limited has made a strategic decision that the Group should concentrate on the supply of core intellectual property rather than complete kiosk solutions.

The Company believes that supply of the Group's products based on core intellectual property establishes a robust platform from which to take the business forward.

Digital Imaging

The Company believes that this market continues to present strong opportunities for the supply of the Group's products. In particular the Company is encouraged with the reaction of the market to its new range of digital media processor products that are currently in development.

Leisure/Retail

The Company believes that this market continues to present strong opportunities for the supply of the Group's products. The Company has begun to seek additional customers for its products in these markets and, in particular, within the gaming market and has been encouraged by the initial reaction to its products.

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 1. In addition the following appointments and resignations have been recorded by Directors of the Company during the current period.

G G C Venters – appointed 30 November 2004

D W McDonald – appointed 30 November 2004

R S Logan – appointed 30 November 2004

R Sillar – appointed 30 November 2004

MBM Board Nominees Ltd. – resigned 30 November 2004

The Company is a wholly owned subsidiary of ePoint Group Limited. The interests of Company directors in office at the balance sheet date in the shares of the parent company are disclosed in the financial statements of the parent company.

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

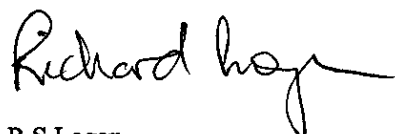
SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under section 246 of the Companies Act 1985.

AUDITORS

Deloitte & Touche LLP were appointed first auditors during the period. A resolution to formally appoint Deloitte & Touche LLP as auditors of the Company will be proposed at the next Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Richard Logan', with a stylized flourish at the end.

R S Logan
Director

13 July 2005

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year 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 the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

We have audited the financial statements of ePoint Technology Limited for the 15 month period ended 31 December 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (effective June 2002).

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

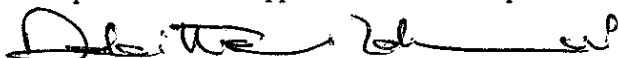
Basis of opinion

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 and disclosures 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 from 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

19 July 2005

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

PROFIT AND LOSS ACCOUNT

Period ended 31 December 2004

	Note	15 Months to 31 December 2004 £	12 Months to 30 September 2003 £
Administrative expenses		(171,370)	-
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(171,370)	-
Tax on loss on ordinary activities	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	10	(171,370)	-

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)**BALANCE SHEET****As at 31 December 2004**

	Note	As at 31 December 2004 £	As at 30 September 2003 £
FIXED ASSETS			
Tangible assets	5	<u>67,752</u>	<u>-</u>
CURRENT ASSETS			
Debtors	6	2,635	-
Cash at bank and in hand		<u>-</u>	<u>2</u>
		2,635	2
CREDITORS: amounts falling due within one year	7	<u>(7,376)</u>	<u>-</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(4,741)</u>	<u>2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		63,011	-
CREDITORS: amounts falling due after more than one year	8	<u>(234,379)</u>	<u>-</u>
NET (LIABILITIES)/ASSETS		<u>(171,368)</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account - deficit	10	<u>(171,370)</u>	<u>-</u>
EQUITY SHAREHOLDERS' DEFICIT	11	<u>(171,368)</u>	<u>2</u>

These financial statements have been prepared in accordance with the special provisions for small companies under section 246 of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the Board of Directors on 13 July 2005

Signed on behalf of the Board of Directors



G G C Venters

Director

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and on a going concern basis. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding accounting period.

Accounting convention

The financial statements are prepared under the historical cost convention.

Development costs

Development costs are written off as incurred.

Tangible fixed assets

Tangible fixed assets at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures & fittings	10-20% per annum
Equipment	8-25% per annum

Assets are depreciated from date of acquisition.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed within tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2004

1. ACCOUNTING POLICIES - Continued

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

2. DIRECTORS' EMOLUMENTS

There were no directors' emoluments in respect of qualifying services in the either period.

3. OPERATING LOSS

	15 Months to 31 December 2004 £	12 Months to 30 September 2003 £
Operating loss is after charging:		
Depreciation	3,167	-
Auditors' remuneration:	1,500	-

4. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no corporation tax liability for the current period due to losses.

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous period differs from the standard rate for the reasons set out in the following reconciliation.

	15 Months to 31 December 2004 £	12 Months to 30 September 2003 £
Loss on ordinary activities before tax	(171,370)	-
Tax credit on loss on ordinary activities at standard rate	51,411	-
<i>Factors affecting charge for the period:</i>		
Non deductible expenses	(2,840)	-
Capital allowances in excess of depreciation	391	-
Non utilisation of accounting losses	(48,962)	-
Total actual amount of current tax	-	-

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2004

5. TANGIBLE FIXED ASSETS

	Fixtures & fittings	Equipment	Total
	£	£	£
Cost			
At 1 October 2003	-	-	-
Transfer from fellow group company	51,248	244,489	295,737
	<u>51,248</u>	<u>244,489</u>	<u>295,737</u>
At 31 December 2004	51,248	244,489	295,737
	<u>51,248</u>	<u>244,489</u>	<u>295,737</u>
Depreciation			
At 1 October 2003	-	-	-
Charge for the period	381	2,787	3,167
Transfer from fellow group company	35,756	189,061	224,818
	<u>36,137</u>	<u>191,848</u>	<u>227,985</u>
Net book value			
At 31 December 2004	15,111	52,641	67,752
	<u>15,111</u>	<u>52,641</u>	<u>67,752</u>
At 30 September 2003	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

6. DEBTORS

	As at 31 December 2004	As at 30 September 2003
	£	£
Prepayments and accrued income	2,635	-
	<u>2,635</u>	<u>-</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 December 2004	As at 30 September 2003
	£	£
Trade creditors	7,376	-
	<u>7,376</u>	<u>-</u>

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2004

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	As at 31 December 2004 £	As at 30 September 2003 £
Amounts owed to group undertakings	234,379	-

The company receives funding via its parent company ePoint Group Limited.

9. CALLED UP SHARE CAPITAL

	As at 31 December 2004 £	As at 30 September 2003 £
Authorised		
1000 Ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
Ordinary share capital	2	2

10. STATEMENTS OF RESERVES

	Profit and loss account £
Balance at 1 October 2003	-
Loss for the period	(171,370)
Balance at 31 December 2004	(171,370)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	As at 31 December 2004 £	As at 30 September 2003 £
Loss for the financial period	(171,370)	-
Opening shareholders funds	2	2
Closing shareholders funds/(deficit)	(171,368)	2

ePOINT TECHNOLOGY LIMITED (formerly MusicPoint Limited)

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2004

12. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking is ePoint Group Limited, incorporated in Great Britain and registered in Scotland.

ePoint Group Limited prepares group accounts, copies of which can be obtained from its registered office at 39 Castle Street, Edinburgh.

13. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of ePoint Group Limited which files consolidated accounts and has therefore taken advantage of the exemptions available under Financial Reporting Standard 8 and has not disclosed transactions between itself and other group companies.