

Report of the Directors and
Financial Statements for the Year Ended 30 March 2003
for
New Electronic System Limited



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New Electronic System Limited

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for the Year Ended 30 March 2003

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New Electronic System Limited

Company Information
for the Year Ended 30 March 2003

DIRECTORS:

H Ramos
B Pozzi

SECRETARY:

H Ramos

REGISTERED OFFICE:

6 Albemarle Street
London
W1S 4HG

REGISTERED NUMBER:

3496704 (England and Wales)

New Electronic System Limited

Report of the Directors
for the Year Ended 30 March 2003

The directors present their report with the financial statements of the company for the year ended 30 March 2003.

CHANGE OF NAME

The company passed a special resolution on 18 September 2002 changing its name from New Eagle Software limited to New Electronic System Limited.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of administration services to companies in the motion picture and video industry.

DIRECTORS

The directors during the year under review were:

H Ramos

B Pozzi

F De Camelis

- resigned 26.7.02

The directors holding office at 30 March 2003 did not hold any beneficial interest in the issued share capital of the company at 31 March 2002 or 30 March 2003.

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

ON BEHALF OF THE BOARD:



H Ramos - DIRECTOR

Dated: 15 October 2003

New Electronic System Limited

Profit and Loss Account
for the Year Ended 30 March 2003

| | | <u>30.3.03</u> | | <u>30.3.02</u> | |
|--|----------|---------------------|------------------------------|----------------------|-------------------------------|
| | Notes | € | € | € | € |
| TURNOVER | | | 1,346,200 | | 216,280 |
| Cost of sales | | | <u>1,281,045</u> | | <u>198,061</u> |
| GROSS PROFIT | | | 65,155 | | 18,219 |
| Distribution costs | | | - | 882 | |
| Administrative expenses | | <u>5,968</u> | <u>5,968</u> | <u>15,355</u> | <u>16,237</u> |
| OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | | 59,187 | | 1,982 |
| Tax on profit on ordinary activities | | | <u>10,921</u> | | <u>-</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | | 48,266 | | 1,982 |
| Deficit brought forward | | | <u>(2,968)</u> | | <u>(4,950)</u> |
| RETAINED PROFIT/(DEFICIT) CARRIED FORWARD | | | <u><u>€45,298</u></u> | | <u><u>€(2,968)</u></u> |

The notes form part of these financial statements

New Electronic System Limited

Balance Sheet
30 March 2003

| | | <u>30.3.03</u> | | <u>30.3.02</u> | |
|---|-------|----------------|-----------------|----------------|-----------------|
| | Notes | € | € | € | € |
| FIXED ASSETS: | | | | | |
| Investments | 4 | | 110,658 | | 30,658 |
| CURRENT ASSETS: | | | | | |
| Debtors | 5 | 457,000 | | 103,500 | |
| Cash at bank | | <u>19,615</u> | | <u>109,202</u> | |
| | | 476,615 | | 212,702 | |
| CREDITORS: Amounts falling due within one year | 6 | <u>525,475</u> | | <u>229,828</u> | |
| NET CURRENT LIABILITIES: | | | <u>(48,860)</u> | | <u>(17,126)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | <u>€61,798</u> | | <u>€13,532</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 7 | | 16,500 | | 16,500 |
| Profit and loss account | | | <u>45,298</u> | | <u>(2,968)</u> |
| SHAREHOLDERS' FUNDS: | | | <u>€61,798</u> | | <u>€13,532</u> |

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30 March 2003.

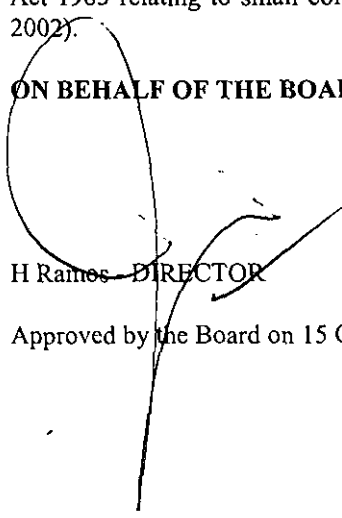
The members have not required the company to obtain an audit of its financial statements for the year ended 30 March 2003 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

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

ON BEHALF OF THE BOARD:


H Ramos - DIRECTOR

Approved by the Board on 15 October 2003

The notes form part of these financial statements

New Electronic System Limited

Notes to the Financial Statements for the Year Ended 30 March 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historic cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). The company under its profit sharing agreement with Shelton Worldwide S.A. is entitled to 5% of the net profit on transactions administered on their behalf.

Foreign currencies

Transactions in foreign currencies have been converted to Euros at the rate ruling on the date of the transaction. Foreign currency assets and liabilities at the balance sheet date have been converted to Euros at the rate ruling on that date. Transactions in the accounting period have arisen in Euros with the exception of the Share Capital which is a sterling debt of the company.

Fixed asset investments

Fixed asset investments are valued at cost less any provision if appropriate.

Exemption under section 248

The company and its subsidiary comprise a small group. The company has taken advantage of the exemption provided in Section 248 of the Companies Act 1985 not to prepare group accounts and accordingly these accounts present information about the Company as a single undertaking.

2. OPERATING PROFIT

The operating profit is stated after charging:

| | 30.3.03 € | 30.3.02 € |
|--|--------------|--------------|
| Directors' emoluments and other benefits etc | - | - |

3. PARTNERS PROFIT SHARE

Under a partnership agreement dated 2nd April 2001 Shelton Worldwide S.A. of Wickhams Cay, Road Town, Tortola, British Virgin Islands is entitled to receive a profit share amounting to 95% of the net profit on all transactions administered on behalf of the partnership by New Electronic System Limited.

4. FIXED ASSET INVESTMENTS

| | | |
|------------------------|---------|----------------|
| | | € |
| COST: | | |
| At 31 March 2002 | | 30,658 |
| Additions | | <u>80,000</u> |
| At 30 March 2003 | | <u>110,658</u> |
| NET BOOK VALUE: | | |
| At 30 March 2003 | | <u>110,658</u> |
| At 30 March 2002 | | <u>30,658</u> |
| | | |
| | 30.3.03 | 30.3.02 |
| | € | € |
| Unlisted investments | 110,658 | 30,658 |

New Electronic System Limited

Notes to the Financial Statements
for the Year Ended 30 March 2003

4. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Q. Advertising S.r.L.

Country of incorporation: Italy

Nature of business: Advertising services

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

| | 31.12.02 | 31.12.01 |
|--------------------------------|----------------|-----------------|
| | € | € |
| Aggregate capital and reserves | (10,676) | (2,501) |
| Loss for the year | <u>(8,175)</u> | <u>(12,501)</u> |

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30.3.03 | 30.3.02 |
|---------------|----------------|----------------|
| | € | € |
| Trade debtors | <u>457,000</u> | <u>103,500</u> |

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30.3.03 | 30.3.02 |
|-------------------------------|----------------|----------------|
| | € | € |
| Trade creditors | - | 82,971 |
| Other creditors | 514,554 | 146,857 |
| Social security & other taxes | <u>10,921</u> | - |
| | <u>525,475</u> | <u>229,828</u> |

7. CALLED UP SHARE CAPITAL

| | | | | |
|----------------------------------|----------|----------------|----------------|----------------|
| Authorised: | | | | |
| Number: | Class: | Nominal value: | 30.3.03 | 30.3.02 |
| | | | € | € |
| 100,000 | Ordinary | €1.65 | <u>165,000</u> | <u>165,000</u> |
| | | | | |
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 30.3.03 | 30.3.02 |
| | | | € | € |
| 10,000 | Ordinary | €1.65 | <u>16,500</u> | <u>16,500</u> |