COMPANY REGISTRATION NUMBER 3814021

NEWSNET CORPORATION LIMITED

FINANCIAL STATEMENTS

30TH JUNE 2004

HARE WILSON ASSOCIATES
Chartered Accountants
Redmead House,
Uxbridge Road,
Hillingdon Heath,
Uxbridge
Middlesex
UB 10 0LT

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29/04/05

NEWSNET CORPORATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2004

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NEWSNET CORPORATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The director	Mr P R Dodd-Noble
Company secretary	Julia Dodd-Noble
Registered office	Readmead House Uxbridge Road Hillingdon Heath Uxbridge Middlesex UB10 OLT
Accountants	Hare Wilson Associates Chartered Accountants Redmead House, Uxbridge Road, Hillingdon Heath, Uxbridge Middlesex UB 10 0LT

NEWSNET CORPORATION LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 30TH JUNE 2004

The director presents his report and the unaudited financial statements of the company for the year ended 30th June 2004.

PRINCIPAL ACTIVITIES
The principal activity of the company during the year was in the field of telecommunications.

THE DIRECTOR AND HIS INTERESTS IN THE SHARES OF THE COMPANY
The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At **30 June 2004**	At 1 July 2003
Mr P R Dodd-Noble	**51**	51

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.

Registered office:
Readmead House
Uxbridge Road
Hillingdon Heath
Uxbridge
Middlesex
UB10 OLT

Signed by order of the director

Julia Dodd-Noble.

JULIA DODD-NOBLE
Company Secretary

Approved by the director on 29.4.05

NEWSNET CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH JUNE 2004

	Note	2004 £	2003 £
TURNOVER		**36,430**	–
Cost of sales		**30,223**	–
GROSS PROFIT		**6,207**	–
Administrative expenses		**79,720**	–
OPERATING LOSS	**2**	**(73,513)**	–
Intercompany balance written off		**(173,199)**	–
		(246,712)	–
Amounts written off investments	**3**	–	(130,766)
Interest payable and similar charges		**1**	–
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(246,713)**	(130,766)
Tax on loss on ordinary activities		–	–
LOSS FOR THE FINANCIAL YEAR		**(246,713)**	(130,766)
Balance brought forward		**(112,710)**	18,056
Balance carried forward		**(359,423)**	(112,710)

The notes on pages 6 to 8 form part of these financial statements.

NEWSNET CORPORATION LIMITED

BALANCE SHEET

30TH JUNE 2004

	Note	2004 £	£	2003 £	£
FIXED ASSETS					
Tangible assets	4		30,375		40,500
CURRENT ASSETS					
Debtors	5	61,733		188,745	
Cash at bank		–		5,152	
		61,733		193,897	
CREDITORS: Amounts falling due within one year	6	451,430		347,006	
NET CURRENT LIABILITIES			(389,697)		(153,109)
TOTAL ASSETS LESS CURRENT LIABILITIES			(359,322)		(112,609)

The Balance sheet continues on the following page.

The notes on pages 6 to 8 form part of these financial statements.

NEWSNET CORPORATION LIMITED

BALANCE SHEET *(continued)*

30TH JUNE 2004

	Note	2004 £	2003 £
CAPITAL AND RESERVES			
Called-up equity share capital	9	**101**	101
Profit and loss account		**(359,423)**	(112,710)
DEFICIENCY		**(359,322)**	(112,609)

The director is 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 director acknowledges his responsibility 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 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved and signed by the director on 29.04.05

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MR P R DODD-NOBLE

NEWSNET CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2004

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment - 25% reducing balance

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.

2. OPERATING LOSS

Operating loss is stated after charging:

	2004	2003
	£	£
Director's emoluments	–	–
Staff pension contributions	**550**	–
Depreciation of owned fixed assets	**10,125**	–

3. AMOUNTS WRITTEN OFF INVESTMENTS

	2004	2003
	£	£
Amount written off investments	–	130,766

NEWSNET CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2004

4. TANGIBLE FIXED ASSETS

	Equipment £
COST	
At 1st July 2003 and 30th June 2004	**72,000**
DEPRECIATION	
At 1st July 2003	**31,500**
Charge for the year	**10,125**
At 30th June 2004	**41,625**
NET BOOK VALUE	
At 30th June 2004	**30,375**
At 30th June 2003	40,500

5. DEBTORS

	2004 £	2003 £
Trade debtors	**13,733**	–
VAT recoverable	**–**	46
Associated company: Adz Online Limited	**–**	140,699
Associated company: Elidax Limited & Telelogic Ltd	**48,000**	48,000
	61,733	188,745

6. CREDITORS: Amounts falling due within one year

	2004 £	£	2003 £	£
Bank loans and overdrafts		**4,816**		–
Trade creditors		**12,652**		–
Other creditors including taxation and social security:				
Corporation tax	**–**		2,523	
PAYE and social security	**2,356**		–	
VAT	**1,375**		–	
Directors current accounts	**172,693**		72,770	
Other creditors	**250,146**		271,713	
Accruals and deferred income	**7,392**		–	
		433,962		347,006
		451,430		347,006

7. TRANSACTIONS WITH THE DIRECTOR

The company owes £172693 to Mr P Dodd-Noble (2003: £72770) at the balance sheet date.