REGISTRAR
OF COMPANIES

SAKONNET TECHNOLOGY UK LIMITED

FINANCIAL STATEMENTS

FOR

31 DECEMBER 2002

Company Registration Number 04281821



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MacIntyre Hudson
THE FUTURE IS WHAT YOU MAKE IT ®

SAKONNET TECHNOLOGY UK LIMITED

FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2002

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SAKONNET TECHNOLOGY UK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	T Bannister E Min A Myrin
Company secretary	L Lin
Registered office	Greenwood House 4/7 Salisbury Court London EC4Y 8BT
Auditors	MacIntyre Hudson Chartered Accountants & Registered Auditors Greenwood House 4/7 Salisbury Court London EC4Y 8BT

SAKONNET TECHNOLOGY UK LIMITED

THE DIRECTORS' REPORT

PERIOD ENDED 31 DECEMBER 2002

The directors present their report and the financial statements of the company for the period ended 31 December 2002.

PRINCIPAL ACTIVITIES

The company was incorporated on 5th September 2001 and commenced trading on 1st November 2001. The principal activity of the company during the period was the supply of marketing services.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

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

	Ordinary Shares of £1 each	
	At 31 December 2002	At 1 January 2002
T Bannister	–	–
E Min	–	–
A Myrin	–	–

DIRECTORS' RESPONSIBILITIES

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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors are 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.

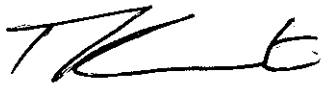
AUDITORS

Messrs MacIntyre Hudson were appointed as auditors of the company in accordance with section 385 of the Companies Act 1985

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



T Bannister
Director

Approved by the directors on 04 Sept 2003

SAKONNET TECHNOLOGY UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

PERIOD ENDED 31 DECEMBER 2002

We have audited the financial statements on pages 6 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 8 .

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and the Financial Reporting Standard for Smaller Entities (effective June 2002) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT 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.

GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the uncertainty as to the company's ability to generate profits and the reliance on continued financial support of its parent company. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of the loss of the company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Greenwood House
4/7 Salisbury Court
London
EC4Y 8BT

12 September 2003

MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

SAKONNET TECHNOLOGY UK LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 31 DECEMBER 2002

	Note	2002 £
TURNOVER		**509,653**
Administrative expenses		**578,153**
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(68,500)**
Tax on loss on ordinary activities		–
LOSS FOR THE FINANCIAL PERIOD		**(68,500)**

The notes on pages 8 to 10 form part of these financial statements.

SAKONNET TECHNOLOGY UK LIMITED

BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £	£
FIXED ASSETS			
Tangible assets	3		8,542
CURRENT ASSETS			
Debtors	4	1,047,887	
Cash at bank		422,265	
		1,470,152	
CREDITORS: Amounts falling due within one year	5	1,547,094	
NET CURRENT LIABILITIES			(76,942)
TOTAL ASSETS LESS CURRENT LIABILITIES			(68,400)
CAPITAL AND RESERVES			
Called-up equity share capital	7		100
Profit and Loss Account			(68,500)
DEFICIENCY			(68,400)

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 by the directors on the 04 Sept 2003 and are signed on their behalf by:

T Bannister
Director

The notes on pages 8 to 10 form part of these financial statements.

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 period, exclusive of Value Added Tax.

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:

Computer Equipment	- 33 1/3 % straight line
Fixtures & Fittings	- 25 % straight line

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

This is the company's first year of trade and the company has incurred trading losses of £68,500. The company receives all of its turnover from its parent company and depends on future funding being available. The parent company's financial statements also reported a loss in its first period of trade. The parent company's financial statements were prepared on a going concern basis and the auditors have reported a fundamental uncertainty but their opinion was not qualified in this respect.

The directors consider that in preparing the financial statements they have taken into account all information with regard to the company's future trading activity that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.The financial statements do not include any adjustments that would result from a failure to obtain future funding from the parent company.

2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2002 £
Directors' emoluments	–
Staff pension contributions	25,687
Depreciation	4,056
Auditors' fees	3,500
Net profit on foreign currency translation	(11,707)

3. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures & Fittings £	Total £
COST			
Additions	7,591	5,007	12,598
At 31 December 2002	7,591	5,007	12,598
DEPRECIATION			
Charge for the period	2,932	1,124	4,056
At 31 December 2002	2,932	1,124	4,056
NET BOOK VALUE			
At 31 December 2002	4,659	3,883	8,542

4. DEBTORS

	2002 £
Amounts owed by group undertakings	1,027,634
VAT recoverable	1,763
Other debtors	18,490
	1,047,887

5. CREDITORS: Amounts falling due within one year

	2002 £
Trade creditors	5,944
Amounts owed to group undertakings	1,498,017
Other taxation and social security	37,057
Other creditors	6,076
	1,547,094

6. RELATED PARTY TRANSACTIONS

The company's immediate parent company is Sakonnet Technology Limited a company incorporated in Ireland. The balance owing to this company as at 31st December 2002 was £1,498,017. During the period ended 31st December 2002 Sakonnet Technology UK Limited invoiced Sakonnet Technology Limited the sum of £509,653 for marketing services.

In the opinion of the directors the company's ultimate controlling party is Sakonnet Technology, LLC a company incorporated in USA. The balance owed by this company as at 31st December 2002 was £1,027,634.

7. SHARE CAPITAL

Authorised share capital:

	2002 £
1,000 Ordinary shares of £1 each	1,000

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	100	100