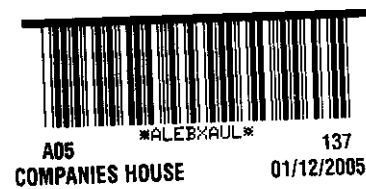


SMART PLASTIC CARDS LIMITIED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2005



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COMPANY INFORMATION

COMPANY NO: 4416632

REGISTERED OFFICE: UNIT B2 EAGLE TRADING ESTATE
EAGLE STREET
WOLVERHAMPTON
WV2 2AQ

DIRECTORS: MISS H GILL
MISS K GILL

SECRETARY: MISS K GILL

BANKERS: HSBC BANK PLC
THE BRIDGE
WALSALL
WS1 1LN

DIRECTORS REPORT

The Directors present their Annual Report and the Financial Accounts for the year ended 31 March 2005

Principal Activities

The principal activities of the Company consist of personalisation and production of plastic cards.

Business Review

The company achieved a profit of £540,853 (£239,017 2004) before taxation. The directors have made investments in the purchase of a new building for the business and plant and equipment in order to facilitate further expansion and growth.

The directors are confident that the forthcoming year will show continued profitability.

DIVIDENDS

The directors made a dividend payment of £90,000 (£90,000 2004) for the year.

DIRECTORS

The Directors who served during the year and their interests in the share capital of the Company were as follows:

	At 31 Mar 2005	At 31 Mar 2004
Miss H Gill	1	1
Miss K Gill	1	1

TAX STATUS

In the opinion of the Directors the Close Company provision of Income and Corporation Taxes Act 1988 apply to the Company.

BY ORDER OF THE BOARD



MISS K GILL

DIRECTOR

DATED 26 November 2005

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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 ;
- * state whether applicable accounting standards have been followed ;
- * prepare the financial statements on the going concern basis, unless it is inappropriate 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ACCOUNTANTS REPORT ON THE UNAUDITED ACCOUNTS TO THE DIRECTORS OF SMART
PLASTIC CARDS LIMITED**

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 March 2005 set out on pages 5 to 11, and you consider that the company is exempt from an audit and a report under Section 249 (2) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanation supplied to us.



**H GILL
CHARTERED CERTIFIED ACCOUNTANT
WOLVERHAMPTON**

Dated: 26 November 2005

BALANCE SHEET
as at 31 March 2005

	NOTE	2005 £	2004 £
FIXED ASSETS	5	<u>964,929</u>	<u>221,866</u>
CURRENT ASSETS			
Stock		4,580	5,330
Debtors	6	388,310	133,945
Cash in Hand & at Bank		12,810	27,636
		<u>405,700</u>	<u>166,911</u>
CREDITORS			
Amounts falling due within one year	7	523,619	221,465
		<u>(117,919)</u>	<u>(54,554)</u>
NET CURRENT ASSETS / (LIABILITIES)			
CREDITORS			
Amounts falling due after one year	8	356,844	-
		<u>490,166</u>	<u>167,312</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	9	4	4
Profit and Loss Account	10	490,162	167,308
		<u>490,166</u>	<u>167,312</u>
SHAREHOLDERS FUNDS	11		
		<u>490,166</u>	<u>167,312</u>

The Directors are satisfied that the Company is entitled to exemption under Section 249A (1) of the Companies Act 1985 and no members have requested an audit pursuant to Section 249B (2) of the Act.

BALANCE SHEET (continued)
as at 31 March 2005

The Directors acknowledge their responsibilities for: -

- (i) ensuring that the company keep proper accounting records which comply with Section 221 of the Companies Act 1985; and
- (ii) preparing accounts 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 of the Companies Act 1985, and which otherwise with the requirements of this Act relating to accounts, so far as applicable to the Company.

The accounts have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 26 November 2005



MISS K GILL
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

1 ACCOUNTING POLICIES

Basis of accounting

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

Tangible Fixed Assets and Depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

The principal annual rates used for other assets are: -

Furniture and Equipment	25%
Piant and Machinery	25%

Deferred Taxation

Deferred Taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied in the period. All turnover is derived from the principle activities within the United Kingdom.

2 EMPLOYEES

	2005	2004
Average weekly number of employees, including Directors	Number	Number
Management	2	2
Administration	2	2
Production	3	-
	<u>7</u>	<u>4</u>
	£	£
Staff cost, including Directors:		
Wages and Salaries	82,206	41,028
Social Security Costs	7,834	3,614
	<u>90,040</u>	<u>44,642</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

DIRECTORS	2005	2004
Emoluments of the company's directors:	£	£
As directors	4,740	2,695
Company contributions to defined contribution pension scheme	-	-
	<u>4,740</u>	<u>2,695</u>
3 INTEREST PAYABLE	£	£
Overdraft Interest	25	54
Bank Loan Interest	9,714	-
Hire Purchase Interest	7,175	-
	<u>16,914</u>	<u>54</u>
4 TAXATION	£	£
Taxation Charge for the period:		
Corporation Tax	131,834	43,053
Deferred Taxation		
Prior Year Adjustment	-3,835	91
	<u>127,999</u>	<u>43,144</u>

5 FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Office Equipment £	TOTAL £
COST				
At 1 April 2004	-	274,203	3,158	277,361
Additions	365,993	515,888	8,886	890,767
Disposals	-	-43,212	-1,819	-45,031
At 31 March 2005	<u>365,993</u>	<u>746,879</u>	<u>10,225</u>	<u>1,123,097</u>
DEPRECIATION				
At 1 April 2004	-	54,841	654	55,495
Charged in Year	-	100,651	2,176	102,827
Disposals	-	-154	-	-154
At 31 March 2005	<u>0</u>	<u>155,338</u>	<u>2,830</u>	<u>158,168</u>
NET BOOK VALUE				
At 31 March 2005	<u>365,993</u>	<u>591,541</u>	<u>7,395</u>	<u>964,929</u>
At 31 March 2004	<u>-</u>	<u>219,362</u>	<u>2,504</u>	<u>221,866</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

6 DEBTORS	£	£
Trade Debtors	341,209	106,983
Prepayments	1,733	1,867
Other Debtors	45,368	-
Vat	-	25,095
	<u>388,310</u>	<u>133,945</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
Trade Creditors	168,036	11,604
Corporation Tax	133,048	43,144
Other Taxation and Social Security	13,988	1,304
Directors Loan Account	49,799	147,900
Sundry Loans	-	8,144
Bank Loan	28,784	-
Hire Purchase	113,439	-
Other Creditors	7,488	7,488
Accruals	9,037	1,881
	<u>523,619</u>	<u>221,465</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	£	£
Bank Loan	175,342	-
Hire Purchase	181,502	-
	<u>356,844</u>	<u>0</u>

9 SHARE CAPITAL		
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
4 Ordinary Shares of £1 each	<u>4</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

10 RESERVES

Profit & Loss Account

At 1 April 2004	167,308	61,435
Retained Profit	<u>450,853</u>	<u>105,873</u>
At 31 March 2005	<u>618,161</u>	<u>167,308</u>

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Profit for the financial year	412,854	195,873
Dividends	-90,000	-90,000
Shares issued in year	<u>2</u>	<u>2</u>
	322,854	105,875
Opening shareholders' funds	<u>167,312</u>	<u>61,437</u>
Closing shareholders' funds	<u>490,166</u>	<u>167,312</u>

12 RELATED PARTY TRANSACTIONS

- a) The Company is controlled by the Directors.
- b) There are common shareholders and management with a related party, Card Printing Services Ltd.
- c) The following transactions were made between the related parties during the period :
 - Purchases of £260,293 for raw material
 - Sales of fixed assets of £48,869
 - Sundry loan of £28,258