Company Registration No. 5005400 (England and Wales)

DEMUX VIDEO SERVICES LIMITED

DIRECTOR'S REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2006

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DEMUX VIDEO SERVICES LIMITED

COMPANY INFORMATION

Director	D. C. Thorne
Secretary	J. A. Thorne
Company number	5005400
Registered office	Minshull House 67 Wellington Road North Stockport Cheshire SK4 2LP
Accountants	Fast Accounting Services Limited PO Box 803 Ampthill Bedfordshire MK45 9AJ
Business address	2 Denel Close Flitwick Bedfordshire MK45 1BJ

DEMUX VIDEO SERVICES LIMITED

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DEMUX VIDEO SERVICES LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2006

The director presents his report and financial statements for the year ended 31 January 2006.

Principal activities and review of the business
The company's principal activities are the analysis and demultiplexing of video images, predominantly CCTV footage.

The director is disappointed with the results for the year under review but looks to the future with confidence.

Results and dividends
The results for the year are set out on page 5.

Director
The following director has held office since 1 February 2005:

D. C. Thorne

Director's interests
The director's interest in the shares of the company was as stated below:

	Ordinary A shares of £ 1 each	
	31 January 2006	**1 February 2005**
D. C. Thorne	75	75

	Ordinary B shares of £ 1 each	
	31 January 2006	**1 February 2005**
D. C. Thorne	10	10

Taxation status
The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

DEMUX VIDEO SERVICES LIMITED

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2006

Director's responsibilities
Company law requires the director to prepare financial statements for each financial year 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 those financial statements, the director is required to:
-select suitable accounting policies and then apply them consistently;
-make judgements and estimates that are reasonable and prudent;
-prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

On behalf of the board

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29/11/06

DEMUX VIDEO SERVICES LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF DEMUX VIDEO SERVICES LIMITED

In accordance with the engagement letter dated 30 December 2003, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Demux Video Services Limited for the year ended 31 January 2006, set out on pages 4 to 10 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this 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 Board of Directors as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 January 2006 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 January 2006, set out on pages 4 to 10 and you consider that the company is exempt from an audit. 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 explanations supplied to us.

Fast Accounting Services Ltd

Fast Accounting Services Limited

29/11/06

Chartered Accountants

PO Box 803
Ampthill
Bedfordshire
MK45 9AJ

DEMUX VIDEO SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2006

	Notes	2006 £	2005 £
Turnover	2	37,314	31,602
Cost of sales		(1,185)	(1,448)
Gross profit		36,129	30,154
Administrative expenses		(51,268)	(35,684)
Operating loss	3	(15,139)	(5,530)
Interest payable and similar charges	4	(4,587)	(5,435)
Loss on ordinary activities before taxation		(19,726)	(10,965)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	11	(19,726)	(10,965)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

DEMUX VIDEO SERVICES LIMITED

BALANCE SHEET
AS AT 31 JANUARY 2006

	Notes	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	6		20,534		29,671
Current assets					
Debtors	7	11,173		6,826	
Cash at bank and in hand		5,330		13,315	
		16,503		20,141	
Creditors: amounts falling due within one year	8	(13,593)		(5,811)	
Net current assets			2,910		14,330
Total assets less current liabilities			23,444		44,001
Creditors: amounts falling due after more than one year	9		(54,025)		(54,856)
			(30,581)		(10,855)
Capital and reserves					
Called up share capital	10		110		110
Profit and loss account	11		(30,691)		(10,965)
Shareholders' funds - equity interests	12		(30,581)		(10,855)

In preparing these financial statements:

(a) The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;

(b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and

(c) The director acknowledges his responsibilities for:

   (i) ensuring that the company keeps 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, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 29/11/06

Director

DEMUX VIDEO SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2006

1 Accounting policies

1.1 *Accounting convention*

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% straight line (previously 33% straight line)

1.4 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2006	2005
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	11,790	14,835
Remuneration of accountants for non-audit work	815	350

4 Interest payable	2006	2005
	£	£
On other loans wholly repayable within five years	4,587	5,435

		2006	2005
5	**Taxation**		
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(19,726)	(10,965)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005: 19.00%)	(3,748)	(2,083)
	Effects of:		
	Non deductible expenses	135	183
	Depreciation add back	2,240	2,819
	Capital allowances	-	(3,383)
	Tax losses utilised	1,373	3,319
	Other tax adjustments	-	(855)
		3,748	2,083
	Current tax charge	-	-

The company has estimated losses of £ 24,696 (2005: £ 17,471) available for carry forward against future trading profits.

6 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 February 2005	44,506
Additions	2,653
At 31 January 2006	47,159
Depreciation	
At 1 February 2005	14,835
Charge for the year	11,790
At 31 January 2006	26,625
Net book value	
At 31 January 2006	20,534
At 31 January 2005	29,671

7	Debtors	2006	2005
		£	£
	Trade debtors	7,886	5,218
	Other debtors	3,287	1,608
		11,173	6,826

8	Creditors: amounts falling due within one year	2006	2005
		£	£
	Bank loans and overdrafts	5,420	5,422
	Trade creditors	1,411	-
	Taxes and social security costs	6,412	39
	Accruals and deferred income	350	350
		13,593	5,811

9	Creditors: amounts falling due after more than one year	2006	2005
		£	£
	Bank loans	54,025	54,856
	Analysis of loans		
	Wholly repayable within five years	59,445	60,278
		59,445	60,278
	Included in current liabilities	(5,420)	(5,422)
		54,025	54,856
	Loan maturity analysis		
	In more than one year but not more than two years	5,420	5,435
	In more than two years but not more than five years	21,680	21,740
	In more than five years	26,925	27,681

10 Share capital

	2006	2005
	£	£
Authorised		
1,000 Ordinary A shares of £1 each	1,000	1,000
10 Ordinary B shares of £1 each	10	10
	1,010	1,010
Allotted, called up and fully paid		
100 Ordinary A shares of £1 each	100	110
10 Ordinary B shares of £1 each	10	-
	110	110

11 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 February 2005	(10,965)
Retained loss for the year	(19,726)
Balance at 31 January 2006	(30,691)

12 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Loss for the financial year	(19,726)	(10,965)
Proceeds from issue of shares	-	110
Net depletion in shareholders' funds	(19,726)	(10,855)
Opening shareholders' funds	(10,855)	-
Closing shareholders' funds	(30,581)	(10,855)

13 Director's emoluments

	2006	2005
	£	£
Emoluments for qualifying services	17,760	3,950

DEMUX VIDEO SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2006

14 Employees

Number of employees
There were no employees during the year apart from the director.

Employment costs	**2006**	**2005**
	£	**£**
Wages and salaries	17,760	3,950
Social security costs	1,329	-
	19,089	3,950

15 Control

The company is controlled by the Director as disclosed in the Director's Report.