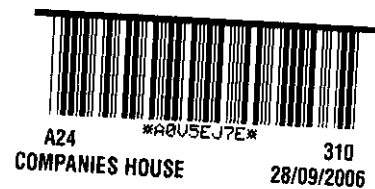


**Report of the Director and
Unaudited Financial Statements
for the period 14 February 2005 to 28 February 2006
for
Baby Elephant Films Limited**



Baby Elephant Films Limited

**Contents of the Financial Statements
for the period 14 February 2005 to 28 February 2006**

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Baby Elephant Films Limited

Company Information
for the period 14 February 2005 to 28 February 2006

DIRECTOR: M Yanny

SECRETARY: Mayfair Company Services Limited

REGISTERED OFFICE: 51 Goldney Road
London
W9 2AR

REGISTERED NUMBER: 5363972 (England and Wales)

ACCOUNTANTS: Mayfair Associates
7-11 Woodcote Road
Wallington
Surrey
SM6 0LH

Baby Elephant Films Limited

**Report of the Director
for the period 14 February 2005 to 28 February 2006**

The director presents his report with the financial statements of the company for the period 14 February 2005 to 28 February 2006.

INCORPORATION

The company was incorporated on 14 February 2005 and commenced trading on the same date.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of film production.

DIRECTOR

M Yanny was the sole director during the period under review.

His beneficial interest in the issued share capital of the company was as follows:

	28.2.06	14.2.05
Ordinary shares 1 shares	2	-

The director, being eligible, offers himself for election at the forthcoming first Annual General Meeting.

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:

17
Mayfair Company Services Limited Secretary

11 September 2006



Baby Elephant Films Limited

**Profit and Loss Account
for the period 14 February 2005 to 28 February 2006**

	Notes	£
TURNOVER		48,415
Cost of sales		<u>7,171</u>
GROSS PROFIT		41,244
Administrative expenses		<u>5,724</u>
OPERATING PROFIT	2	35,520
Interest receivable and similar income		<u>52</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		35,572
Tax on profit on ordinary activities	3	<u>6,632</u>
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		<u>28,940</u>
RETAINED PROFIT FOR THE PERIOD		<u><u>28,940</u></u>

The notes form part of these financial statements

Baby Elephant Films Limited

**Balance Sheet
28 February 2006**

	Notes	£	£
FIXED ASSETS			
Tangible assets	5		243
CURRENT ASSETS			
Cash at bank		12,792	
CREDITORS			
Amounts falling due within one year	6	7,593	
NET CURRENT ASSETS			<u>5,199</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>5,442</u></u>
CAPITAL AND RESERVES			
Called up share capital	7		2
Profit and loss account	8		5,440
SHAREHOLDERS' FUNDS			<u><u>5,442</u></u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ended 28 February 2006.

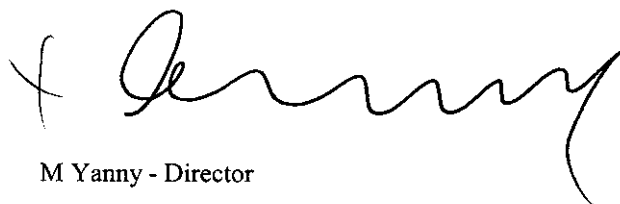
The members have not required the company to obtain an audit of its financial statements for the period ended 28 February 2006 in accordance with Section 249B(2) of the Companies Act 1985.

The director acknowledges his responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) 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 January 2005).

ON BEHALF OF THE BOARD:



M Yanny - Director

Approved by the Board on 11 September 2006

The notes form part of these financial statements

Baby Elephant Films Limited

Notes to the Financial Statements for the period 14 February 2005 to 28 February 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING PROFIT

The operating profit is stated after charging:

	£
Depreciation - owned assets	81
	<hr/>
Director's emoluments and other benefits etc	-
	<hr/>

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	£
Current tax:	
UK corporation tax	6,632
	<hr/>
Tax on profit on ordinary activities	6,632
	<hr/>

4. DIVIDENDS

	£
Interim	23,500
	<hr/>

Baby Elephant Films Limited

**Notes to the Financial Statements - continued
for the period 14 February 2005 to 28 February 2006**

5. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
Additions	324
At 28 February 2006	<u>324</u>
DEPRECIATION	
Charge for period	81
At 28 February 2006	<u>81</u>
NET BOOK VALUE	
At 28 February 2006	<u><u>243</u></u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Taxation and social security	6,632
Other creditors	961
	<u><u>7,593</u></u>

7. CALLED UP SHARE CAPITAL

Authorised:			
Number:	Class:	Nominal value:	£
1,000	Ordinary shares	1	<u><u>1,000</u></u>
Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
2	Ordinary shares	1	<u><u>2</u></u>

8. RESERVES

	Profit and loss account £
Retained profit for the period	28,940
Dividends	<u>(23,500)</u>
At 28 February 2006	<u><u>5,440</u></u>

Baby Elephant Films Limited

**Trading and Profit and Loss Account
for the period 14 February 2005 to 28 February 2006**

	£	£
Income		48,415
Cost of sales		
Purchases and research costs	2,501	
Equipment and tools	488	
Sub contractors	1,482	
Training	2,700	
	<hr/>	7,171
GROSS PROFIT		41,244
Other income		
Deposit account interest		52
		<hr/>
		41,296
Expenditure		
Use of residence as office	520	
Post and stationery	120	
Travelling	1,498	
Motor expenses	1,787	
Sundry expenses	16	
Accountancy	940	
Entertaining	762	
	<hr/>	5,643
		<hr/>
		35,653
Depreciation		
Computer equipment		81
		<hr/>
NET PROFIT		35,572
		<hr/>

This page does not form part of the statutory financial statements