

Company Registration No. 01183941 (England and Wales)

CAPSCAN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005



CAPSCAN LIMITED

COMPANY INFORMATION

Directors

Mr. L Gordon
Mr. A Green
Mr. T Hiles
Mr. T Kyriacou
Mr. A Lewin
Mr. D Mead

Secretary

Mr. A Lewin

Company number

01183941

Registered office

Scandex Group Services
Grand Union House
20 Kentish Town Road
London
NW1 9NR

Auditors

Crane & Partners
Sussex House
8-10 Homesdale Road
Bromley
Kent
BR2 9LZ

Business address

Scandex Group Services
Grand Union House
20 Kentish Town Road
London
NW1 9NR

CAPSCAN LIMITED

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CAPSCAN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of software development, information dissemination, supply and management services

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 3.

Directors

The following directors have held office since 1 April 2004:

Mr. L Gordon
Mr. A Green
Mr. T Hiles
Mr. T Kyriacou
Mr. A Lewin
Mr. D Mead

Directors' interests

The beneficial interests of the directors have been disclosed in the group consolidated accounts of Scandex Limited, the ultimate parent company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Crane & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

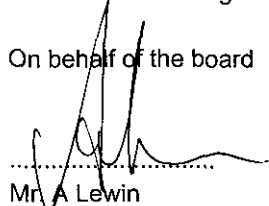
Directors' responsibilities

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 and of the profit or loss of the company for that period. In preparing those 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;
- 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. They 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.

On behalf of the board



Mr. A Lewin

Director

24/01/06

CAPSCAN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPSCAN LIMITED

We have audited the financial statements of Capscan Limited on pages 3 to 12 for the year ended 31 March 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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.

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.

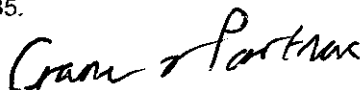
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Crane & Partners

Chartered Accountants
Registered Auditor



27 January 2006

Sussex House
8-10 Homesdale Road
Bromley
Kent
BR2 9LZ

CAPSCAN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	4,920,494	4,413,958
Cost of sales		(2,187,085)	(2,139,977)
Gross profit		2,733,409	2,273,981
Distribution costs		(924,538)	(662,339)
Administrative expenses		(761,593)	(731,267)
Operating profit	3	1,047,278	880,375
Other interest receivable and similar income		90,649	46,943
Profit on ordinary activities before taxation		1,137,927	927,318
Tax on profit on ordinary activities	4	(299,208)	(269,834)
Profit on ordinary activities after taxation	9	838,719	657,484

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.

CAPSCAN LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	5		173,124		140,095
Current assets					
Debtors	6	4,191,219		4,358,656	
Cash at bank and in hand		2,573,069		1,435,157	
		<u>6,764,288</u>		<u>5,793,813</u>	
Creditors: amounts falling due within one year	7	<u>(2,726,331)</u>		<u>(2,561,547)</u>	
Net current assets			4,037,957		3,232,266
Total assets less current liabilities			<u>4,211,081</u>		<u>3,372,361</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		4,210,981		3,372,261
Shareholders' funds - equity interests	10		<u>4,211,081</u>		<u>3,372,361</u>

The financial statements were approved by the Board on 24th January 2006


Mr. A Lewin
Director

CAPSCAN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	£	2005 £	£	2004 £
Net cash inflow/(outflow) from operating activities		1,114,791		(2,297,609)
Returns on investments and servicing of finance				
Interest received	90,649		46,943	
Net cash inflow for returns on investments and servicing of finance		90,649		46,943
Taxation		29,999		-
Capital expenditure				
Payments to acquire tangible assets	(128,496)		(48,661)	
Receipts from sales of tangible assets	30,969		3,102	
Net cash outflow for capital expenditure		(97,527)		(45,559)
Net cash inflow/(outflow) before management of liquid resources and financing		1,137,912		(2,296,225)
Increase/(decrease) in cash in the year		1,137,912		(2,296,225)

CAPSCAN LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2005	2004
		£	£
	Operating profit	1,047,278	880,375
	Depreciation of tangible assets	69,465	55,472
	(Profit)/loss on disposal of tangible assets	(4,966)	1,646
	Decrease/(increase) in debtors	167,437	(3,418,440)
	(Decrease)/Increase in creditors within one year	(5,937)	450,338
	Group relief	(158,486)	(267,000)
	Net cash inflow/(outflow) from operating activities	1,114,791	(2,297,609)

2	Analysis of net funds	1 April 2004	Cash flow	Other non-cash changes	31 March 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,435,157	1,137,912	-	2,573,069
		<u>1,435,157</u>	<u>1,137,912</u>	<u>-</u>	<u>2,573,069</u>
	Net funds	<u>1,435,157</u>	<u>1,137,912</u>	<u>-</u>	<u>2,573,069</u>

3	Reconciliation of net cash flow to movement in net funds	2005	2004
		£	£
	Increase/(decrease) in cash in the year	1,137,912	(2,296,225)
	Movement in net funds in the year	1,137,912	(2,296,225)
	Opening net funds	1,435,157	3,731,382
	Closing net funds	2,573,069	1,435,157

5 Liquid resources

A contributing factor of the exceptional net cash outflow during the previous year was an intercompany transfer of a deposit account from Capscan Limited to Scandex Limited. This is reflected in the substantial increase in debtors, shown in note 1.

CAPSCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 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	20% on the original cost
Fixtures, fittings & equipment	20% on the original cost
Motor vehicles	20% on the original cost

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.6 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

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 profit

	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	69,465	55,472
Loss on disposal of tangible assets	-	1,646
Loss on foreign exchange transactions	-	2,133
Auditors' remuneration	3,600	3,600
and after crediting:		
Profit on disposal of tangible assets	(4,966)	-
Profit on foreign exchange transactions	(5,426)	-

CAPSCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

4	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	140,722	2,834
	Payment in respect of group relief	158,486	267,000
	Current tax charge	<u>299,208</u>	<u>269,834</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,137,927</u>	<u>927,318</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 19.00%)	<u>341,378</u>	<u>176,190</u>
	Effects of:		
	Non deductible expenses	(184)	913
	Depreciation add back	20,840	10,540
	Capital allowances	(29,992)	(15,708)
	Other tax adjustments	(32,834)	97,899
		<u>(42,170)</u>	<u>93,644</u>
	Current tax charge	<u>299,208</u>	<u>269,834</u>

CAPSCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

5 Tangible fixed assets

	Plant and machinery etc £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2004	131,453	29,704	148,628	309,785
Additions	13,501	9,854	105,141	128,496
Disposals	-	-	(59,153)	(59,153)
At 31 March 2005	144,954	39,558	194,616	379,128
Depreciation				
At 1 April 2004	80,104	21,056	68,529	169,689
On disposals	-	-	(33,150)	(33,150)
Charge for the year	22,083	5,026	42,356	69,465
At 31 March 2005	102,187	26,082	77,735	206,004
Net book value				
At 31 March 2005	42,767	13,476	116,881	173,124
At 31 March 2004	51,349	8,648	80,099	140,095

6 Debtors

	2005 £	2004 £
Trade debtors	1,123,864	1,235,312
Amounts owed by parent and fellow subsidiary undertakings	3,025,721	3,088,049
Other debtors	10,502	7,785
Prepayments and accrued income	31,132	27,510
	4,191,219	4,358,656

Amounts falling due after more than one year and included in the debtors above are:

	2005 £	2004 £
Amounts owed by group undertakings	3,184,207	3,088,049

CAPSCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

7	Creditors: amounts falling due within one year	2005	2004
		£	£
	Trade creditors	201,517	265,189
	Corporation tax	173,555	2,834
	Other taxes and social security costs	325,315	360,717
	Other creditors	239,620	245,736
	Accruals and deferred income	1,786,324	1,687,071
		<u>2,726,331</u>	<u>2,561,547</u>
8	Share capital	2005	2004
		£	£
	Authorised		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
9	Statement of movements on profit and loss account		Profit and loss account £
	Balance at 1 April 2004		3,372,262
	Retained profit for the year		<u>838,719</u>
	Balance at 31 March 2005		<u>4,210,981</u>
10	Reconciliation of movements in shareholders' funds	2005	2004
		£	£
	Profit for the financial year	838,719	657,484
	Opening shareholders' funds	<u>3,372,361</u>	<u>2,714,877</u>
	Closing shareholders' funds	<u>4,211,081</u>	<u>3,372,361</u>

CAPSCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

11 Directors' emoluments	2005 £	2004 £
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Emoluments for qualifying services	227,752	232,842
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Emoluments disclosed above include the following amounts paid to the highest paid director:

12 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Cost of sales	32	22
Administration	8	10
	40	32

Employment costs

	£	£
Wages and salaries	1,523,330	1,277,005

13 Control

The ultimate parent company is Scandex Limited, a company registered in England and Wales.

No investor acting individually has the ability to control the activities of the parent company and consequently it is considered that there is no ultimate controlling party as defined by Financial Reporting Standard No. 8 "Related Party Disclosures"

CAPSCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

14 Related party transactions

During the year Capscan Limited continued to act as Treasurer for the Scandex Group of companies. It settled expenses on their behalf and was reimbursed with funds to account for the payments made. This resulted in frequent transactions between the group companies.

As at result of this, during the year the company sold goods and services to the value of £nil (2004:£23,230) to the Scandex Limited group.

Also during the year Capscan Limited sold goods and services to the value of £15,328 (2004:£18,402) to Justis Publishing Limited and purchased goods and services to the value of £nil (2004:£65,187) from Matchcode Systems Limited.

Capscan Limited also made payments on behalf of other group companies totalling £1,733,146 (2004:£2,588,618) and on behalf of Matchcode Systems Limited totalling £180 (2004:£230).

The company also advanced funds totalling £427,170 (2004:£177,190) to other group companies and received £3,757,103 (2004:£3,054,316) from Justis Publishing Limited.

The company also paid £158,486 (2004:£267,000) to fellow subsidiaries for the surrender of tax losses.

At 31 March 2005 the company was owed £3,184,207 (2004: £3,088,049) from Scandex Limited, the parent company.

Mr A Lewin is a shareholder and director of Scandex Limited and a director of Capscan Limited, Justis Publishing Limited and Matchcode Systems Limited.