

REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004
FOR
ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED



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FOR THE YEAR ENDED 30 SEPTEMBER 2004**

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**ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

DIRECTORS: Ms I Weiss
P Nash

SECRETARY: P Nash

REGISTERED OFFICE: St Andrew's House
St Andrew's Road
Chesterton
Cambridge
CB4 1DL

REGISTERED NUMBER: 02197452

ACCOUNTANTS: Chater Allan LLP
Chartered Accountants
Beech House
4a Newmarket Road
Cambridge
CB5 8DT

**ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

The directors present their report with the financial statements of the company for the year ended 30 September 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of technical translation services.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2004.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 October 2003 to the date of this report unless otherwise stated.

The beneficial interests of the directors holding office at 30 September 2004 in the shares of the company, according to the register of directors' interests, were as follows:

	30.9.04	1.10.03 or date of appointment if later
Ordinary shares of £1 each		
Ms I Weiss	550	550
P Nash - appointed 7/4/2004	428	428

These directors did not hold any non-beneficial interests in the shares of the company.

POTENTIAL IMPACT OF THE EURO

The director has considered the potential impact of the introduction of the Euro on the company's business. In the opinion of the director there will be no material adverse effect on, or material cost to the company as a result of the introduction of the Euro.

ON BEHALF OF THE BOARD:


.....
P Nash - Director

Date: 15th May 2006

**ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

		2004	2003 as restated
	Notes	£	£
TURNOVER		3,767,152	3,883,431
Cost of sales		3,156,659	3,033,499
GROSS PROFIT		610,493	849,932
Administrative expenses		894,100	1,012,345
OPERATING LOSS	3	(283,607)	(162,413)
Interest receivable and similar income		-	3
		(283,607)	(162,410)
Interest payable and similar charges	4	58,378	38,393
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(341,985)	(200,803)
Tax on loss on ordinary activities	5	-	(27,508)
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(341,985)	(173,295)
DEFICIT FOR THE YEAR		(341,985)	(173,295)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

**ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

	2004	2003 as restated
	£	£
LOSS FOR THE FINANCIAL YEAR	(341,985)	(173,295)
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(341,985)	(173,295)
		<hr/>
Prior year adjustment	Note 6	
	(23,598)	
	<hr/>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	(365,583)	
	<hr/>	

The notes form part of these financial statements

**ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED**

**BALANCE SHEET
30 SEPTEMBER 2004**

		2004		2003 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	7		209,249		168,053
Investments	8		5,920		5,920
			<u>215,169</u>		<u>173,973</u>
CURRENT ASSETS					
Debtors	9	885,479		1,048,489	
Cash at bank and in hand		436,239		105,785	
		<u>1,321,718</u>		<u>1,154,274</u>	
CREDITORS					
Amounts falling due within one year	10	1,581,933		1,321,254	
NET CURRENT LIABILITIES			<u>(260,215)</u>		<u>(166,980)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(45,046)</u>		<u>6,993</u>
CREDITORS					
Amounts falling due after more than one year	11		296,436		6,490
NET (LIABILITIES)/ASSETS			<u><u>(341,482)</u></u>		<u><u>503</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Profit and loss account	16		(342,482)		(497)
SHAREHOLDERS' FUNDS	18		<u><u>(341,482)</u></u>		<u><u>503</u></u>


The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30 September 2004.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2004 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their 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.

ON BEHALF OF THE BOARD:


.....
P Nash - Director

Approved by the Board on 15th May 2006

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Exemption from preparing consolidated financial statements

The financial statements contain information about Alpha Calligraphic Research Cambridge Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements.

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 or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold	- in accordance with the property
Plant and machinery	- 10% on cost
Motor vehicles	- 25% on cost
Computer equipment	- at varying rates on cost

Deferred tax

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

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	2004	2003 as restated
	£	£
Wages and salaries	1,596,307	1,651,209
Social security costs	172,935	183,110
Other pension costs	-	2,664
	<u>1,769,242</u>	<u>1,836,983</u>

**ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2004	2003 as restated
Number of employees	<u>95</u>	<u>85</u>

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2004	2003 as restated
	£	£
Depreciation - owned assets	96,718	100,944
Depreciation - assets on finance leases	10,517	2,000
Loss/(Profit) on disposal of fixed assets	836	(642)
Auditors' remuneration	-	4,527
	<u>24,000</u>	<u>34,500</u>
Directors' emoluments	<u>24,000</u>	<u>34,500</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003 as restated
	£	£
Bank overdraft interest paid	46,876	24,497
Interest on tax	9,218	4,643
Other interest paid	-	6,595
Leasing	2,284	2,658
	<u>58,378</u>	<u>38,393</u>

5. TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	2004	2003 as restated
	£	£
Current tax:		
UK corporation tax	-	(53,710)
Under/(over) provision of tax from previous year	-	28,202
Total current tax	-	(25,508)
Deferred tax	-	(2,000)
Tax on loss on ordinary activities	-	(27,508)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2004

5. TAXATION - continued

Factors affecting the tax credit

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2004	2003 as restated
	£	£
Loss on ordinary activities before tax	<u>(341,985)</u>	<u>(200,803)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 0% (2003 - 19%)	-	(38,153)
Effects of:		
Depreciation in excess of capital allowances	-	5,016
Non taxable expense credit	-	(29,116)
Expenditure not deductible for tax purposes (primarily entertaining)	-	2,440
Lease capital payments	-	(422)
Reduction in the rate of corporation tax during the year	-	(1,373)
Losses carried forward to offset against future taxable profits	-	12,381
Prior year adjustment	-	(4,483)
Under/(Over) provision in previous years	-	28,202
Current tax credit	<u>-</u>	<u>(25,508)</u>

6. PRIOR YEAR ADJUSTMENT

The prior year adjustment is as a result of the change in income recognition in accordance with Urgent Issues Task Force 40 - Revenue Recognition and Service Contracts.

7. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 October 2003	25,818	153,784	20,795	470,673	671,070
Additions	10,411	57,779	-	81,079	149,269
Disposals	-	-	-	(215,088)	(215,088)
At 30 September 2004	<u>36,229</u>	<u>211,563</u>	<u>20,795</u>	<u>336,664</u>	<u>605,251</u>
DEPRECIATION					
At 1 October 2003	18,992	112,667	13,521	357,839	503,019
Charge for year	5,948	17,259	5,199	78,829	107,235
Eliminated on disposal	-	-	-	(214,252)	(214,252)
At 30 September 2004	<u>24,940</u>	<u>129,926</u>	<u>18,720</u>	<u>222,416</u>	<u>396,002</u>
NET BOOK VALUE					
At 30 September 2004	<u>11,289</u>	<u>81,637</u>	<u>2,075</u>	<u>114,248</u>	<u>209,249</u>
At 30 September 2003	<u>6,826</u>	<u>41,117</u>	<u>7,274</u>	<u>112,834</u>	<u>168,051</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

7. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows:

	Plant and machinery £	Computer equipment £	Totals £
COST			
At 1 October 2003	-	12,000	12,000
Additions	45,000	14,521	59,521
	<u>45,000</u>	<u>26,521</u>	<u>71,521</u>
At 30 September 2004	45,000	26,521	71,521
DEPRECIATION			
At 1 October 2003	-	2,000	2,000
Charge for year	4,500	6,017	10,517
	<u>4,500</u>	<u>8,017</u>	<u>12,517</u>
At 30 September 2004	4,500	8,017	12,517
NET BOOK VALUE			
At 30 September 2004	40,500	18,504	59,004
	<u>40,500</u>	<u>18,504</u>	<u>59,004</u>
At 30 September 2003	-	10,000	10,000
	<u>-</u>	<u>10,000</u>	<u>10,000</u>

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 October 2003 and 30 September 2004	5,920
	<u>5,920</u>
NET BOOK VALUE	
At 30 September 2004	5,920
	<u>5,920</u>
At 30 September 2003	5,920
	<u>5,920</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

100% of the ordinary share capital of Coronel Gold sl, a company incorporated in Spain. The principal activity of this company is that of translation.

100% of the ordinary share capital of Alpha US Inc, a company incorporated in the USA. The principal activity of this company is that of marketing.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2004

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003 as restated
	£	£
Trade debtors	615,072	695,926
Amounts owed by group undertakings	146,862	112,519
Other debtors	-	11,988
Tax	22,057	22,057
Prepayments and accrued income	101,488	205,999
	<u>885,479</u>	<u>1,048,489</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003 as restated
	£	£
Bank loans and overdrafts (see note 12)	851,262	181,966
Finance leases (see note 13)	24,987	3,289
Trade creditors	287,827	293,621
Tax	-	22,711
Social security and other taxes	236,376	220,594
VAT	21,127	29,475
Other creditors	72,799	394,540
Deferred income	-	6,695
Receipts in advance	978	19,120
Accruals	86,577	149,243
	<u>1,581,933</u>	<u>1,321,254</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003 as restated
	£	£
Other loans (see note 12)	266,102	-
Finance leases (see note 13)	30,334	6,490
	<u>296,436</u>	<u>6,490</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2004	2003 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>851,262</u>	<u>181,966</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2004

12. LOANS - continued

	2004	2003 as restated
	£	£
Amounts falling due between two and five years:		
Other loans	266,102	-

13. OBLIGATIONS UNDER LEASING AGREEMENTS

	2004	2003 as restated
	£	£
Gross obligations repayable:		
Within one year	27,775	4,705
Between one and five years	32,392	7,450
	<u>60,167</u>	<u>12,155</u>
Finance charges repayable:		
Within one year	2,788	1,416
Between one and five years	2,058	960
	<u>4,846</u>	<u>2,376</u>
Net obligations repayable:		
Within one year	24,987	3,289
Between one and five years	30,334	6,490
	<u>55,321</u>	<u>9,779</u>

The following operating lease payments are committed to be paid within one year:

	2004	2003 as restated
	£	£
Expiring:		
Within one year	-	42,250

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2004

14. SECURED DEBTS

The following secured debts are included within creditors:

	2004	2003 as restated
	£	£
Bank overdrafts	<u>851,262</u>	<u>181,966</u>

15. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2004	2003 as restated
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted and issued: Number:	Class:	Nominal value:	2004	2003 as restated
			£	£
1,000	Share capital 1	£1	<u>1,000</u>	<u>1,000</u>

16. RESERVES

	Profit and loss account £
At 1 October 2003	23,101
Prior year adjustment	<u>(23,598)</u>
	(497)
Deficit for the year	<u>(341,985)</u>
At 30 September 2004	<u>(342,482)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

17. RELATED PARTY DISCLOSURES

The company is controlled by the director, Ms I E Weiss.

During the year the company had the following related party transactions with Data Factory a soletradership in which Mr P Nash, a shareholder in this company is the proprietor:-

Consultancy charges of £nil (2003: £37,723) and purchases of software from Data Factory of £nil (2003: £10,000).

During the year the company had the following related party transactions with its subsidiaries:-

Purchases from Coronel Gold sl of £694,701.

Purchases from Alpha US Inc of £66,776.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003 as restated
	£	£
Loss for the financial year	(341,985)	(173,295)
Net reduction of shareholders' funds	(341,985)	(173,295)
Opening shareholders' funds (originally £24,101 before prior year adjustment of £(23,598))	503	173,798
Closing shareholders' funds	(341,482)	503
Equity interests	(341,482)	503

19. FINANCIAL SUPPORT

The directors have successfully taken action since the year-end to reduce costs and restructure in order to put the company back into a profitable position.

**ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED**

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

	2004		2003 as restated	
	£	£	£	£
Sales		3,767,152		3,883,431
Cost of sales				
Purchases	-		5,550	
Page layout	4,603		22,073	
Translators	1,364,508		910,532	
Sound recording	3,427		23,903	
Courier and delivery services	3,079		6,645	
Sales and marketing	106,123		336,923	
Profit/loss on foreign exchange	83,899		57,068	
Directors' salaries	24,000		34,500	
Wages	1,410,996		1,468,640	
Social security	156,024		167,665	
		3,156,659		3,033,499
GROSS PROFIT		610,493		849,932
Other income				
Deposit account interest		-		3
		610,493		849,935
Expenditure				
Rent, rates and services	150,918		140,835	
Light and heat	9,831		18,611	
Relocation costs	10,830		24,386	
Wages	161,311		148,069	
Social security	16,911		15,445	
Pensions	-		2,664	
Books and periodicals	1,282		3,173	
Telephone	13,713		22,313	
Stationery, printing and computer supplies	18,360		29,287	
Travelling	54,134		52,899	
Repairs and maintenance	28,157		43,404	
Office relocation costs	-		90,704	
Licences and insurance	5,254		3,799	
Office running costs	20,537		24,810	
Casual Labour	-		6,199	
Staff welfare	28,435		43,456	
Entertainment of visitors	3,601		8,250	
Subscriptions	766		520	
Sundry expenses	1,011		2,532	
Accountancy	17,639		2,230	
Computer costs	592		388	
Consultancy	175,577		149,926	
Staff costs	33,671		24,862	
Legal fees	1,582		3,201	
Auditors' remuneration	-		4,527	
Profit/loss on sale of tangible fixed assets	836		(642)	
Carried forward	754,948	610,493	865,848	849,935

This page does not form part of the statutory financial statements

**ALPHA CALLIGRAPHIC RESEARCH
CAMBRIDGE LIMITED**

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

	2004		2003 as restated	
	£	£	£	£
Brought forward	754,948	610,493	865,848	849,935
Bad debts	12,070		30,279	
	<u> </u>	767,018	<u> </u>	896,127
		(156,525)		(46,192)
Finance costs				
Bank charges	19,848		13,274	
Bank overdraft interest paid	46,876		24,497	
Interest on tax	9,218		4,643	
Other interest paid	-		6,595	
Leasing	2,284		2,658	
	<u> </u>	78,226	<u> </u>	51,667
		(234,751)		(97,859)
Depreciation				
Short leasehold	5,948		4,907	
Plant and machinery	17,259		11,501	
Motor vehicles	5,199		5,199	
Computer equipment	78,828		81,337	
	<u> </u>	107,234	<u> </u>	102,944
NET LOSS		<u><u>(341,985)</u></u>		<u><u>(200,803)</u></u>