

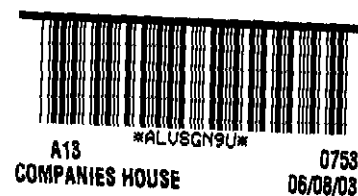
CHEMWARE SYSTEMS LIMITED

Report and Financial Statements

28 February 2003

Deloitte & Touche
Cambridge

(- 21/07/03)
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REPORT AND FINANCIAL STATEMENTS 2003

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Herron
D Buchanan

SECRETARY

J Herron

REGISTERED OFFICE

Newark Close
York Way
Royston
Hertfordshire SG8 5HL

BANKERS

Barclays Bank Plc
Chesterton Business Centre
28 Chesterton Road
Cambridge CB4 3AZ

AUDITORS

Deloitte & Touche
Chartered Accountants
Cambridge

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2003.

ACTIVITY

The company's principal activity is generated from computer software applications for the chemical industry.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year are in line with expectations and activity in the forthcoming year will be minimal.

DIVIDENDS

The directors do not recommend the payment of a dividend (2002 - nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as follows:

A Utley (resigned 11 January 2003)
S L Rogers (resigned 11 April 2003)
J Herron
D Buchanan (appointed 24 February 2003)

No director holds an interest in the shares of the company. The directors' interests in the shares of Episys Group Limited, its parent company, are disclosed in its accounts.

AUDITORS

On 1 August 2003, Deloitte & Touche will transfer their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. However, at present they remain the company's auditors and have signed the accounts in that capacity. The company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003. Accordingly, although the accounts have been signed in the name of Deloitte & Touche, a resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

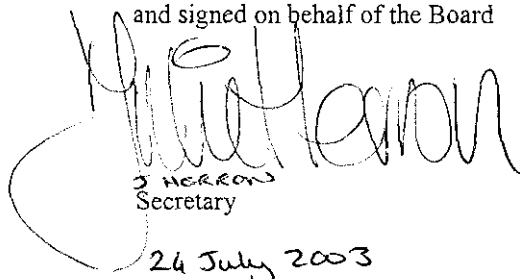
DIRECTORS' REPORT**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year 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.

Approved by the Board of Directors
and signed on behalf of the Board



J. HERON
Secretary

24 July 2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMWARE SYSTEMS LIMITED**

We have audited the financial statements of Chemware Systems Limited for the year ended 28 February 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under 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 auditors' 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 directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 28 February 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and
Registered Auditors

Cambridge

31 July 2003

PROFIT AND LOSS ACCOUNT

Year ended 28 February 2003

	Note	2003 £	2002 £
TURNOVER	2	3,948	4,425
Cost of sales		<u>14,368</u>	<u>5,023</u>
Gross profit		18,316	9,448
Administrative expenses		<u>1,148</u>	<u>1,266</u>
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	17,168	8,182
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		17,168	8,182
Accumulated losses brought forward		<u>(558,504)</u>	<u>(566,686)</u>
Accumulated losses carried forward		<u>(541,336)</u>	<u>(558,504)</u>

All activities derive from continuing operations.

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.

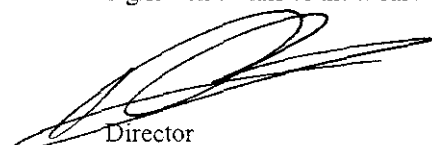
BALANCE SHEET

28 February 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors	6	17,061	12,422
Cash at bank and in hand		4,757	6,579
		<u>21,818</u>	<u>19,001</u>
CREDITORS: amounts falling due within one year	7	<u>(549,634)</u>	<u>(563,985)</u>
NET CURRENT LIABILITIES		<u>(527,816)</u>	<u>(544,984)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(527,816)</u>	<u>(544,984)</u>
CAPITAL AND RESERVES			
Called up share capital	9	2,000	2,000
Share premium account		11,520	11,520
Profit and loss account		<u>(541,336)</u>	<u>(558,504)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>(527,816)</u>	<u>(544,984)</u>

These financial statements were approved by the Board of Directors on 24 July 2003.

Signed on behalf of the Board of Directors



Director

O BUCHANAN

NOTES TO THE ACCOUNTS**Year ended 28 February 2003****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention on a going concern basis. The company is financially supported by its parent company, Episys Group Limited.

Turnover and income recognition

Turnover represents commission payable on sales of goods and services, net of value added tax.

Deferred taxation

Deferred tax is provided in full on timing differences, that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

2. TURNOVER

Turnover, which arises in the United Kingdom, represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover and pre-tax profit are attributable to the activity of software development and sale of associated applications.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors who are the company's only employees did not receive any remuneration in the year or preceding year.

NOTES TO THE ACCOUNTS

Year ended 28 February 2003

4. OPERATING PROFIT

	2003 £	2002 £
Operating profit is after charging:		
Auditors' remuneration	1,100	1,000

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

No tax charge arises in the year because of trading losses brought forward.

The company has tax losses of approximately £403,000 (2002 - £420,000) available to offset against future profits arising from the same trade.

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19% (2002 - 20%).

The actual tax charge for the year is lower than 19% for the reasons set out in the following reconciliation.

	2003 £	2002 £
Profit on ordinary activities before tax	17,168	8,182
Tax on profit on ordinary activities at standard rate	3,262	1,636
Factors affecting the charge:		
Utilisation of tax losses	(3,262)	(1,636)
Actual amount of current tax charge for the year	-	-

6. DEBTORS

	2003 £	2002 £
Amounts owed by group companies	17,061	12,422
All amounts are due within one year.		

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts owed to group undertakings	547,843	547,843
Other taxes and social security	691	774
Other creditors	-	14,368
Accruals and deferred income	1,100	1,000
	549,634	563,985

NOTES TO THE ACCOUNTS

Year ended 28 February 2003

8. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts of deferred taxation unprovided in the accounts based on 19% (2002 - 20%) tax rate are:

	Not provided 2003 £	Not provided 2002 £
Revenue losses	(76,632)	(84,099)

No provision has been made for the deferred tax asset of £76,632 as the company does not anticipate that this will be utilised within the immediate future.

9. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Called up, allotted and fully paid		
2,000 ordinary shares of £1 each	2,000	2,000

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit attributable to members of the company	17,168	8,182
Opening shareholders' funds	(544,984)	(553,166)
Closing shareholders' funds	(527,816)	(544,984)

11. ULTIMATE PARENT COMPANY

The ultimate parent company and immediate and ultimate controlling party is Episys Group Limited, a company registered in England and Wales. Group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose intercompany transactions and balances on the basis that consolidated financial statements are prepared by Episys Group Limited.