

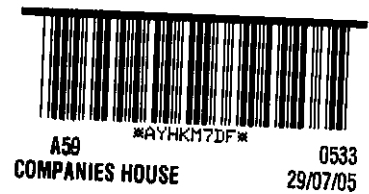
ROUSE & CO INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

30 APRIL 2004

bh Bessler Hendrie
Chartered Accountants

Albury Mill
Mill Lane
Chilworth
Guildford
Surrey GU4 8RT



ROUSE & CO INTERNATIONAL LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

R A Ross-Macdonald
S D Adams
A J T Willoughby

SECRETARY

J J Byrne

REGISTERED OFFICE

The Isis Building
Thames Quay
193 Marsh Wall
London E14 9SG

AUDITORS

Bessler Hendrie
Chartered Accountants
Albury Mill
Mill Lane
Chilworth
Guildford
Surrey GU4 8RT

ROUSE & CO INTERNATIONAL LIMITED**DIRECTORS' REPORT**

The directors submit their report and the financial statements of Rouse & Co International Limited for the year ended 30 April 2004.

PRINCIPAL ACTIVITIES

The principal activity of the group is the management, protection and exploitation of intellectual property throughout the world.

REVIEW OF THE BUSINESS

The consolidated results for the year are set out on page 6. The directors are satisfied with the results for the year and are reviewing costs in order to return the Group to profitability. Turnover decreased by 5.6% to £9.1 million, whilst there was an increase in overhead costs during the year of £765,000. As a result, the Group made a loss for the year before taxation of £231,000 compared to a profit of £789,000 in 2003.

The directors consider the trading results of the year to 30 April 2005 will show growth in turnover and a satisfactory level of profitability.

RESULTS AND DIVIDENDS

The group loss for the year after taxation was £310,309 (2003: profit £349,024).

The directors do not recommend the payment of a dividend on ordinary shares of the company. This leaves a loss of £310,309 (2003: profit £349,024) to be transferred to reserves.

DIRECTORS

The following directors have held office since 1 May 2003:-

R A Ross-Macdonald

S D Adams

A J T Willoughby

ROUSE & CO INTERNATIONAL LIMITED**DIRECTORS' REPORT**

DIRECTORS' INTERESTS IN SHARES

Directors' interests, including family interests, in the shares of the company, were as follows:-

| | Ordinary shares of 10p each | |
|--------------------|------------------------------------|----------------------|
| | 30 April 2004 | 30 April 2003 |
| R A Ross-Macdonald | 101,316 | 101,316 |
| S D Adams | 88,177 | 88,177 |
| A J T Willoughby | 80,236 | 90,236 |

POLITICAL AND CHARITABLE DONATIONS

The group made charitable donations totalling £1,680 (2003: £759) during the year.

CREDITORS PAYMENT POLICY

Trade creditors are settled in accordance with their agreed payment terms.

AUDITORS

A resolution to reappoint Bessler Hendrie, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

By order of the Board



J J Byrne

Secretary

30 June 2005

ROUSE & CO INTERNATIONAL LIMITED**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS**

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 the group and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROUSE & CO INTERNATIONAL LIMITED

We have audited the financial statements on pages 6 to 24.

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 DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with 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 affairs of the company and the group as at 30 April 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bender & Gledhill

Chartered Accountants
and Registered Auditors
Albury Mill
Mill Lane Chilworth
Guildford
Surrey GU4 8RT

28 July 2005

ROUSE & CO INTERNATIONAL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 April 2004

| | Notes | 2004 | 2003 |
|-----------------------------------------------------------------|-------|-------------|-------------|
| TURNOVER | 1 | 9,148,182 | 9,695,766 |
| Change in value of work in progress | | 388,787 | 38,293 |
| | | <hr/> | <hr/> |
| | | 9,536,969 | 9,734,059 |
| Other operating charges | 2 | 9,694,495 | 8,929,263 |
| | | <hr/> | <hr/> |
| OPERATING (LOSS)/PROFIT | | (157,526) | 804,796 |
| Interest receivable | 3 | 12,703 | 2,174 |
| | | <hr/> | <hr/> |
| | | (144,823) | 806,970 |
| Amounts written off investments | | 44,469 | - |
| Interest payable | 4 | 41,514 | 17,970 |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 5 | (230,806) | 789,000 |
| Taxation | 7 | 79,503 | 439,976 |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 17 | £ (310,309) | £ 349,024 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The company acquired Rouse & Co International (Patents) Limited with effect from 1 April 2003.

Rouse & Co International (UK) Limited ceased to trade on 27 February 2004.

The attached notes 1 to 23 form part of these Financial Statements.


ROUSE & CO INTERNATIONAL LIMITED

CONSOLIDATED BALANCE SHEET

30 April 2004

| | Notes | 2004 | 2003 |
|-----------------------------------------------|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 945,816 | 851,649 |
| | | <u>945,816</u> | <u>851,649</u> |
| CURRENT ASSETS | | | |
| Work in progress | 11 | 936,976 | 811,087 |
| Debtors | 12 | 5,767,260 | 4,849,330 |
| Cash at bank and in hand | | 379,616 | 536,305 |
| | | <u>7,083,852</u> | <u>6,196,722</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 13 | 4,693,328 | 3,442,259 |
| | | <u>4,693,328</u> | <u>3,442,259</u> |
| NET CURRENT ASSETS | | <u>2,390,524</u> | <u>2,754,463</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>3,336,340</u> | <u>3,606,112</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| | 14 | 20,226 | - |
| | | <u>20,226</u> | <u>-</u> |
| | | <u>£ 3,316,114</u> | <u>£ 3,606,112</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 58,923 | 58,000 |
| Share premium account | 16 | 1,031,834 | 972,757 |
| Capital reserve | 16 | 87,563 | 87,563 |
| Profit and loss account | 17 | 2,137,794 | 2,487,792 |
| | | <u>2,137,794</u> | <u>2,487,792</u> |
| TOTAL SHAREHOLDERS' FUNDS | | <u>£ 3,316,114</u> | <u>£ 3,606,112</u> |

Approved by the Board on 30 June 2005



..... Director
A J T Willoughby

The attached notes 1 to 23 form part of these Financial Statements.

ROUSE & CO INTERNATIONAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 April 2004

| | Notes | 2004 | 2003 |
|-------------------------------------------------|-------|--------------------|-------------------|
| Cash flows from operating activities | 23a | 289,305 | 770,940 |
| Returns on investments and servicing of finance | 23b | (28,811) | (15,796) |
| Taxation | | (462,225) | (402,317) |
| Capital expenditure and financial investment | 23b | (523,122) | (397,672) |
| Acquisitions and disposals | 23b | (22,700) | - |
| Financing | 23b | - | (19,736) |
| DECREASE IN CASH IN THE YEAR | | £ (747,553) | £ (64,581) |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2004 | 2003 |
|--------------------------------------------------------|------------------------|------------------|
| Decrease in cash in the year | (747,553) | (64,581) |
| Cash outflow from decrease in debt and lease financing | - | 19,736 |
| Change in net debt resulting from cash flow | (747,553) | (44,845) |
| Translations difference | (48,890) | (20,698) |
| | (796,443) | (65,543) |
| NET FUNDS AT 1 MAY 2003 | 144,595 | 210,138 |
| (DEBT)/NET FUNDS AT 30 APRIL 2004 | 23c £ (651,848) | £ 144,595 |

The attached notes 1 to 23 form part of these Financial Statements.


ROUSE & CO INTERNATIONAL LIMITED

PARENT COMPANY BALANCE SHEET

30 April 2004

| | Notes | 2004 | 2003 |
|-----------------------------------------------|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 653,210 | 533,853 |
| Investments | 10 | 55,402 | 36,752 |
| | | <u>708,612</u> | <u>570,605</u> |
| CURRENT ASSETS | | | |
| Stock and work in progress | 11 | 216,975 | 241,709 |
| Debtors | 12 | 5,149,364 | 3,847,423 |
| Cash at bank and in hand | | 168,784 | 289,050 |
| | | <u>5,535,123</u> | <u>4,378,182</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 13 | 4,648,834 | 3,040,077 |
| | | <u>886,289</u> | <u>1,338,105</u> |
| NET CURRENT ASSETS | | | |
| | | <u>1,594,901</u> | <u>1,908,710</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>18,279</u> | <u>4,420</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| | 14 | <u>£ 1,576,622</u> | <u>£ 1,904,290</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 58,923 | 58,000 |
| Share premium account | 16 | 1,031,834 | 972,757 |
| Profit and loss account | 17 | 485,865 | 873,533 |
| | | <u>£ 1,576,622</u> | <u>£ 1,904,290</u> |
| TOTAL SHAREHOLDERS' FUNDS | | | |
| | 18 | <u>£ 1,576,622</u> | <u>£ 1,904,290</u> |

Approved by the Board on 30 June 2005


 Director
 A J T Willoughby

The attached notes 1 to 23 form part of these Financial Statements.

ROUSE & CO INTERNATIONAL LIMITED
Financial statements for the year ended 30 April 2004

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of the company and all of its subsidiary undertakings.

As permitted by Section 230 of the Companies Act 1985, the profit and loss of the parent company has not been presented.

Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

| | |
|-----------------------------------------|-------------------------|
| Leasehold improvements | over lease term |
| Computer equipment | 33% on reducing balance |
| Office equipment, fixtures and fittings | 25% on reducing balance |
| Motor vehicles | 20% straight line |

INVESTMENTS

Unlisted investments are stated at cost. Provision is made for any permanent diminution in value.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of work in progress includes direct salary costs, plus an apportionment of related overhead costs. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion. Provision is made for un-billable time.

PURCHASED GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over the period which the goodwill is effective.

ROUSE & CO INTERNATIONAL LIMITED**Financial statements for the year ended 30 April 2004****ACCOUNTING POLICIES**

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCY TRANSLATION

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

Fixed asset investments denominated in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions except when financed by borrowings denominated in foreign currencies when both the investments and the borrowings are re-translated at the rates of exchange ruling at the end of the period.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

TURNOVER

Turnover represents fees receivable during the period in respect of the company's principal activity.

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2004

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

| | 2004 | 2003 |
|----------------|--------------------|--------------------|
| United Kingdom | 3,312,670 | 3,638,904 |
| Hong Kong | 939,384 | 884,497 |
| China | 2,180,086 | 2,463,178 |
| Indonesia | 648,980 | 739,071 |
| Middle East | 1,697,267 | 1,658,413 |
| Thailand | 262,342 | 209,772 |
| India | 107,453 | 101,931 |
| | <u>£ 9,148,182</u> | <u>£ 9,695,766</u> |

2. OTHER OPERATING CHARGES

| | | |
|------------------------|--------------------|--------------------|
| Staff costs | 5,324,828 | 6,197,874 |
| Operating expenses | 4,376,284 | 2,780,373 |
| Other operating income | (6,617) | (36,080) |
| | <u>£ 9,694,495</u> | <u>£ 8,942,167</u> |

3. INTEREST RECEIVABLE

| | | |
|---------------|-----------------|----------------|
| Bank interest | 12,703 | 3,297 |
| | <u>£ 12,703</u> | <u>£ 3,297</u> |

4. INTEREST PAYABLE

| | | |
|------------------------|-----------------|-----------------|
| Bank interest payable | 22,602 | 20,663 |
| Finance lease interest | 5,933 | 2,318 |
| Other interest | 12,979 | 26,244 |
| | <u>£ 41,514</u> | <u>£ 49,225</u> |

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

| | 2004 | 2003 |
|-------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | |
| Profit on ordinary activities before taxation is stated after charging/(crediting): | | |
| Depreciation and amounts written off tangible fixed: | | |
| Charge for the year: | | |
| Owned assets | 378,548 | 322,466 |
| Loss/(profit) on disposals of tangible assets | 24,578 | (3,142) |
| Amortisation of goodwill | 42,886 | - |
| Auditors' remuneration | 57,438 | 50,242 |
| Ex-gratia payments on loss of office | 24,611 | 86,686 |
| Loss on exchange of foreign currency | 124,202 | 233,139 |
| Operating lease rentals: | | |
| Plant and machinery | 43,156 | - |
| Other assets | 668,179 | 744,668 |
| | <u>378,548</u> | <u>322,466</u> |
| 6. EMPLOYEES | | |
| The average weekly number of persons (including directors) employed by the group during the year was: | No. | No. |
| Administration | 177 | 153 |
| Management | 32 | 27 |
| | <u>209</u> | <u>180</u> |
| Staff costs for the above persons: | | |
| Wages and salaries | 6,504,375 | 6,099,933 |
| Social security costs | 415,406 | 312,552 |
| Pension costs | 143,573 | 83,351 |
| Ex-gratia payments on loss of office | 24,611 | 86,686 |
| | <u>£ 7,087,965</u> | <u>£ 6,582,522</u> |
| DIRECTORS' REMUNERATION | | |
| Aggregate emoluments | 15,000 | 14,683 |
| Pension costs | - | - |
| Ex-gratia payments on loss of office | - | - |
| | <u>£ 15,000</u> | <u>£ 14,683</u> |
| Highest paid director: | | |
| Aggregate emoluments | <u>£ 5,000</u> | <u>£ 5,000</u> |

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

| | 2004 | 2003 |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------|
| 7. TAXATION | | |
| Current tax | | |
| UK Corporation tax at 30% (2003: 30%) | (85,020) | 210,042 |
| Adjustments in respect of previous year | (4,883) | 272 |
| | (89,903) | 210,314 |
| Double tax relief | (5,108) | (20,042) |
| | (95,011) | 190,272 |
| Foreign tax | 157,575 | 250,434 |
| Total current tax | 62,564 | 440,706 |
| Deferred Tax: | | |
| Origination and reversal of timing differences | 16,939 | (730) |
| Total deferred tax | 16,939 | (730) |
| Tax on profit on ordinary activities | £ 79,503 | £ 439,976 |
| Factors affecting tax charge for the year: | | |
| The tax assessed for the period is higher than the standard rate of corporation tax 30% (2003: 30%). The differences are explained below: | | |
| Profit on ordinary activities before tax | £ (230,806) | £ 789,000 |
| Profit on ordinary activities multiplied by the average effective rate of corporation tax 30% (2003: 30%) | (69,242) | 236,700 |
| Effects of: | | |
| Higher rate tax on overseas earnings | 96,843 | 202,689 |
| Expenses not deductible for tax purposes | 44,041 | 11,129 |
| Capital allowances in excess of depreciation | (21,979) | (15,938) |
| Adjustment to tax charge in respect of previous period | (4,883) | 272 |
| Small companies relief | (1,595) | - |
| Trading losses carried forward | 10,295 | - |
| Losses carried back at 19% | 9,084 | - |
| Rounding | - | 5,854 |
| Current tax charge for the period | £ 62,564 | £ 440,706 |

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

8. INTANGIBLE FIXED ASSETS

| GROUP | Purchased goodwill |
|---------------------|--------------------|
| Cost: | |
| 1 May 2003 | - |
| Additions | 42,886 |
| | <hr/> |
| 30 April 2004 | £ 42,886 |
| | <hr/> <hr/> |
| Amortisation: | |
| 1 May 2003 | - |
| Amounts written off | 42,886 |
| | <hr/> |
| 30 April 2004 | £ 42,886 |
| | <hr/> <hr/> |
| Net book value: | |
| 30 April 2004 | £ - |
| | <hr/> <hr/> |

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

9. TANGIBLE FIXED ASSETS

GROUP

| | Leasehold improvements | Furniture, fixtures and fittings | Office and computer equipment | Motor Vehicles | TOTAL |
|----------------------|---------------------------|----------------------------------------|-------------------------------------|-------------------|-----------|
| Cost: | | | | | |
| 1 May 2003 | 73,241 | 275,888 | 1,553,214 | 9,590 | 1,911,933 |
| Additions * | 48,446 | 30,385 | 463,183 | - | 542,014 |
| Disposals | (66,057) | (10,913) | (209,195) | - | (286,165) |
| Transfer | - | 16,736 | (16,736) | - | - |
| Exchange differences | (7,185) | (16,652) | (53,831) | (1,122) | (78,790) |
| 30 April 2004 | 48,445 | 295,444 | 1,736,635 | 8,468 | 2,088,992 |
| Depreciation: | | | | | |
| 1 May 2003 | 66,167 | 186,614 | 803,774 | 3,729 | 1,060,284 |
| Charge in the year | 8,074 | 38,228 | 330,521 | 1,725 | 378,548 |
| Disposals | (59,677) | (10,686) | (174,563) | - | (244,926) |
| Exchange differences | (6,490) | (10,978) | (32,826) | (436) | (50,730) |
| 30 April 2004 | 8,074 | 203,178 | 926,906 | 5,018 | 1,143,176 |
| Net book value: | | | | | |
| 30 April 2004 | 40,371 | 92,266 | 809,729 | 3,450 | £ 945,816 |
| 30 April 2003 | 7,074 | 89,274 | 749,440 | 5,861 | £ 851,649 |

The net book value of office and computer equipment includes £Nil (2003: £18,205) in respect of assets held under hire purchase contracts. The depreciation charge on those assets was £Nil (2003: £13,965).

* Additions include assets acquired as a result of the purchase of Rouse & Co International (Patents) Limited. Rouse & Co International Limited purchased 100% of the share capital on 1 May 2003.

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

9. TANGIBLE FIXED ASSETS continued

COMPANY

| | Computer equipment | Office equipment | Furniture, fixtures and fittings | TOTAL |
|--------------------|-----------------------|---------------------|----------------------------------------|-----------|
| Cost: | | | | |
| 1 May 2003 | 721,584 | 211,570 | 198,497 | 1,131,651 |
| Additions | 279,540 | 63,640 | 3,795 | 346,975 |
| Disposals | (49,551) | (39,549) | - | (89,100) |
| 30 April 2004 | 951,573 | 235,661 | 202,292 | 1,389,526 |
| Depreciation: | | | | |
| 1 May 2003 | 332,045 | 125,286 | 140,467 | 597,798 |
| Charge in the year | 168,631 | 24,599 | 14,982 | 208,212 |
| Disposals | (35,593) | (34,101) | - | (69,694) |
| 30 April 2004 | 465,083 | 115,784 | 155,449 | 736,316 |
| Net book value: | | | | |
| 30 April 2004 | 486,490 | 119,877 | 46,843 | £ 653,210 |
| 30 April 2003 | 389,539 | 86,284 | 58,030 | £ 533,853 |

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2004

| | Group | | Company | |
|------------------------------------|-------|------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| 10. FIXED ASSET INVESTMENTS | | | | |
| At cost: | | | | |
| 1 March 2003 | - | - | 36,752 | 36,752 |
| Additions | - | - | 106,005 | - |
| Write down of investment | - | - | (87,355) | - |
| 30 April 2004 | £ - | £ - | £ 55,402 | £ 36,752 |

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

| Name | Country of Incorporation | Class of shares | Percentage | Nature of business |
|----------------------------------------------------|--------------------------|-----------------|------------|----------------------|
| Rouse & Co International (UK) Limited | United Kingdom | Ordinary | 100 | Consultancy services |
| Rouse & Co International (Overseas) Limited * | Hong Kong | Ordinary | 100 | Consultancy services |
| Beijing Jieding Consultancy * | China | Ordinary | 100 | Consultancy services |
| P T Rouse & Co International (Indonesia) Limited # | Indonesia | Ordinary | 95 | Consultancy services |
| Rouse & Co International (Thailand) Limited + | Thailand | Ordinary | 100 | Consultancy services |
| Rouse India Private Limited + | India | Ordinary | 100 | Consultancy services |
| Rouse Consultancy (Shanghai) Limited + | China | Ordinary | 100 | Consultancy services |
| IS Global Inc | United States of America | Ordinary | 100 | Consultancy services |
| Rouse & Co International (Patents) Limited | United Kingdom | Ordinary | 100 | Consultancy services |
| Rouse & Co International Services Limited | United Kingdom | Ordinary | 100 | Non-trader |
| Rouse & Co International (ME) Limited | United Kingdom | Ordinary | 100 | Non-trader |
| Linkway Limited * | Hong Kong | Ordinary | 100 | Non-trader |

* This company is a subsidiary undertaking of Rouse & Co International (UK) Limited.

5% of this company is owned by Rouse & Co International (UK) Limited so that it is a wholly owned subsidiary undertaking.

+ This company is a subsidiary undertaking of Rouse & Co International (Overseas) Limited.

11. STOCK AND WORK IN PROGRESS

| | Group | | Company | |
|------------------|-----------|-----------|-----------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| Work in progress | £ 936,976 | £ 811,087 | £ 216,975 | £ 241,709 |

This represents unbilled costs in respect of consultancy services.

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2004

| | Group | | Company | |
|------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2004 | 2003 | 2004 | 2003 |
| 12. DEBTORS | | | | |
| Due within one year: | | | | |
| Trade debtors | 4,606,782 | 4,037,948 | 2,494,701 | 2,226,396 |
| Amounts due from subsidiary undertakings | - | - | 1,981,227 | 1,283,170 |
| Taxation | 241,651 | 28,561 | 198,427 | - |
| Other debtors | 353,499 | 209,986 | 112,478 | 43,743 |
| Prepayments and accrued income | 565,328 | 572,835 | 362,531 | 294,114 |
| | <u>£ 5,767,260</u> | <u>£ 4,849,330</u> | <u>£ 5,149,364</u> | <u>£ 3,847,423</u> |

Included in trade debtors is an amount of £745,526 (2003: £775,777) owed by Willoughby & Partners, a firm in which all the directors of the company are partners.

Included in taxation are deferred tax assets of £9,186 (2003: £7,399) receivable in more than one year. These have been included due to the origination of timing differences.

13. CREDITORS

Amounts falling due within one year:

| | | | | |
|------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Bank loans and overdraft (secured) | 1,031,464 | 391,710 | 1,029,731 | 391,710 |
| Payments on account | 1,565,216 | 753,740 | 1,563,666 | 725,985 |
| Trade creditors | 1,253,524 | 865,290 | 790,497 | 666,351 |
| Amounts owed to subsidiary undertakings | - | - | 782,884 | 565,258 |
| Corporation tax | - | 188,184 | - | 4,448 |
| Other taxation and social security costs | 302,434 | 473,473 | 234,966 | 422,112 |
| Other creditors | 89,524 | 49,251 | 58,121 | 12,172 |
| Accruals and deferred income | 451,166 | 720,611 | 188,969 | 252,041 |
| | <u>£ 4,693,328</u> | <u>£ 3,442,259</u> | <u>£ 4,648,834</u> | <u>£ 3,040,077</u> |

The bank loans and overdraft are secured by a fixed charge over the group's assets.

Composite guarantees are in place between all United Kingdom group companies.

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

14. PROVISIONS FOR LIABILITIES AND CHARGES

| | Deferred Tax | | | |
|------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Group | | Company | |
| | 2004 | 2003 | 2004 | 2003 |
| Deferred taxation provided in the financial statements is as follows:- | | | | |
| Balance at 1 May 2003 | (7,399) | - | 4,420 | - |
| Acquired with Rouse & Co International (Patents) Limited | 1,500 | - | - | - |
| Transfer to profit & loss account | 16,939 | (7,399) | 13,859 | 4,420 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at 30 April 2004 | £ 11,040 | £ (7,399) | £ 18,279 | £ 4,420 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Provision for deferred tax has been made as follows: | | | | |
| Excess depreciation over tax allowances | 20,226 | (730) | 18,279 | 4,420 |
| Other timing differences | (9,186) | (6,669) | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | £ 11,040 | £ (7,399) | £ 18,279 | £ 4,420 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

15. SHARE CAPITAL

Authorised:

| | | |
|---------------------------------------|-------------------|-------------------|
| 3,000,000 ordinary shares of 10p each | £ 300,000 | £ 300,000 |
| | <u> </u> | <u> </u> |

Allotted, issued and fully paid:

| | | |
|-----------------------------------------------------|-------------------|-------------------|
| 589,232 (2003: 580,001) ordinary shares of 10p each | £ 58,923 | £ 58,000 |
| | <u> </u> | <u> </u> |

9,231 ordinary shares of 10p each were allotted during the year at a price per share of £6.50 as consideration for a 51% shareholding in Rouse & Co International (Patents) Limited.

16. CAPITAL RESERVES

| | Share Premium Account | Capital Reserve |
|----------------------------------|-----------------------|-------------------|
| 1 May 2003 | 972,757 | 87,563 |
| Premium on allotment during year | 59,077 | - |
| | <u> </u> | <u> </u> |
| 1 May 2003 and 30 April 2004 | £ 1,031,834 | £ 87,563 |
| | <u> </u> | <u> </u> |

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

17. PROFIT AND LOSS ACCOUNT

| | Group | | Company | |
|--------------------------------------|-------------|-------------|-----------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| 1 May 2003 | 2,487,792 | 2,197,526 | 873,533 | 520,755 |
| (Loss)/profit for the year | (310,309) | 349,024 | (387,668) | 352,778 |
| Exchange difference on consolidation | (39,689) | (58,758) | - | - |
| 30 April 2004 | £ 2,137,794 | £ 2,487,792 | £ 485,865 | £ 873,533 |

18. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS

| | 2004 | 2003 |
|--------------------------------------|-------------|-------------|
| GROUP | | |
| (Loss)/profit for the financial year | (310,309) | 349,024 |
| Issue of share capital | 60,000 | - |
| Exchange difference on consolidation | (39,689) | (58,758) |
| | (289,998) | 290,266 |
| Opening shareholders' funds | 3,606,112 | 3,315,846 |
| Closing shareholders' funds | £ 3,316,114 | £ 3,606,112 |
| COMPANY | | |
| (Loss)/profit for the financial year | (387,668) | 352,778 |
| Issue of share capital | 60,000 | - |
| | (327,668) | 352,778 |
| Opening shareholders' funds | 1,904,290 | 1,551,512 |
| Closing shareholders' funds | £ 1,576,622 | £ 1,904,290 |

ROUSE & CO INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004****19. PURCHASE OF SUBSIDIARY UNDERTAKING****2004**

| | |
|--------------------------------------------|-----------------|
| Net assets acquired: | |
| Tangible fixed assets | 14,504 |
| Stock | 1,281 |
| Debtors | 73,115 |
| Cash at bank and in hand | 7,341 |
| Creditors due within one year | (48,812) |
| Creditors due in more than one year | (1,460) |
| Provision for liabilities and charges | (1,500) |
| | <u>44,469</u> |
| Goodwill | <u>42,886</u> |
| | <u>£ 87,355</u> |
| Discharged by: | |
| Cash paid | 27,355 |
| Shares in Rouse & Co International Limited | 60,000 |
| | <u>£ 87,355</u> |

The group purchased Rouse & Co International (Patents) Limited on 1 May 2003.

| | 2004 | 2003 |
|---------------------------------------------------------------------------------|-------------|-------------|
| 20. CAPITAL COMMITMENTS | | |
| Capital expenditure contracted for but not provided in the financial statements | £ - | £ 207,495 |

21. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2004, the group had annual commitments under non-cancellable operating leases as follows:

| | | |
|--------------------------------|------------------|------------------|
| Land and buildings: | | |
| expiring within 1 year | 69,222 | 76,485 |
| expiring between 2 and 5 years | 534,749 | 507,072 |
| Equipment: | | |
| expiring within 1 year | 31,419 | - |
| expiring between 2 and 5 years | 13,015 | - |
| | <u>£ 648,405</u> | <u>£ 583,557</u> |

22. TRANSACTIONS WITH DIRECTORS

During the year the group invoiced administration charges of £2,188,486 (2003: £1,755,442) to Willoughby & Partners, a firm in which all the directors of the company are partners.

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

23. CASH FLOWS

a. Reconciliation of operating profit to net cash inflow from operating activities

| | 2004 | 2003 |
|-----------------------------------------------|-----------|-----------|
| Operating (loss)/profit | (157,526) | 804,796 |
| Depreciation | 378,548 | 322,466 |
| Loss/(profit) on disposals of tangible assets | 24,578 | (3,142) |
| Write off of goodwill on acquisition | 42,886 | - |
| Increase in stocks | (125,889) | (38,293) |
| Increase in debtors | (704,840) | (856,699) |
| Increase in creditors | 831,548 | 541,812 |
| Net cash flow from operating activities | £ 289,305 | £ 770,940 |

b. Analysis of cash for headings netted in the cash flow

Returns on investments and servicing of finance

| | | |
|---------------------------------------------------------------------------|------------|------------|
| Interest received | 12,703 | 2,174 |
| Interest paid | (41,514) | (17,970) |
| Net cash outflow for returns on investment and servicing of income | £ (28,811) | £ (15,796) |

Capital expenditure and financial investment

| | | |
|--------------------------------------------------------------------------|-------------|-------------|
| Purchase of tangible fixed assets | (527,510) | (404,856) |
| Sale of tangible fixed assets | 4,388 | 7,184 |
| Net cash outflow for capital expenditure and financial investment | £ (523,122) | £ (397,672) |

Acquisitions and disposals

| | | |
|--------------------------------------------------------|------------|-----|
| Acquisition of subsidiary undertaking | (27,355) | - |
| Net cash acquired with subsidiary | 4,655 | - |
| Net cash outflow for acquisitions and disposals | £ (22,700) | £ - |

Financing

| | | |
|--------------------------------------------------|-----|------------|
| Receipts from issuing shares | - | - |
| Repayments of amounts borrowed | - | - |
| Capital element of finance lease rental payments | - | (19,736) |
| Net cash outflow for financing | £ - | £ (19,736) |

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2004

23. CASH FLOWS continued

c. Analysis of net debt

| | At 1 May 2003 | Cash flow | Other non-cash changes | Exchange movements | At 30 April 2004 |
|-----------------------|---------------------|--------------|------------------------------|-----------------------|------------------------|
| Cash in hand, at bank | 536,305 | (107,799) | - | (48,890) | 379,616 |
| Overdrafts | (391,710) | (639,754) | - | - | (1,031,464) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | £ 144,595 | £ (747,553) | £ - | £ (48,890) | £ (651,848) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |