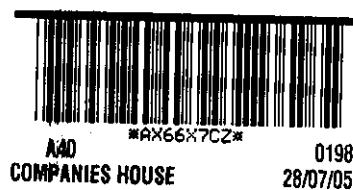


2004/05

Resero Technology Systems Limited

Directors' Report and Financial Statements

Year Ended 30 September 2004



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DIRECTORS AND OTHER INFORMATION

Board of Directors

Appian Technology plc

Solicitors

TLT Solicitors
One Redcliffe Street
Bristol
BS99 7JZ

Secretary and Registered Office

D Hearn
Appian House
Unit 4
Wessex Road
Bourne End
Buckinghamshire
SL8 5DT

Registered No: 3231248

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
George's Quay
Dublin 2

DIRECTORS' REPORT

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

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 books of account which disclose with reasonable accuracy at any time the financial position of the company and 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.

Principal activities and review of the business

The principal activity of the company is that of the research and development of the application of advanced technology in connection with electronic tagging for computers, security, tolling and access control. However, during the year the company put this activity on hold.

Results and dividends

The profit after tax for the financial year amounted to £Nil (2003: £15,344). The directors do not recommend payment of an ordinary dividend.

Subsequent events

There have been no material events since the balance sheet date.

Health and safety

It is the policy of the company to ensure the health and welfare of its employees by maintaining a safe place and system of work. This policy, which is set out in the safety statement required by the Safety, Health and Welfare at Work Act, 1989 is in place.

Directors

The names of the persons who were directors at any time during the year ended 30 September 2004 are set out below:

Appian Technology plc

Directors' shareholdings

The beneficial interests, including family interests, of the directors in office at 30 September 2004 in the share capital of the parent, Appian Technology plc at 30 September 2004 were:

	Ordinary Stg1p shares 30 September 2004	Warrants 30 September 2004	Options 30 September 2004	Ordinary Stg1p shares 30 September 2003	Options 30 September 2003
K Kelly	427,500	200,000	-	427,500	400,000
P Ryan	2,351,333	2,050,000	-	1,589,333	1,050,000
J Finan	741,167	475,000	-	551,167	400,000
F Newton	381,000	350,000	-	-	200,000
D Hearn	122,500	-	550,000	27,500	400,000

DIRECTORS' REPORT - continued

In addition, 6,697,000 shares in Appian Technology plc are held by National Avionics Limited, in which Messrs K Kelly and P Ryan are directors and have an interest.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board


D Hearn

24 February 2005

Independent auditors' report to the members of Resero Technology Systems Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 generally issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance, with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you if in 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

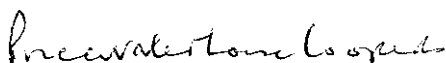
Basis of audit opinion

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 the company's affairs at 30 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

24 February 2005

PROFIT AND LOSS ACCOUNT
Year Ended 30 September 2004

	Notes	30 September 2004 £	30 September 2003 £
Administrative expenses		-	15,344
Profit/(loss) on ordinary activities before taxation	2	-	15,344
Taxation	3	-	-
Profit/(loss) on ordinary activities after taxation		-	15,344

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.

On behalf of the board

D Hearn

P Ryan

BALANCE SHEET
As at 30 September 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	4	-	-
Current assets			
Debtors		-	-
Cash at bank and in hand		-	-
		-	-
Creditors: amounts falling due within one year	5	<u>(195,215)</u>	<u>(195,215)</u>
Net current liabilities		<u>(195,215)</u>	<u>(195,215)</u>
Total assets less current liabilities		<u>(195,215)</u>	<u>(195,215)</u>
Capital and reserves			
Share capital	6	262,589	262,589
Share premium account	7	118,732	118,732
Profit and loss account	7	<u>(576,536)</u>	<u>(576,536)</u>
Shareholders' funds - equity interests	8	<u>(195,215)</u>	<u>(195,215)</u>

On behalf of the board

D Hearn

P Ryan

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with accounting standards generally accepted in the UK. Accounting standards generally accepted in the UK in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants of England and Wales and issued by the Accounting Standards Board. The financial statements have been prepared in Sterling.

Going concern

During the year the company earned a retained profit of £Nil (2003: £15,344) and at the balance sheet date the company had net liabilities of £195,215 (2003: £195,215). The company is dependent on the ongoing financial support of its ultimate parent undertaking Appian Technology plc, to enable it to meet its liabilities as they fall due.

The parent company has indicated its intention to provide this support for the foreseeable future and accordingly, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

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:

Equipment	33.33% straight line
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Taxation

Corporation tax is provided where applicable at current tax rates.

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.

2 Profit/(loss) on ordinary activities before taxation

30 September 2004	30 September 2003
£	£

Profit/(loss) on ordinary activities is stated after crediting:

Wages and salaries	-	971
Social security costs	-	1,697
	-	2,668

There were no employees during the year (2003: Nil).

3 Taxation

There is no taxation charge due to losses carried forward from prior years.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Tangible assets	Computer equipment Stg£	Plant and machinery Stg£	Total Stg£
Cost			
As at 30 September 2003 and 2004	<u>98,210</u>	<u>29,593</u>	<u>127,803</u>
Accumulated depreciation			
As at 30 September 2003 and 2004	<u>(98,210)</u>	<u>(29,593)</u>	<u>(127,803)</u>
Net book value			
As at 30 September 2003 and 2004	<u>-</u>	<u>-</u>	<u>-</u>
5 Creditors: amounts falling due within one year		As at 30 September 2004 £	As at 30 September 2003 £
Accruals and deferred income		2,000	2,000
Amounts due to fellow subsidiaries		<u>193,215</u>	<u>193,215</u>
		<u>195,215</u>	<u>195,215</u>
6 Share capital		As at 30 September 2004 £	As at 30 September 2003 £
Authorised			
1,000,000 ordinary shares of £1 each		<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid			
262,589 ordinary shares of £1 each		<u>262,589</u>	<u>262,589</u>
7 Statement of movements on reserves		Share premium account £	Profit and loss account £
Balance at 30 September 2003		118,732	(576,536)
Retained profit for the year		-	-
Balance at 30 September 2004		<u>118,732</u>	<u>(576,536)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Reconciliation of movements in shareholders' funds	30 September 2004 £	30 September 2003 £
Profit for the year	-	15,344
Opening shareholders' deficit	<u>(195,215)</u>	<u>(210,559)</u>
Closing shareholders' deficit	<u>(195,215)</u>	<u>(195,215)</u>

9 Ultimate parent and controlling company

The ultimate parent company is Appian Technology plc, a company incorporated in the United Kingdom. Copies of the group financial statements of Appian Technology plc can be obtained from Appian House, Unit 4, Wessex Road, Bourne End, Buckinghamshire. The ultimate controlling party, as defined by Financial Reporting Standard No 8 "Related Party Disclosures", is Appian Technology plc.

10 Related party transactions

In accordance with Financial Reporting Standard No. 8 "Related Party Disclosures" transactions with other undertakings within, and investee related parties of, the Appian Technology plc group have not been disclosed in these financial statements.

11 Approval of financial statements

The financial statements were approved by the board of directors on 24 February 2005.