

Resero Technology Systems Limited
Directors' Report and Financial Statements
Year Ended 30 September 2006



Registered No: 3231248

CONTENTS

	Page
DIRECTORS AND OTHER INFORMATION	2
DIRECTORS' REPORT	3 - 4
REPORT OF THE INDEPENDENT AUDITOR	5 - 6
BALANCE SHEET	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 9

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

Grant Thornton UK LLP
1 Westminster Way
OXFORD
OX2 0PZ

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 30 September 2006.

Directors responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity 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 group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for the preparation of the directors' report and other information in the annual report.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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, in 2004 the company put this activity on hold. The company is looking for further opportunities in this area.

Results and dividends

The profit after tax for the financial year amounted to £Nil (2005: £Nil). 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 2006 are set out below:

Appian Technology plc

Directors' shareholdings

100% of share capital of the Company is owned by Appian Technology plc.


DIRECTORS' REPORT

Auditors

Grant Thornton UK LLP were appointed auditors during the year to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

On behalf of the board



D Hearn
Company Secretary
Date 7 March 2007

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
RESERO TECHNOLOGY SYSTEMS LIMITED**

We have audited the financial statements of Resero Technology Systems Limited for the year ended 30 September 2006 which comprise the balance sheet and notes 1 to 10. 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 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 auditor

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 and the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 30 September 2006.

Grant Thornton UK LLP

GRANT THORNTON
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
OXFORD
9 March 2007

BALANCE SHEET
As at 30 September 2006

	Notes	2006 £	2005 £
Creditors: amounts falling due within one year	2	<u>(195,215)</u>	<u>(195,215)</u>
Net current liabilities		<u>(195,215)</u>	<u>(195,215)</u>
Capital and reserves			
Share capital	3	262,589	262,589
Share premium account		118,732	118,732
Profit and loss account		<u>(576,536)</u>	<u>(576,536)</u>
Shareholders' funds - equity interests		<u>(195,215)</u>	<u>(195,215)</u>

These financial statements were approved by the directors on 7 March 2007 and are signed on their behalf by:


D Hearn


P Ryan

The accompanying accounting policies and notes form an integral part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable standards.

In preparing the financial statements for the current year, the group has adopted the presentation requirements of 'FRS 25 Financial Instruments: Disclosure and Presentation'. FRS 25 requires financial instruments to be presented with regard to their substance. Therefore shares, which previously were always presented as part of shareholders' funds regardless of the substance of the instrument, may now be presented as a liability when in substance that share is equivalent to a liability. As a result of this change in recognition criteria, there is no longer a requirement to disclose the apportionment of shareholders' funds between equity and non-equity.

Going concern

During the year the company earned a retained profit of £Nil (2004: £Nil) and at the balance sheet date the company had net liabilities of £195,215 (2004: £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.

3 Creditors: amounts falling due within one year

	As at 30 September 2006 £	As at 30 September 2005 £
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>

4 Share capital

	As at 30 September 2006 £	As at 30 September 2005 £
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>

4 Guarantees

Appian Technology Plc entered into committed facilities with Lloyds TSB Commercial Finance Limited on 16 December 2004. This facility is secured by fixed and floating charges over all the property assets and undertakings of Appian Technology Plc. There are cross guarantees between all Appian Technology Plc subsidiaries except for Genesis (UK) Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 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

6 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.