

**Resero Technology Systems Limited**

**Directors' Report and Financial Statements**

**Year Ended 30 September 2007**

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COMPANIES HOUSE

**Registered No: 3231248**

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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

**Auditor**

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 2007

### **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 auditor is 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 auditor is 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 (2006: £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 2007 are set out below.

Appian Technology plc

### **Directors' shareholdings**

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

## **DIRECTORS' REPORT**

### **Going concern**

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future

At the balance sheet date the company had net liabilities of £195,215. In order to continue as a going concern the company is reliant on the support of its parent undertaking Appian Technology plc ("the Group"), which has agreed to provide financial support to the company for the foreseeable future. The audit report in the financial statements of the Group for the year ended 30 September 2007 has been modified to include an emphasis of matter paragraph. This paragraph refers to inherent uncertainties in the assumptions about sales growth and new business used in the forecasts prepared by the Directors to support their opinion that the Group is able to continue as a going concern.

### **Auditors**

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

By order of the board



D Hearn  
Company Secretary

**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 2007 which comprise the balance sheet and notes 1 to 6. 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

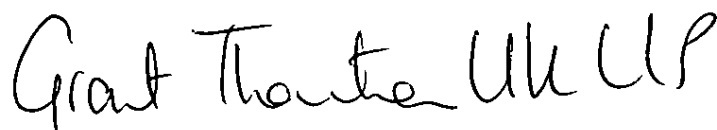
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 30 September 2007

### Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the Directors' Report and the accounting policies concerning the company's ability to continue as a going concern. The company is reliant on the support of its parent undertaking Appian Technology plc ("the Group") in order to continue as a going concern. However, the audit report in the financial statements of the Group for the year ended 30 September 2007 has been modified to include an emphasis of matter paragraph as follows:

"In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the Directors' Report and accounting policies concerning the group's ability to continue as a going concern. The group suffered losses of £3m during the year ended 30 September 2007 and, at that date, the group's current liabilities exceeded its current assets by £234,000. However, the directors believe that the forecasts they have prepared for the period ending 31 March 2009, which indicate an improvement in trading and return to profitability, together with available funding, enable them to form an opinion that the group can continue as a going concern for the foreseeable future. As explained in the accounting policies, there is material uncertainty over the timing of forecast sales growth which may cast doubt over the group's ability to continue as a going concern."

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Our opinion is not qualified in respect of this matter.



GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
OXFORD

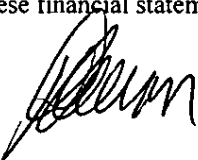
7 March, 2008

**BALANCE SHEET**

As at 30 September 2007

	Notes	2007 £	2006 £
<b>Creditors: amounts falling due within one year</b>	2	<u>(195,215)</u>	<u>(195,215)</u>
<b>Net current liabilities</b>		<u>(195,215)</u>	<u>(195,215)</u>
<b>Capital and reserves</b>			
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>
<b>Shareholders' funds - equity interests</b>		<u>(195,215)</u>	<u>(195,215)</u>

These financial statements were approved by the directors on 3 March 2008 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

The accounting policies are unchanged from the prior year

### Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future

At the balance sheet date the company had net liabilities of £195,215. In order to continue as a going concern the company is reliant on the support of its parent undertaking Appian Technology plc ("the Group"), which has agreed to provide financial support to the company for the foreseeable future. The audit report in the financial statements of the Group for the year ended 30 September 2007 has been modified to include an emphasis of matter paragraph. This paragraph refers to inherent uncertainties in the assumptions about sales growth and new business used in the forecasts prepared by the Directors to support their opinion that the Group is able to continue as a going concern.

### Research and development

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

## 2 Creditors: amounts falling due within one year

	As at 30 September 2007 £	As at 30 September 2006 £
Accruals and deferred income	2,000	2,000
Amounts due to fellow subsidiaries	193,215	193,215
	<u>195,215</u>	<u>195,215</u>

## 3 Share capital

	As at 30 September 2007 £	As at 30 September 2006 £
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
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 registered in England and Wales 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.