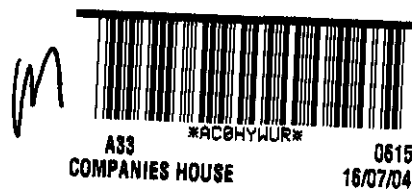


**Resero Technology Systems Limited**

**Directors' Report and Financial Statements**

**Year Ended 30 September 2003**

**Registered No: 3231248**



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**DIRECTORS AND OTHER INFORMATION**

**Board of Directors**

Appian Technology plc

**Solicitors**

TLT Solicitors  
One Redcliff Street  
Bristol  
BS99 7JZ

**Secretary and Registered Office**

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

**Company 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 2003.

### 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 £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 2003 are set out below:

P Ryan (resigned 18 July 2003)  
M Duffin (resigned 18 July 2003)  
Appian Technology plc (appointed 18 July 2003)

### Directors' shareholdings

The beneficial interests, including family interests, of the directors in office at 30 September 2003 in the share capital of the parent, Appian Technology plc at 30 September 2003 were:

	Ordinary Stg1p shares 30 September 2003	Options 30 September 2003	Ordinary Stg1p shares 30 September 2002	Options 30 September 2002
M Duffin	138,611	2,300,000	111,111	2,300,000
K Kelly	427,500	400,000	400,000	200,000
P Ryan	1,589,333	1,050,000	1,561,833	1,050,000
J Finan	551,167	400,000	523,667	200,000
F Newton	-	200,000	-	-
D Hearn	27,500	400,000	-	400,000

**DIRECTORS' REPORT - continued**

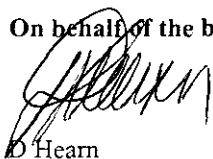
Pursuant to an agreement dated 2 December 2003, M Duffin resigned as a director effective 31 October 2003.

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

16 February 2004

**PricewaterhouseCoopers**

P.O. Box 1283  
George's Quay  
Dublin 2  
Telephone +353 (0) 1 678 9999  
Facsimile +353 (0) 1 704 8600  
Internet [www.pwc.com/ie](http://www.pwc.com/ie)

**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.

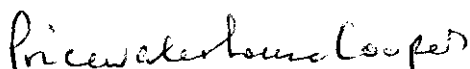
**Basis of audit opinion**

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



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Dublin

16 February 2004

**PROFIT AND LOSS ACCOUNT**  
**Year Ended 30 September 2003**

	Notes	30 September 2003 £	30 September 2002 £
Administrative expenses		<u>15,344</u>	<u>3,124</u>
<b>Profit/(loss) on ordinary activities before taxation</b>	2	15,344	3,124
Taxation	4	<u>-</u>	<u>-</u>
<b>Profit/(loss) on ordinary activities after taxation</b>	8	<u>15,344</u>	<u>3,124</u>

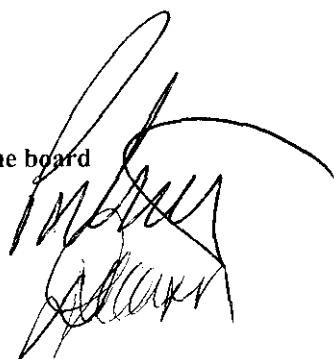
The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

On behalf of the board

P Ryan

D Hearn



**BALANCE SHEET**  
As at 30 September 2003

	Notes	2003 £	2002 £
<b>Current assets</b>			
Debtors	4	-	7,016
Cash at bank and in hand		-	-
		<u>-</u>	<u>7,016</u>
<b>Creditors: amounts falling due within one year</b>	5	<u>(195,215)</u>	<u>(217,575)</u>
<b>Net current liabilities</b>		<u>(195,215)</u>	<u>(210,559)</u>
<b>Total assets less current liabilities</b>		<u>(195,215)</u>	<u>(210,559)</u>
<b>Capital and reserves</b>			
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>(591,880)</u>
<b>Shareholders' funds - equity interests</b>	8	<u>(195,215)</u>	<u>(210,559)</u>

On behalf of the board

P Ryan

D Hearn



## 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 £15,344 and at the balance sheet date the company had net liabilities of £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 2003 £	30 September 2002 £
Profit/(loss) on ordinary activities is stated after crediting		
Wages and salaries	971	-
Social security costs	1,697	-
	<u>2,668</u>	<u>-</u>
Directors' remuneration	-	-
Auditors' remuneration	<u>-</u>	<u>2,000</u>

There were no employees during the year (2002: Nil).

### 3 Taxation

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

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>4 Debtors</b>	As at 30 September 2003 £	As at 30 September 2002 £
VAT recoverable	-	7,016
<b>5 Creditors: amounts falling due within one year</b>	As at 30 September 2003 £	As at 30 September 2002 £
Trade creditors	-	12,482
Accruals and deferred income	2,000	2,194
Amounts due to fellow subsidiaries	193,215	198,853
Tax and social security	-	4,046
	<u>195,215</u>	<u>217,575</u>
<b>6 Share capital</b>	As at 30 September 2003 £	As at 30 September 2002 £
<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>
<b>7 Statement of movements on reserves</b>	Share premium account £	Profit and loss account £
Balance at 30 September 2002	118,732	(591,880)
Retained profit for the year	-	15,344
Balance at 30 September 2003	<u>118,732</u>	<u>(576,536)</u>
<b>8 Reconciliation of movements in shareholders' funds</b>	30 September 2003 £	30 September 2002 £
Profit for the year	15,344	3,124
Opening shareholders' deficit	(210,559)	(213,683)
Closing shareholders' deficit	<u>(195,215)</u>	<u>(210,559)</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 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 16 February 2004.