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Appian Technologies (UK) Limited

Directors' Report and Financial Statements

Year Ended 31 March 1999



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DIRECTORS AND OTHER INFORMATION

Board of Directors

P Bottomley (Non-executive, Chairman)
K Kelly (Non-executive, Secretary)
E Griffith
P Ryan (Non-executive)

Bankers

AIB plc
1 Lower Baggot Street
Dublin 2

Registered Office

Lawrence Tucketts
Bush House
72 Prince Street
Bristol

Solicitors

Arthur Cox
Arthur Cox Building
Earlsfort Terrace
Dublin 2

Registered Number: 3530023

Auditors

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

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 March 1999.

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 company is in the business of providing high technology solutions for modern traffic management, parking guidance and carpark management problems.

Staff

The company employed 3 people during the year. The Board wishes to record its appreciation for the efforts made by both the executive directors and the staff during the year under review.

Result for the year

The loss after tax for the financial year amounted to Stg£53,568. The directors do not recommend the payment of any 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 31 March 1999 are set out below. Except where indicated, they served for the entire year.

| | |
|-------------|----------------------------|
| P Bottomley | (appointed 15 June 1998) |
| K Kelly | (appointed 15 June 1998) |
| E Griffith | (appointed 15 June 1998) |
| P Ryan | (appointed 15 June 1998) |
| TE Pyper | (resigned 29 October 1998) |
| RM Staunton | (resigned 29 October 1998) |

DIRECTORS' REPORT - continued**Directors' and secretary's shareholdings**

The beneficial interests, including family interests, of the directors and secretary in office at 31 March 1999 in the share capital of the company and the company's parent Appian Traffic Technologies plc at 31 March 1999 were :

| | Ordinary shares 31 March 1999 | | Options 31 March 1999 | |
|-------------|----------------------------------|-------------------|--------------------------|---------|
| | Company IR£1 | Group Stg£0.01 | Company | Group |
| P Bottomley | - | 50,000 | - | 100,000 |
| K Kelly | - | 400,000 | - | - |
| E Griffith | - | 15,000 | - | 400,000 |
| P Ryan | - | 420,000 | - | - |

In addition, 6,340,000 shares in Appian Traffic Technologies plc are owned by National Avionics Limited, in which, K Kelly has an interest and both P Ryan and K Kelly are directors.

Year 2000

Management has considered the potential impact and extent of the Year 2000 problem on their business and operations. Based on this assessment and the measures taken it does not expect any material problems for its operations.

Euro

The company has provisional plans to introduce the Euro on 1 January 2001.

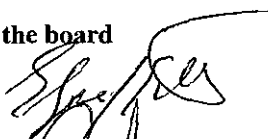
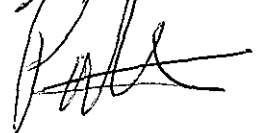
Auditors

The auditors, PricewaterhouseCoopers, will be appointed in accordance with section 160(2) of the Companies Act, 1963.

On behalf of the board

E Griffith

P Ryan



E. Griffith

P. Ryan

27 August 2001

PricewaterhouseCoopers
Wilton Place
Dublin 2
Telephone +353 (0) 1 678 9999
Facsimile +353 (0) 1 662 6200
I.D.E. Box No. 137
Internet www.pwcglobal.com/ie

AUDITORS' REPORT: To the shareholders of Appian Technologies (UK) Limited

We have audited the financial statements on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements as described on page 3. Our responsibilities as independent auditors, are established by statute, the Auditing Practise Board and on profession's ethical guidance.

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. 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.

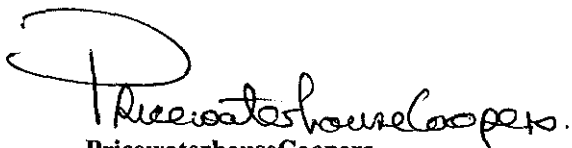
Basis of opinion

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 the company's affairs at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

27 August 2001

ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows:

Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

Turnover

Turnover arising from product and system sales is recognised in accordance with contractual arrangements entered into between the company and its customers which typically provide for payment against key milestones.

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments.

The estimated useful lives of tangible fixed assets by reference to which depreciation has been calculated are as follows:

| | |
|----------------|---------|
| Motor vehicles | 3 years |
|----------------|---------|

Leases

Where tangible assets are financed by leasing agreements which give rights approximating to ownership ("finance leases") they are treated as if they had been purchased outright at the present values of the minimum lease payments and the corresponding leasing liabilities are shown in the balance sheet as finance leases.

Depreciation on leased assets is calculated on a straight line basis over the estimated useful lives of the individual assets. Interest arising on finance leases is charged to the profit and loss account in proportion to the amounts outstanding under the leases.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling pounds at the exchange rates ruling at the balance sheet date and revenues, costs and non monetary assets at the exchange rates ruling at the dates of the transactions, except that where a transaction is covered by a forward exchange contract, the contracted exchange rate is used.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the profit and loss account.

Monetary assets are money held and amounts to be received in money; all other assets are non monetary assets.

Research and development expenditure

Research and development expenditure not recoverable under research contracts is written off in the year in which it is incurred.

Taxation

Corporation tax is provided where applicable at current rates.

Deferred taxation is provided on timing differences to the extent that it is expected to become payable in the foreseeable future and any amount not provided is disclosed as a contingent liability.

Timing differences are temporary differences between profits as computed for timing differences and profits as stated in the financial statements which arise because of certain items of income and expenditure are dealt with in different periods for taxation purposes.

PROFIT AND LOSS ACCOUNT
Year Ended 31 March 1999

| | Notes | 1999 Stg£ |
|------------------------------------|-------|------------------|
| Turnover | | 339,531 |
| Cost of sales | | <u>(266,229)</u> |
| Gross profit | | 73,302 |
| Administration expenses | | (28,707) |
| Other operating expenses | | <u>(98,163)</u> |
| Loss before taxation | 3 | (53,568) |
| Taxation | 4 | <u>-</u> |
| Loss for the financial year | | <u>(53,568)</u> |

Income and the profit before taxation arose solely from continuing operations. There were no other recognised gains or losses for the year.

On behalf of the board

E Griffith

P Ryan

*

2nd

*

[Handwritten signatures]

BALANCE SHEET

31 March 1999

| | Notes | 1999 Stg£ |
|---|-------|------------------|
| Fixed assets | | |
| Tangible assets | 5 | <u>9,614</u> |
| | | <u>9,614</u> |
| Current assets | | |
| Debtors | 6 | <u>370,906</u> |
| Creditors - Amounts falling due within one year | 7 | <u>(429,423)</u> |
| Net current liabilities | | <u>(58,517)</u> |
| Total assets less current liabilities | | (48,903) |
| Creditors - Amounts falling due after more than one year | 8 | <u>(4,663)</u> |
| | | <u>(53,566)</u> |
| Capital and reserves | | |
| Called up share capital | 10 | 2 |
| Profit and loss account | | <u>(53,568)</u> |
| Equity shareholders' funds | 11 | <u>(53,566)</u> |

On behalf of the board

E Griffith

P Ryan



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting period

The financial statements have been prepared for the year, from incorporation on 1 April 1998 to 31 March 1999.

2 Holding company

The parent and ultimate parent undertaking is Appian Traffic Technologies plc which is incorporated in the Republic of Ireland. Group financial statements are prepared for Appian Traffic Technologies plc and can be obtained from its registered office at Unit 9, Crumlin Business Centre, Stannaway Drive, Dublin 12. Appian Technologies (UK) Limited participates in group trading, financing and management arrangements.

The company has availed of the exemptions in Financial Reporting Standard No 8 - "Related Party Disclosures" of disclosing transactions with entities within Appian Traffic Technologies plc group, whose group financial statements are publicly available.

3 Profit on ordinary activities before taxation

1999
Stg£

The loss on ordinary activities before taxation has been arrived at after charging/(crediting):

Staff costs

- wages and salaries

- social welfare costs

65,474

6,281

71,755

Depreciation

560

4 Taxation

There is no taxation charge due to the losses incurred for the year.

NOTES TO THE FINANCIAL STATEMENTS - continued

| | |
|---------------------------------|-----------------------------------|
| 5 Tangible assets | 1999 Motor vehicles Stg£ |
| Cost | |
| Additions | <u>10,174</u> |
| At 31 March 1999 | <u>10,174</u> |
| Accumulated depreciation | |
| Charge for year | <u>560</u> |
| At 31 March 1999 | <u>560</u> |
| Net book amounts | |
| At 31 March 1999 | <u>9,614</u> |

Included above are the following amounts in respect of motor vehicles held under finance leases :

| | |
|----------------------------------|--------------|
| | 1999 Stg£ |
| Net book amount at 31 March 1999 | <u>9,614</u> |
| Depreciation charge for year | <u>560</u> |

| | |
|--------------------------------------|----------------|
| 6 Debtors | 1999 Stg£ |
| Amounts falling due within one year: | |
| Amounts due from parent company | 16,636 |
| Trade debtors | 352,679 |
| Prepayments | <u>1,591</u> |
| | <u>370,906</u> |

| | |
|--|----------------|
| 7 Creditors (amounts falling due within one year) | 1999 Stg£ |
| Trade creditors | 36,055 |
| VAT payable | 45,167 |
| PAYE/NIC | 1,910 |
| Finance leases (note 9) | 3,066 |
| Amounts due to fellow subsidiary | <u>343,225</u> |
| | <u>429,423</u> |
| Creditors for taxation and social welfare included above | <u>47,077</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Creditors (amounts falling due after more than one year) 1999
Stg£

Finance leases (note 9)

- amounts falling due between one and five years

4,663

9 Finance leases

The leases finance motor vehicles which remain in the legal ownership of the lessors (note 5).

10 Share capital

| Authorised Stg£ | Allotted and fully paid Stg£ |
|--------------------|------------------------------------|
|--------------------|------------------------------------|

At 31 March 1999, ordinary shares of Stg£1 each

100

2

11 Reconciliation of movement in shareholder funds

Profit and
loss account
Stg£

Loss for the year

(53,568)

At 31 March 1999

(53,568)

12 Employees

1999

The average number of persons employed by the company during the year was as follows:

Marketing

2

Engineering

1

3

13 Approval of the financial statements

The directors approved the financial statements on 27 August 2001.

DETAILED PROFIT AND LOSS ACCOUNT

Year Ended 31 March 1999

| | 1999 Stg£ |
|---------------------------------|------------------|
| Income | |
| Project sales | <u>339,531</u> |
| Expenditure | |
| Cost of sales | <u>(266,229)</u> |
| Staff costs | <u>(63,935)</u> |
| Other operating expenses | |
| Professional fees | (18,295) |
| Sales and marketing | (15,254) |
| Lease interest | <u>(119)</u> |
| | <u>(33,668)</u> |
| Administration costs | |
| Communications | (2,312) |
| Motor expenses/travel | (21,930) |
| Office expenses | (183) |
| Ex gratia payment | (4,052) |
| Bank charges and fees | <u>(230)</u> |
| | <u>(28,707)</u> |
| Depreciation | <u>(560)</u> |
| Total expenditure | <u>(393,099)</u> |
| Loss for year | (53,568) |
| Taxation | <u>-</u> |
| Loss after taxation | <u>(53,568)</u> |