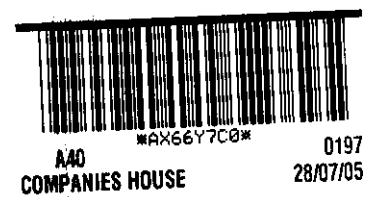


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**Appian Technologies (UK) Limited**

**Directors' Report and Financial Statements**

**Year Ended 30 September 2004**



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**DIRECTORS AND OTHER INFORMATION**

**Board of Directors**

Appian Technology plc

**Bankers**

NatWestBank plc  
13 Market Place  
Reading  
Berks RG1 2EP

**Secretary and Registered Office**

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

**Solicitors**

TLT Solicitors  
One Redcliffe Street  
Bristol  
BS99 7JZ

**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 30 September 2004.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial situation 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.

### Books of account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Appian House, Unit 4, Wessex Road, Bourne End, Buckinghamshire.

### Staff

The company employed no staff during the year (2003:1). The company subcontracted other Appian group companies to carry out its work.

### Result for the year

The profit after tax for the year amounted to Stg£110,026 (year ended 30 September 2003 profit after tax £15,719). The directors do not recommend the payment of any dividend.

### Subsequent events

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

### Going Concern

During the year the company incurred a retained profit of Stg£110,026 and at the balance sheet date the company had net liabilities of Stg£202,063. 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.

### 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. Except where indicated, they served for the entire period.

Appian Technology plc

**DIRECTORS' REPORT - continued**

**Directors' shareholdings**

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

	Ordinary Stg1p shares 30 September 2004 Stg£0.01	Warrents 30 September 2004 Stg£0.01	Options 30 September 2004 Stg£0.01	Ordinary Stg1p shares 30 September 2003 Stg£0.01	Options 30 September 2003 Stg£0.01
K Kelly	427,500	200,000	-	427,500	200,000
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	<u>122,500</u>	<u>-</u>	<u>550,000</u>	<u>27,500</u>	<u>400,000</u>

In addition, 6,697,000 shares in Appian Technology plc are owned 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

**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 Appian Technologies (UK) 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.

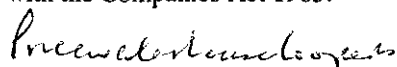
### **Basis of audit opinion**

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**

## 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 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 incurred a profit of Stg£110,026 and at the balance sheet date the company had net liabilities of Stg£202,063. 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.

### Revenue recognition

For both hardware and software maintenance contracts, income is credited to the profit and loss account over the period to which it relates. Costs associated with these contracts are expensed as incurred.

Engineering services, not the subject of an ongoing maintenance contract, such as repair, training and consultancy, are recognised when the services are performed.

Revenue and profit generated from fixed-price contracts whilst the contract is in progress, is recognised having regard to the proportion of the total contract which has been completed at the balance sheet date. Provision is made in full for any expected losses on uncompleted contracts.

### 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
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### 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.

**ACCOUNTING POLICIES - continued**

**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 30 September 2004**

	Notes	2004 Stg£	2003 Stg£
Turnover		242,255	229,658
Cost of sales		<u>(110,383)</u>	<u>(170,247)</u>
<b>Gross profit</b>		131,872	59,411
Administration expenses		(197)	(10,601)
Other operating expenses		<u>(21,670)</u>	<u>(39,091)</u>
<b>Operating profit</b>		110,005	9,719
Net interest payable and similar charges	3	<u>21</u>	<u>6,000</u>
Profit on ordinary activities before taxation	2	110,026	15,719
Taxation	4	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>	9	<u>110,026</u>	<u>15,719</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

P Ryan

D Hearn

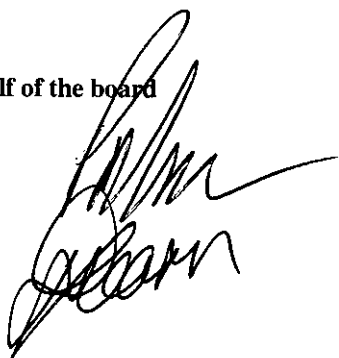
**BALANCE SHEET**  
30 September 2004

	Notes	2004 Stg£	2003 Stg£
<b>Fixed assets</b>			
Tangible assets	5	<u>-</u>	<u>1,275</u>
<b>Current assets</b>			
Cash at bank and in hand		123	10,764
Debtors	6	<u>289,654</u>	<u>330,079</u>
		289,777	340,843
<b>Creditors - Amounts falling due within one year</b>	7	<u>(491,840)</u>	<u>(654,207)</u>
<b>Net current liabilities</b>		<u>(202,063)</u>	<u>(313,364)</u>
<b>Total assets less current liabilities</b>		<u>(202,063)</u>	<u>(312,089)</u>
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Profit and loss account		<u>(202,065)</u>	<u>(312,091)</u>
<b>Equity shareholders' funds</b>	9	<u>(202,063)</u>	<u>(312,089)</u>

On behalf of the board

P Ryan

D Hearn



**NOTES TO THE FINANCIAL STATEMENTS**

**1 Holding company**

The ultimate parent undertaking is Appian Technology plc which is incorporated in the United Kingdom. Group Financial statements are prepared for Appian Technology plc and can be obtained from its premises at Appian House, Unit 4, Wessex Road, Bourne End, Buckinghamshire. 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 Technology plc group, whose group financial statements are publicly available.

<b>2 Profit on ordinary activities before taxation</b>	<b>2004</b>	<b>2003</b>
	<b>Stg£</b>	<b>Stg£</b>

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

Staff costs

- Wages and salaries	-	20,651
- Social welfare costs	-	2,102
	-	22,753

Auditors remuneration	6,000	6,000
Depreciation	425	728
Profit on disposal of fixed assets	500	-

The average number of employees during the year was nil (2003: 1).

<b>3 Interest payable and similar charges</b>	<b>2004</b>	<b>2003</b>
	<b>Stg£</b>	<b>Stg£</b>
Other interest	2	5,882
Bank interest payable	-	(4)
Bank interest receivable	19	122
	21	6,000

**4 Taxation**

There is no taxation charge due to tax losses carried forward.

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>5 Tangible assets</b>		Motor vehicles Stg£
<b>Cost</b>		
At 30 September 2003		12,359
Disposal		(12,359)
At 30 September 2004		-
<b>Accumulated depreciation</b>		
At 30 September 2003		11,084
Charge for year		425
Disposal		(11,509)
At 30 September 2004		-
<b>Net book amounts</b>		
At 30 September 2003		1,275
At 30 September 2004		-
<b>6 Debtors</b>	2004 Stg£	2003 Stg£
Amounts falling due within one year:		
Amounts due from group company	282,892	298,792
Trade debtors	6,762	30,707
Prepayments	-	580
	<u>289,654</u>	<u>330,079</u>
<b>7 Creditors (amounts falling due within one year)</b>	2004 Stg£	2003 Stg£
Trade creditors	1,232	4,898
Amounts due to fellow subsidiary	475,761	633,038
Creditors for taxation and social welfare	1,823	1,390
Accruals and deferred income	13,024	14,881
	<u>491,840</u>	<u>654,207</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Share capital	Authorised Stg£	Allotted and fully paid Stg£
At 30 September 2004 and 2003, ordinary shares of Stg£1 each	<u>100</u>	<u>2</u>

9 Reconciliation of movement in shareholder funds	Share Capital Stg£	Profit and loss account Stg£	Total Stg£
At 30 September 2003	2	(312,091)	(312,089)
Profit for the year	<u>-</u>	<u>110,026</u>	<u>110,026</u>
At 30 September 2004	<u>2</u>	<u>(202,065)</u>	<u>(202,063)</u>

10 Approval of the financial statements

The directors approved the financial statements on 24 February 2005.