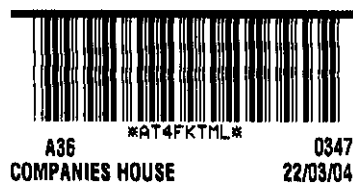


COMPANY REGISTRATION NUMBER 4021839

**NOVAGRAAF IP UK LIMITED  
AND SUBSIDIARIES  
FINANCIAL STATEMENTS  
FOR  
31 DECEMBER 2003**



**HIGGINS FAIRBAIRN & CO.**  
Chartered Accountants & Registered Auditors  
71 Duke Street  
Mayfair  
London W1K 5NY

# **NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2003**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	<b>1</b>
The director's report	<b>2</b>
Independent auditors' report to the shareholders	<b>4</b>
Group profit and loss account	<b>6</b>
Group statement of total recognised gains and losses	<b>7</b>
Group balance sheet	<b>8</b>
Company balance sheet	<b>9</b>
Notes to the financial statements	<b>10</b>
<b>The following pages do not form part of the financial statements</b>	
Detailed group profit and loss account	<b>22</b>
Notes to the detailed group profit and loss account	<b>23</b>

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The director</b>	Novagraaf Finance B.V.
<b>Company secretary</b>	Parmindar S. Kalra
<b>Registered office</b>	Parchment House 13 Northburgh Street London EC1V 0JP
<b>Auditors</b>	Higgins Fairbairn & Co. Chartered Accountants & Registered Auditors 71 Duke Street Mayfair London W1K 5NY
<b>Bankers</b>	ING Bank DK Amsterdam Amstelplein 1 HA Amsterdam 1096

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## THE DIRECTOR'S REPORT

### YEAR ENDED 31 DECEMBER 2003

The director has pleasure in presenting his report and the financial statements of the group for the year ended 31 December 2003.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a holding company for its trade mark and patent businesses in the UK.

### RESULTS AND DIVIDENDS

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

### THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE PARENT COMPANY

The director who served the company during the year together with its beneficial interests in the shares of the parent company was as follows:

	Ordinary shares of £1 in the parent company	
	At 31 December 2003	At 1 January 2003
Novagraaf Finance B.V.	<u>1,357,529</u>	<u>1,357,529</u>

### DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 group at the end of the year and of the group's profit or loss for the year then ended. In preparing those financial statements, the director is required to:

select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;

make judgements 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES****THE DIRECTOR'S REPORT** *(continued)***YEAR ENDED 31 DECEMBER 2003****DONATIONS**

During the year the group made the following contributions:

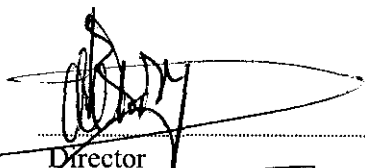
	2003	2002
	£	£
Charitable	<u>25</u>	<u>25</u>

**AUDITORS**

A resolution to re-appoint Higgins Fairbairn & Co. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
Parchment House  
13 Northburgh Street  
London  
EC1V 0JP

Signed by

  
.....  
Director  
Novagraaf Finance B.V.

Approved by the director on 15 March 2004.

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31 DECEMBER 2003**

We have audited the financial statements on pages 6 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS**

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2003

### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs and of the group as at 31 December 2003 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Higgins Fairbairn & Co.*

71 Duke Street  
Mayfair  
London W1K 5NY

HIGGINS FAIRBAIRN & CO.  
Chartered Accountants  
& Registered Auditors

15<sup>th</sup>  
..... March 2004

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2003**

	Note	2003 £	2002 (restated) £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>4,656,332</b>	<b>4,191,356</b>
Cost of sales		<u>1,819,790</u>	<u>1,630,835</u>
<b>GROSS PROFIT</b>		<b>2,836,542</b>	<b>2,560,521</b>
Distribution costs		27,097	31,901
Administrative expenses		2,455,946	2,472,356
Other operating income		<u>(1,061)</u>	<u>(13,620)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>354,560</b>	<b>69,884</b>
Interest receivable and similar income		3,855	3,282
Interest payable	<b>6</b>	<u>(39,115)</u>	<u>(57,158)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>319,300</b>	<b>16,008</b>
Tax on profit on ordinary activities	<b>7</b>	<u>176,656</u>	<u>84,916</u>
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>8</b>	<b><u>142,644</u></b>	<b><u>(68,908)</u></b>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.



**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**  
**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2003**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>(restated)</b>
		<b>£</b>
Profit/(Loss) for the financial year attributable to the shareholders of the parent company	<b>142,644</b>	<b>(68,908)</b>
Total recognised gains and losses relating to the year	<b>142,644</b>	<b>(68,908)</b>
Prior year adjustment (see note 9)	<b>(22,804)</b>	<b>(44,455)</b>
Total gains and losses recognised since the last annual report	<b>119,840</b>	<b>(113,363)</b>

## NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## GROUP BALANCE SHEET

31 DECEMBER 2003

		2003		2002	(restated)
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		908,935		1,159,048
Tangible assets	11		155,405		154,656
			<u>1,064,340</u>		<u>1,313,704</u>
<b>CURRENT ASSETS</b>					
Work in progress	13	194,184		230,586	
Debtors	14	962,628		851,408	
Cash at bank		556,505		360,595	
		<u>1,713,317</u>		<u>1,442,589</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15	779,185		942,888	
<b>NET CURRENT ASSETS</b>			<u>934,132</u>		<u>499,701</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,998,472</u>		<u>1,813,405</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16		598,588		507,507
			<u>1,399,884</u>		<u>1,305,898</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	18		5,434		—
			<u>1,394,450</u>		<u>1,305,898</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	22		1,357,529		1,357,529
Profit and loss account	23		95,393		(47,234)
Foreign currency retranslation reserve			(58,472)		(4,397)
<b>SHAREHOLDERS' FUNDS</b>	24		<u>1,394,450</u>		<u>1,305,898</u>

These financial statements were approved and signed by the director on 15 March 2004.



Novagraaf Finance B.V.

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**  
**COMPANY BALANCE SHEET**  
**31 DECEMBER 2003**

		2003		2002	(restated)
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		908,935		1,159,048
Investments	12		978,288		978,288
			<u>1,887,223</u>		<u>2,137,336</u>
<b>CURRENT ASSETS</b>					
Cash at bank		106,409		20,986	
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>188,398</u>		<u>316,684</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(81,989)</u>		<u>(295,698)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,805,234</u>		<u>1,841,638</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16		<u>598,588</u>		<u>507,507</u>
			<u>1,206,646</u>		<u>1,334,131</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	22		1,357,529		1,357,529
Profit and loss account	23		(92,411)		(19,001)
Foreign currency retranslation reserve			(58,472)		(4,397)
<b>SHAREHOLDERS' FUNDS</b>			<u>1,206,646</u>		<u>1,334,131</u>

These financial statements were approved and signed by the director on 15 March 2004.



Novagraaf Finance B.V.

**YEAR ENDED 31 DECEMBER 2003**

### Basis of accounting

### Basis of consolidation

## Cash flow statement

## Turnover

## Goodwill

## Amortisation

Goodwill - Over 7 years

## Fixed assets

All fixed assets are initially recorded at cost.

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2003****1. ACCOUNTING POLICIES** *(continued)***Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	- Over period of lease
Fixtures & Fittings	- 10% straight line
Computer Equipment	- 25% straight line
Office Equipment	- 25% straight line

**Work in progress**

Work in progress is valued on the basis of direct costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of unbilled direct costs.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Deferred taxation**

Deferred tax is recognised in respect of all timing difference that have originated but not reversed at the balance sheet date where the transactions or events have occurred at that date that will result in the obligation to pay more, or the right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted on the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Differences arising from translation of long term loan from the holding company are taken direct to reserves.

**Investments**

Investments are held as fixed assets and stated at cost less provision for any impairment in value.

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.  
An analysis of turnover is given below:

	2003	2002 (restated)
	£	£
United Kingdom	<u>4,656,332</u>	<u>4,191,356</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003	2002 (restated)
	£	£
Directors' emoluments	564,753	542,451
Amortisation	250,113	250,113
Depreciation of owned fixed assets	27,296	39,524
Auditors' remuneration		
- as auditors	40,900	41,477
Operating lease costs:		
Plant and equipment	3,010	8,413
Vehicles	20,223	24,328
Net loss/(profit) on foreign currency translation	832	(10,377)
*Exceptional items	<u>(20,040)</u>	<u>15,000</u>

\*This is a provision for legal fees and a bonus in connection with a claim by an ex-director of a subsidiary, now written back as the matter has been resolved.

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2003	2002 (restated)
	No	No
Number of administrative staff	23	28
Number of management staff	13	13
	<u>36</u>	<u>41</u>

The aggregate payroll costs of the above were:

	2003	2002 (restated)
	£	£
Wages and salaries	1,175,389	1,190,364
Social security costs	123,640	128,866
Other pension costs	87,348	86,879
	<u>1,386,377</u>	<u>1,406,109</u>

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002 (restated)
	£	£
Emoluments receivable	564,753	542,451
Value of company pension contributions to money purchase schemes	43,122	42,605
	<u>607,875</u>	<u>585,056</u>

Emoluments of highest paid director:

	2003	2002 (restated)
	£	£
Total emoluments (excluding pension contributions):	144,972	138,511
Value of company pension contributions to money purchase schemes	15,962	16,887
	<u>160,934</u>	<u>155,398</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2003

#### 5. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003	2002 <i>(restated)</i>
	No	No
Money purchase schemes	<u>6</u>	<u>6</u>

#### 6. INTEREST PAYABLE

	2003	2002 <i>(restated)</i>
	£	£
Interest on holding company loan	<u>39,115</u>	<u>57,158</u>

#### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002 <i>(restated)</i>
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	<u>170,528</u>	<u>85,610</u>
Total current tax	<u>170,528</u>	<u>85,610</u>
Deferred tax:		
Increase/(decrease) in deferred tax provision	<u>6,128</u>	<u>(694)</u>
Tax on profit on ordinary activities	<u>176,656</u>	<u>84,916</u>

#### 8. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £(73,393) (2002 – Profit £41,211).

#### 9. PRIOR YEAR ADJUSTMENT

This arises from retranslation of a long term loan from the holding company, denominated in Euros. The 2002 financial statements have been restated to include a foreign currency retranslation reserve arising from the long term loan.



# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 10. INTANGIBLE FIXED ASSETS

<b>Group and company</b>	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2003 and 31 December 2003	<u>1,750,790</u>
<b>AMORTISATION</b>	
At 1 January 2003	591,742
Charge for the year	<u>250,113</u>
At 31 December 2003	<u>841,855</u>
<b>NET BOOK VALUE</b>	
At 31 December 2003	<u>908,935</u>
At 31 December 2002	<u>1,159,048</u>

### 11. TANGIBLE FIXED ASSETS

<b>Group</b>	<b>Leasehold Improvements £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Computer Equipment £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>COST</b>					
At 1 January 2003	130,841	55,101	302,826	24,092	512,860
Additions	—	730	26,710	605	<u>28,045</u>
At 31 December 2003	<u>130,841</u>	<u>55,831</u>	<u>329,536</u>	<u>24,697</u>	<u>540,905</u>
<b>DEPRECIATION</b>					
At 1 January 2003	28,549	38,872	271,710	19,073	358,204
Charge for the year	<u>5,219</u>	<u>3,293</u>	<u>15,717</u>	<u>3,067</u>	<u>27,296</u>
At 31 December 2003	<u>33,768</u>	<u>42,165</u>	<u>287,427</u>	<u>22,140</u>	<u>385,500</u>
<b>NET BOOK VALUE</b>					
At 31 December 2003	<u>97,073</u>	<u>13,666</u>	<u>42,109</u>	<u>2,557</u>	<u>155,405</u>
At 31 December 2002	<u>102,292</u>	<u>16,229</u>	<u>31,116</u>	<u>5,019</u>	<u>154,656</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 12. INVESTMENTS

Company	Group companies
	£
<b>COST</b>	
At 1 January 2003 and 31 December 2003	<u>978,288</u>
<b>NET BOOK VALUE</b>	
At 31 December 2003	<u>978,288</u>
At 31 December 2002	<u>978,288</u>

### 13. WORK IN PROGRESS

	Group		Company	
	2003	2002 (restated)	2003	2002
	£	£	£	£
Unbilled direct costs	<u>194,184</u>	<u>230,586</u>	<u>-</u>	<u>-</u>

### 14. DEBTORS

	Group		Company	
	2003	2002 (restated)	2003	2002
	£	£	£	£
Trade debtors	819,047	746,630	-	-
Amounts owed by group undertakings	25,738	10,160	-	-
Other debtors	6,088	3,392	-	-
Deferred tax (Note 18)	-	694	-	-
Prepayments and accrued income	111,755	90,532	-	-
	<u>962,628</u>	<u>851,408</u>	<u>-</u>	<u>-</u>

### 15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2003	2002 (restated)	2003	2002
	£	£	£	£
Bank loans and overdrafts	2,214	13,699	-	-
Trade creditors	318,772	407,216	-	-
Amounts owed to group undertakings	74,973	170,995	159,944	308,684
Corporation tax	62,318	34,793	-	-
PAYE and social security	60,486	75,689	-	-
VAT	124,667	112,527	-	-
Other creditors	5,300	4,387	-	-
Accruals and deferred income	130,455	123,582	28,454	8,000
	<u>779,185</u>	<u>942,888</u>	<u>188,398</u>	<u>316,684</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2003

#### 16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2003	2002 (restated)	2003	2002
	£	£	£	£
Amounts owed to group undertakings	<u>598,588</u>	<u>507,507</u>	<u>598,588</u>	<u>507,507</u>

#### 17. PENSIONS

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group and amounted to £87,348 (2002: £86,879). There were no outstanding or pre-paid contributions at the balance sheet date.

#### 18. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2003	2002 (restated)	2003	2002
	£	£	£	£
Asset brought forward	(694)	—	—	—
Increase/(Decrease) in provision	<u>6,128</u>	<u>(694)</u>	<u>—</u>	<u>—</u>
Provision/Asset carried forward	<u>5,434</u>	<u>(694)</u>	<u>—</u>	<u>—</u>

#### 19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2003		2002	
	Land and buildings	Other items	Land and Buildings (restated)	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	—	—	—	11,803
Within 2 to 5 years	<u>108,667</u>	<u>14,256</u>	<u>15,167</u>	<u>4,684</u>
After more than 5 years	<u>36,780</u>	<u>—</u>	<u>130,280</u>	<u>740</u>
	<u>145,447</u>	<u>14,256</u>	<u>145,447</u>	<u>17,227</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 20. CONTINGENCIES

	2003	2002 (restated)
	£	£
Guarantees of group undertakings' bank indebtedness (Maximum bank facility)	<u>3,027,853</u>	<u>2,801,862</u>

The European group bank indebtedness is secured by a first fixed charge and debenture on the UK group companies' assets and goodwill, together with a negative pledge from each group company.

### 21. RELATED PARTY TRANSACTIONS

During the year, the group earned fees of £152,233 (2002: £143,288) from non-UK group companies. The amount owed on the sales ledger is £14,983 (2002: £18,123). The group also paid fees of £51,380 (2002: £55,965) to non-UK group companies. The amount owed on the purchase ledger is £5,302 (2002: £5,354).

Management charges of £155,466 (2002: £84,850) were paid to the ultimate holding company, Novagraaf Holding B.V. Management charges of £Nil (2002: £10,160) were received from Novagraaf Holding B.V.

Interest of £39,115 (2002: £57,158) was charged by Novagraaf Finance B.V. (formerly known as Vredezicht's Gravenhage 80 B.V.), which is a group company. Of the amount charged £18,074 (2002: £Nil) was outstanding at the year end.

All transactions were on an arms length basis.

### 22. SHARE CAPITAL

#### Authorised share capital:

	2003	2002
	£	£
1,357,529 Ordinary shares of £1 each	<u>1,357,529</u>	<u>1,357,529</u>

#### Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>1,357,529</u>	<u>1,357,529</u>	<u>1,357,529</u>	<u>1,357,529</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 23. RESERVES

Group	Profit and loss account (restated) £
At 1 January 2003	(28,827)
Prior year adjustment (note 9)	(22,804)
Restated balance brought forward	(51,631)
Retained profit for the year	142,644
Other direct charges/credits (re prior year)	4,380
Balance carried forward	<u>95,393</u>

Company	Profit and loss account (restated) £
At 1 January 2003	(594)
Prior year adjustment (note 9)	(22,804)
Restated balance brought forward	(23,398)
Loss for the year	(73,393)
Other direct charges/credits (re prior year)	4,380
Balance carried forward	<u>(92,411)</u>

### 24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003		2002	(restated)
	£	£	£	£
Profit/(Loss) for the financial year		142,644		(68,908)
Other direct charges/credits (re prior year)		4,380		
*Foreign currency losses on translation of long term loan		(58,472)		(4,397)
Net addition/(reduction) to funds		88,552		(73,305)
Opening shareholders' equity funds	1,328,702		1,423,658	
Prior year adjustment (see note 9)	(22,804)		(44,455)	
		<u>1,305,898</u>		<u>1,379,203</u>
Closing shareholders' equity funds		<u>1,394,450</u>		<u>1,305,898</u>

\*An amount of £54,075 (2002: £4,397) was transferred to the foreign currency loss reserve arising from translation of a long term loan from the holding company.

## **NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2003**

#### **25. SUBSIDIARIES**

The following companies, which are all trade mark and patent agents, are the principal subsidiary undertakings of the Group at 31st December 2003:

- (1) Novagraaf Limited
- (2) J.E. Evans-Jackson & Co Limited
- (3) William A. Shepherd & Son Limited
- (4) William Jones Limited
- (5) Novagraaf Patents Limited

All the above companies are 100% owned, located and registered in the United Kingdom, and have been included in the consolidated accounts

#### **26. ULTIMATE PARENT COMPANY**

The immediate holding company is Novagraaf Finance B.V. (formerly known as Vredezicht's Gravenhage 80 B.V.) which is incorporated in the Netherlands. The director regards Novagraaf Holding B.V, which is also incorporated in the Netherlands, as the ultimate holding company