

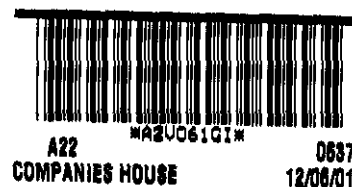
**NEWGROUP IP UK LIMITED AND ITS
SUBSIDIARIES**

FINANCIAL STATEMENTS

FOR

31ST DECEMBER 2000

Company Registration Number 4021839



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

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS
PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

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NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES

OFFICERS AND PROFESSIONAL ADVISERS

Director	Vredezicht's Gravenhage 80 B.V.
Company secretary	Norose Company Secretarial Services Limited
Registered office	Kempson House Camomile Street London EC3A 7AN
Auditors	Higgins Fairbairn & Co. Chartered Accountants & Registered Auditors 71 Duke Street Mayfair London W1K 5NY

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES

THE DIRECTOR'S REPORT

PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

The director has pleasure in presenting his report and the consolidated financial statements of the company for the period from 21st June 2000 to 31st December 2000. NewGroup IP UK Limited was incorporated on the 21st June 2000 to acquire Markgraaf Limited and its subsidiaries.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was that of trade mark and patents agents.

RESULTS AND DIVIDENDS

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

The director has not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

		At 31 December 2000	At 21 June 2000 or later date of appointment
Vredezicht's Gravenhage 80 B.V.	(Appointed 31 Jul 00)	1,357,529	-
Luciene James Limited	(Resigned 21 Jun 00)	-	1
L. Soon Siong	(Served 21 Jun 00 to 31 Jul 00)	-	1
R.J. Moore	(Served 21 Jun 00 to 31 Jul 00)	-	-
		<hr/>	<hr/>

DIRECTOR'S 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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES

THE DIRECTOR'S REPORT *(continued)*

PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

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:
Kempson House
Camomile Street
London
EC3A 7AN

Signed by *A.S. van Poel*



Vredezicht's-Gravenhage 80 B.V.
Director

Approved by the director on 30 May 2001.

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES

AUDITORS' REPORT TO THE SHAREHOLDERS

PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 affairs of the Group as at 31st December 2000 and of the Group's loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

71 Duke Street
Mayfair
London W1K 5NY

30
..... May 2001

Higgins Fairbairn & Co

HIGGINS FAIRBAIRN & CO.
Chartered Accountants
& Registered Auditors

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES
PROFIT AND LOSS ACCOUNT
PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

	Note	Period to 31 Dec 00 £
TURNOVER	2	1,996,210
Cost of sales		753,852
GROSS PROFIT		<u>1,242,358</u>
Distribution costs		20,145
Administrative expenses		<u>1,194,724</u>
OPERATING PROFIT	3	27,489
Interest receivable and similar income		15,506
Interest payable	6	(43,058)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(63)</u>
Tax on loss on ordinary activities	7	(43,058)
LOSS FOR THE FINANCIAL PERIOD		<u><u>(43,121)</u></u>

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

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES
PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Period to 31 Dec 00 £
Loss for the financial period attributable to the shareholders	(43,121)
Total recognised gains and losses relating to the period	<u>(43,121)</u>
Prior year adjustment (see note 9)	18,850
Total gains and losses recognised for the period	<u><u>(24,271)</u></u>

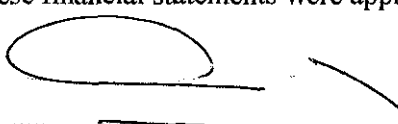
NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES

BALANCE SHEET

31ST DECEMBER 2000

	Note	£
FIXED ASSETS		
Intangible assets	10	1,645,254
Tangible assets	11	229,370
		<u>1,874,624</u>
CURRENT ASSETS		
Work in progress	12	153,697
Debtors	13	834,920
Cash at bank		809,817
		<u>1,798,434</u>
CREDITORS: Amounts falling due within one year	14	<u>(1,125,048)</u>
NET CURRENT ASSETS		<u>673,386</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,548,010</u>
CREDITORS: Amounts falling due after more than one year	15	<u>(1,214,752)</u>
		<u>1,333,258</u>
CAPITAL AND RESERVES		
Called-up equity share capital	18	1,357,529
Profit and Loss Account	19	(24,271)
SHAREHOLDERS' FUNDS	20	<u>1,333,258</u>

These financial statements were approved and signed by the director on the 30 May 2001.



 VREDEZICHT'S GRAVENHAGE 80 B.V.
 Director

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Basis of consolidation

The Group financial statements include those of the Company and its subsidiary undertaking made up to 31 December 2000. Acquisitions are accounted for under the acquisition method. The Group's share of the results of the acquired subsidiary undertaking are included for the six months to 31st December 2000. The reserves of the subsidiary at the date of acquisition are excluded from the consolidated group reserves.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced during the period, exclusive of Value Added Tax.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets of the business acquired. Goodwill is capitalised and amortised on a straight line basis (subject to impairment tests) over its useful economic life of not more than 7 years in accordance with FRS 10 and group policy.

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:

Improvements to Leasehold Premises	- Over period of lease
Fixtures & Fittings	- 10% straight line
Computer Equipment	- 25% straight line
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 work in progress.

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

1. ACCOUNTING POLICIES *(continued)*

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

Pension costs

The group operates a defined contribution pension 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 company and amounted to £32,891. There were no outstanding or pre-paid contributions at 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.

Investments

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

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Period to 31 Dec 00 £
Amortisation	91,516
Depreciation	36,489
Auditors' remuneration	
- as auditors	18,925
Operating lease costs:	
Plant and equipment	7,695
Vehicles	13,211
Net loss on foreign currency translation	29,677
Exceptional items	<u>104,079</u>

The exceptional item consists of the following arising from the group acquisition during the period:

Staff Bonus	£49,224
Directors Bonus	£31,950
Additional Management charges	£22,905

	<u>£104,079</u>

4. PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were:

	Period to 31 Dec 00 £
Wages and salaries	545,976
Social security costs	59,083
Other pension costs	32,891
	<u>637,950</u>

5. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were:

	Period to 31 Dec 00 £
Emoluments receivable	270,331
Value of company pension contributions to money purchase schemes	16,747
	<u>287,078</u>

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

5. DIRECTOR'S EMOLUMENTS *(continued)*

Emoluments of highest paid director:

	Period to 31 Dec 00
	£
Total emoluments (excluding pension contributions):	69,379
Value of company pension contributions to money purchase schemes	7,059
	<u>76,438</u>

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

	Period to 31 Dec 00
	No.
Money purchase schemes	<u>5</u>

6. INTEREST PAYABLE

	Period to 31 Dec 00
	£
Interest on holding company loan	<u>43,058</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period to 31 Dec 00
	£
Corporation Tax based on the results for the period at 30%	<u>43,058</u>

8. PROFIT FOR THE YEAR ATTRIBUTABLE TO NEWGROUP IP UK LIMITED

As permitted by section 230 of the Companies Act, the profit and loss account of the parent company is not individually presented as part of these accounts. The parent company's loss for the period ended 31 December 2000 was £ 146,616.

9. PRIOR YEAR ADJUSTMENT

This consists of £ 18,850 adjustment to trade creditors on acquisition of a subsidiary business of Markgraaf Limited in 1997, which are no longer payable.

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
Additions	1,736,770
At 31st December 2000	<u>1,736,770</u>
AMORTISATION	
Charge for the period	91,516
At 31st December 2000	<u>91,516</u>
NET BOOK VALUE	
At 31st December 2000	<u>1,645,254</u>

11. TANGIBLE FIXED ASSETS

	Improvements to premises £	Fixtures & Fittings £	Computer Equipment £	Other Equipment £	Total £
COST					
Acquired with subsidiary	115,305	26,761	100,435	13,282	255,783
Additions		-	10,076	-	10,076
At 31 December 2000	<u>115,305</u>	<u>26,761</u>	<u>110,511</u>	<u>13,282</u>	<u>265,859</u>
DEPRECIATION					
Charge for the period	2,574	2,815	28,357	2,743	36,489
At 31 December 2000	<u>2,574</u>	<u>2,815</u>	<u>28,357</u>	<u>2,743</u>	<u>36,489</u>
NET BOOK VALUE					
At 31 December 2000	<u>112,731</u>	<u>23,946</u>	<u>82,154</u>	<u>10,539</u>	<u>229,370</u>

Finance lease agreements

Included within the net book value of £229,370 is £598 relating to assets held under finance lease agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £1,240.

12. WORK IN PROGRESS

	31 Dec 00 £
Unbilled direct costs	<u>153,697</u>

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

13. DEBTORS

	31 Dec 00
	£
Trade debtors	779,618
Other debtors and prepayments	55,302
	<u>834,920</u>

14. CREDITORS: Amounts falling due within one year

	£
Bank loans and overdrafts	6,509
Trade creditors	299,230
Amounts owed to group undertakings	363,540
Other creditors including taxation	
Corporation Tax	94,265
PAYE and social security	45,213
VAT	109,501
Other creditors	<u>13,493</u>
	262,472
Accruals and deferred income	193,297
	<u>1,125,048</u>

15. CREDITORS: Amounts falling due after more than one year

	31 Dec 00
	£
Amounts owed to group undertakings	<u>1,214,752</u>

16. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	31 Dec 00	
	Land & Buildings	Other Items
	£	£
Operating leases which expire:		
Within 1 year	1,264	4,506
Within 2 to 5 years	42,400	31,086
After more than 5 years	88,407	-
	<u>132,071</u>	<u>35,592</u>

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

17. RELATED PARTY TRANSACTIONS

During the period, the company earned fees from non-UK group companies as follows:

<u>Related Party</u>	<u>Amount</u>	<u>Amount owed on Sales Ledger</u>
Markgraaf BV	£101,724	£7,552
Marking BV	£ 2,228	£1,040
Novamark S.A.	£ 400	£ Nil
Novamark Technologies S.A.	£ 208	£ 208

During the year, the company also paid fees to non-UK group companies as follows:

<u>Related party</u>	<u>Amount</u>	<u>Amount owed on Purchase Ledger</u>
Markgraaf BV	£ 3,363	£1,459
Novamark S.A.	£ 4,284	£ 965
Novopat International S.A.	£ 1,858	£ 1,858

All transactions were on an arms length basis.

Interest of £43,058 was charged by Vredezicht's Gravenhage 80 B.V , which is a group company.

Management charges of £22,905 were paid to the holding company, NewGroup Holding B.V.

18. SHARE CAPITAL

Authorised share capital:

	31 Dec 00
	£
1,357,529 Ordinary shares of £1.00 each	1,357,529

Allotted, called up and fully paid:

	31 Dec 00
	£
Issue of ordinary shares	1,357,529

19. PROFIT AND LOSS ACCOUNT

	Period to
	31 Dec 00
	£
Prior year adjustment (note 9)	18,850
Retained loss for the financial period	(43,121)
Balance carried forward	(24,271)

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000****20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	£
Loss for the financial period	(43,121)
New equity share capital subscribed	1,357,529
Net addition to funds	<u>1,314,408</u>
Opening shareholders' equity funds	-
Prior year adjustment (see note 9)	<u>18,850</u>
	<u>18,850</u>
Closing shareholders' equity funds	<u><u>1,333,258</u></u>

21. SUBSIDIARIES

During the period, the company acquired Markgraaf Ltd and its subsidiaries. The latter's subsidiaries which are all trade mark and patent agents, are as follows:

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

All the above companies are owned 100%, located and registered in the United Kingdom.

NEWGROUP IP UK LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 21ST JUNE 2000 TO 31ST DECEMBER 2000

22. ACQUISITION

Markgraaf Limited and its subsidiaries were acquired on the 18th August 2000. The fair value of net assets and the consideration paid for the acquisition is set out below:

Markgraaf Limited and its subsidiaries

	Book and fair value £
<u>Net assets acquired</u>	
Tangible fixed assets	255,783
Debtors	872,785
Other current assets	188,670
Cash at bank and in hand	859,949
Creditors	(1,011,877)
Taxation	(187,022)

	978,288
Goodwill	1,736,770

	2,715,058
	=====
Satisfied by:	
Cash	2,715,058
	=====

The results after taxation of Markgraaf Limited and its subsidiaries for the previous financial year were as follows:

	Profit After Taxation £
Prior financial year	287,539
	=====

23. ULTIMATE PARENT COMPANY

The immediate holding company is Vredezicht's Gravenhage 80 B.V. which is incorporated in the Netherlands. The director regards NewGroup Holding B.V. , which is also incorporated in the Netherlands, as the ultimate holding company.