

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31 DECEMBER 2006**



**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 2006**

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# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## OFFICERS AND PROFESSIONAL ADVISERS

<b>The director</b>	Novagraaf Finance B.V.
<b>Company secretary</b>	T Doyle
<b>Registered office</b>	Parchment House 13 Northburgh Street London EC1V 0JP
<b>Auditor</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 2006

The director has pleasure in presenting his report and the financial statements of the group for the year ended 31 December 2006.

#### PRINCIPAL ACTIVITIES

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 and dividends for the year and the group's financial position at the end of the year are shown in the attached financial statements.

#### THE DIRECTOR AND HIS INTERESTS IN THE 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 2006	At 1 January 2006
Novagraaf Finance B.V.	<u>1,357,529</u>	<u>1,357,529</u>

#### DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the group and 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.

In so far as the director is aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2006

### AUDITOR

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

### SMALL COMPANY PROVISIONS


This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

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

Signed by



T. Doyle  
Company Secretary

Approved by the director on  March 2007

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**  
**YEAR ENDED 31 DECEMBER 2006**

We have audited the group and parent company financial statements ("the financial statements") of NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES for the year ended 31 December 2006 on pages 6 to 17, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 9 to 10.

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

**RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR**

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 and 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.

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES *(continued)*

YEAR ENDED 31 DECEMBER 2006

### OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

*Higgins Fairbairn & Co.*

71 Duke Street  
Mayfair  
London  
W1K 5NY

HIGGINS FAIRBAIRN & CO.  
Chartered Accountants  
& Registered Auditors

22.....March 2007

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>5,175,733</b>	<b>5,229,576</b>
Cost of sales		<u>1,940,376</u>	<u>2,015,574</u>
<b>GROSS PROFIT</b>		<b>3,235,357</b>	<b>3,214,002</b>
Distribution costs		32,740	31,031
Administrative expenses		2,682,602	2,598,648
Other operating income		(870)	(600)
<b>OPERATING PROFIT</b>	<b>3</b>	<b>520,885</b>	<b>584,923</b>
Interest receivable and similar income		10,495	10,989
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>531,380</b>	<b>595,912</b>
Tax on profit on ordinary activities	<b>6</b>	<b>243,343</b>	<b>267,212</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>7</b>	<b><u>288,037</u></b>	<b><u>328,700</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.

The notes on pages 9 to 17 form part of these financial statements.




# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## GROUP BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Intangible assets	9	158,623	408,727
Tangible assets	10	129,701	114,562
		<u>288,324</u>	<u>523,289</u>
<b>CURRENT ASSETS</b>			
Work in Progress	12	128,254	194,213
Debtors	13	1,486,986	1,599,478
Cash at bank		575,035	496,287
		<u>2,190,275</u>	<u>2,289,978</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	813,103	935,109
<b>NET CURRENT ASSETS</b>		<u>1,377,172</u>	<u>1,354,869</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,665,496</u>	<u>1,878,158</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	16	2,896	3,595
		<u>1,662,600</u>	<u>1,874,563</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	20	1,357,529	1,357,529
Profit and loss account	21	305,071	517,034
<b>SHAREHOLDERS' FUNDS</b>		<u>1,662,600</u>	<u>1,874,563</u>

These financial statements were approved and signed by the director on ..22.. March 2007.

  
NOVAGRAAF FINANCE B.V.

The notes on pages 9 to 17 form part of these financial statements.

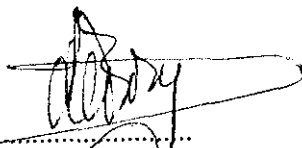
# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## COMPANY BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Intangible assets	9	158,623	408,727
Investments	11	1,348,907	1,385,380
		<u>1,507,530</u>	<u>1,794,107</u>
<b>CURRENT ASSETS</b>			
Debtors	13	388,563	419,079
Cash at bank		57,279	58,480
		<u>445,842</u>	<u>477,559</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	290,778	397,108
<b>NET CURRENT ASSETS</b>		<u>155,064</u>	<u>80,451</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,662,594</u>	<u>1,874,558</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	20	1,357,529	1,357,529
Profit and loss account	21	305,065	517,029
<b>SHAREHOLDERS' FUNDS</b>		<u>1,662,594</u>	<u>1,874,558</u>

These financial statements were approved and signed by the director on 22 March 2007.

  
 .....  
 NOVAGRAAF FINANCE B.V.

The notes on pages 9 to 17 form part of these financial statements.

**NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2006**

## 1. ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

### Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the group is wholly owned and its parent publishes a consolidated cash flow statement.

## Turnover

The turnover shown in the group profit and loss account represents amounts invoiced in respect of the group's principal activity during the year, 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.

## Amortisation

Amortisation 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:

Goodwill - Over 7 years

### Fixed assets

All fixed assets are initially recorded at cost.

## 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

# **NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

### **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.

### **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 2006

### 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:

	2006 £	2005 £
United Kingdom	<u>5,175,733</u>	<u>5,229,576</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2006 £	2005 £
Directors emoluments	659,042	721,024
Amortisation	250,104	250,095
Depreciation of owned fixed assets	28,475	28,283
Auditor's remuneration - as auditor	39,290	38,300
Net (profit) / loss on foreign currency translation	(23,116)	(12,961)
Exceptional item	-	21,437

### 4. PARTICULARS OF EMPLOYEES

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

	2006 No	2005 No
Number of administrative staff	24	24
Number of management staff	5	5
	<u>29</u>	<u>29</u>

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	1,362,743	1,282,967
Social security costs	160,312	148,626
Other pension costs	96,229	90,920
	<u>1,619,284</u>	<u>1,522,513</u>

### 5. DIRECTORS' EMOLUMENTS

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

	2006 £	2005 £
Emoluments receivable	659,042	721,024
Value of company pension contributions to money purchase schemes	46,798	53,623
	<u>705,840</u>	<u>774,647</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### Emoluments of highest paid director:

	2006	2005
	£	£
Total emoluments (excluding pension contributions)	184,184	178,471
Value of company pension contributions to money purchase schemes	15,837	19,137
	<u>200,021</u>	<u>197,608</u>

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

	2006	2005
	No	No
Money purchase schemes	<u>5</u>	<u>7</u>

## 6. TAXATION ON ORDINARY ACTIVITIES

	2006	2005
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	244,042	264,433
Total current tax	<u>244,042</u>	<u>264,433</u>
Deferred tax:		
Origination and reversal of timing differences (note 17)		
Capital allowances	(699)	2,779
Tax on profit on ordinary activities	<u>243,343</u>	<u>267,212</u>

## 7. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £288,036 (2005 - £328,698), after adjusting for Profit / Loss on revaluation of investments in subsidiaries, on a net asset basis.

## 8. DIVIDENDS

### Dividends on equity shares

	2006	2005
	£	£
Paid during the year	<u>500,000</u>	<u>150,000</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 9. INTANGIBLE FIXED ASSETS

<b>Group and company</b>	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2006 and 31 December 2006	<u>1,750,790</u>
<b>AMORTISATION</b>	
At 1 January 2006	1,342,063
Charge for the year	<u>250,104</u>
At 31 December 2006	<u>1,592,167</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>158,623</u>
At 31 December 2005	<u>408,727</u>

### 10. 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 2006	65,756	49,016	343,688	16,925	475,385
Additions	31,325	242	4,377	8,137	44,081
Disposals	—	—	(467)	—	(467)
At 31 December 2006	<u>97,081</u>	<u>49,258</u>	<u>347,598</u>	<u>25,062</u>	<u>518,999</u>
<b>DEPRECIATION</b>					
At 1 January 2006	25,213	41,191	279,981	14,438	360,823
Charge for the year	2,616	3,387	20,344	2,128	28,475
At 31 December 2006	<u>27,829</u>	<u>44,578</u>	<u>300,325</u>	<u>16,566</u>	<u>389,298</u>
<b>NET BOOK VALUE</b>					
At 31 December 2006	<u>69,252</u>	<u>4,680</u>	<u>47,273</u>	<u>8,496</u>	<u>129,701</u>
At 31 December 2005	<u>40,543</u>	<u>7,825</u>	<u>63,707</u>	<u>2,487</u>	<u>114,562</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 11. INVESTMENTS

Company	Group companies £
<b>COST OR VALUATION</b>	
At 1 January 2006	1,385,380
Revaluations	(36,473)
At 31 December 2006	<u>1,348,907</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>1,348,907</u>
At 31 December 2005	<u>1,385,380</u>

### 12. WORK IN PROGRESS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Unbilled direct costs	<u>128,254</u>	<u>194,213</u>	<u>-</u>	<u>-</u>

### 13. DEBTORS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	989,376	1,038,919	-	-
Amounts owed by group undertakings	383,956	436,233	388,407	419,033
Other debtors	2,307	5,725	-	-
Prepayments and accrued income	111,350	118,601	156	46
	<u>1,486,989</u>	<u>1,599,478</u>	<u>388,563</u>	<u>419,079</u>

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

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	2,063	22,049	-	-
Trade creditors	278,708	329,228	-	-
Amounts owed to group undertakings	-	16,926	280,000	386,926
Other creditors	307,019	369,214	-	-
Accruals and deferred income	225,313	197,692	10,778	10,182
	<u>813,103</u>	<u>935,109</u>	<u>290,778</u>	<u>397,108</u>



# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 15. 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 £96,229 (2005: £90,290). There were no outstanding or pre-paid contributions at the balance sheet date.

### 16. DEFERRED TAXATION

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

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Provision brought forward	3,595	816	-	-
(Decrease)/Increase in provision	(699)	2,779	-	-
Provision carried forward	<u>2,896</u>	<u>3,595</u>	<u>-</u>	<u>-</u>

### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2006 the group had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	-	7,115
Within 2 to 5 years	54,200	16,403	146,500	6,138
After more than 5 years	93,500	-	-	-
	<u>147,700</u>	<u>16,403</u>	<u>146,500</u>	<u>13,253</u>

### 18. CONTINGENCIES

	2006	2005
	£	£
Guarantees of group undertakings' bank indebtedness (Maximum bank facility)	21,577,920	24,087,762

The European group bank indebtedness is secured by a first fixed charge and debenture on certain UK group companies' shares.

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 19. RELATED PARTY TRANSACTIONS

During the year, the company earned fees of £188,291 (2005: £171,209) from Novagraaf BV and other non-UK group companies. The amount owed on the sales ledger was £22,179 (2005: £13,356).

During the year, the company also paid fees of £66,971 (2005: £100,011) to Novagraaf BV and other non-UK group companies. The amount owed on the purchase ledger was £18,438 (2005: £26,906).

Management charges of £133,452 (2005: £130,923) were paid to the ultimate holding company, Novagraaf Holding B.V.

All transactions were on an arms length basis.

### 20. SHARE CAPITAL

#### Authorised share capital:

	2006 £	2005 £
1,357,529 Ordinary shares of £1 each	<u>1,357,529</u>	<u>1,357,529</u>

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

	2006		2005	
	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>

### 21. RESERVES

Group	Profit and loss account £
Balance brought forward	517,034
Profit for the year	288,037
Equity dividends	<u>(500,000)</u>
Balance carried forward	<u>305,071</u>
Company	Profit and loss account £
Balance brought forward	517,029
Profit for the year	288,036
Equity dividends	<u>(500,000)</u>
Balance carried forward	<u>305,065</u>

# NOVAGRAAF IP UK LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

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

	2006		2005	
	£	£	£	£
Profit for the financial year		288,037		328,700
Foreign currency gains/losses on translation of long term loan		-		-
Equity dividends paid		(500,000)		(150,000)
Net addition to shareholders' equity funds		(211,963)		178,700
Opening shareholders' equity funds	1,874,563		1,695,863	
		1,874,563		1,695,863
		1,662,600		1,874,563

### 23. SUBSIDIARIES

The following companies, which are all trade mark and patent agents, are the principal subsidiary undertakings of the Group at 31st December 2006:

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

### 23. 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