

Amendment

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Japaninvest (Holdings) Limited

Revised Report and Financial Statements

Year Ended

31 December 2004



BDO Stoy Hayward
Chartered Accountants



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Japaninvest (Holdings) Limited

Annual report and financial statements for the year ended 31 December 2004

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Directors

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Directors

R J A Eastwood
M E Burges Watson

Secretary and registered office

R J A Eastwood, 1st Floor, 68 Saint James' Street, London, SW1A 1PH.

Company number

4547135

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Japaninvest (Holdings) Limited

Report of the directors for the year ended 31 December 2004

The directors present their report together with the revised audited financial statements for the year ended 31 December 2004. These financial statements have been revised as a consequence of share options not being properly exercised. The effect of this revision is to reduce share capital and shareholders funds by £20.

Results and dividends

The profit and loss account of the group is set out on page 6 and shows a profit for the year of £17,909 (2003 – loss £183,157).

The directors do not recommend the payment of a dividend for the year.

Principal activities, review of business and future developments

The principal activity of the company is holding of investments in other group companies.

The directors are satisfied with the result for the year and believe that commissions will continue to rise during the next year.

Charitable and political contributions

During the year the group made no political or charitable contributions.

Directors

The directors of the company during the year and their beneficial interests (unless otherwise stated) in the ordinary share capital of the parent company were as follows:

	Ordinary shares of 10p each at 31 December 2004	Ordinary shares of 10p each 31 December 2003
R J A Eastwood	7,645	7,600
M E Burges Watson	6,327	6,237

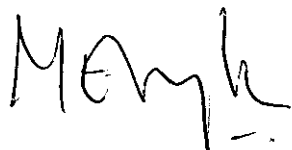
Japaninvest (Holdings) Limited

Report of the directors for the year ended 31 December 2004 *(Continued)*

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'MEW' followed by a stylized flourish.

M E Burges Watson

Director

28 March 2005

Japaninvest (Holdings) Limited

Statement of 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 group and of the profit or loss of the group for that year. 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;
- 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 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. They are 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.

Japaninvest (Holdings) Limited

Report of the independent auditors

To the shareholders of Japaninvest (Holdings) Limited

We have audited the financial statements of Japaninvest (Holdings) Limited for the year ended 31 December 2004 on pages 6 to 19 which have been prepared under the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 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 with the company is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

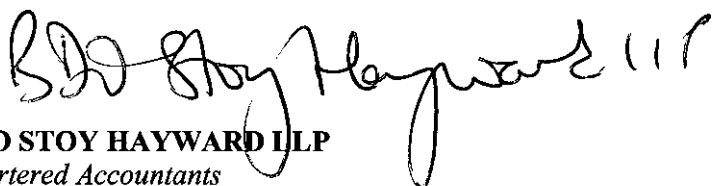
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Japaninvest (Holdings) Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and company's affairs as at 31 December 2004 and of the groups profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward LLP', is written over the printed name of the firm.

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

31 March 2005

Japaninvest (Holdings) Limited**Consolidated profit and loss account for the year ended 31 December 2004**

	Note	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Turnover		1,649,075	191,522
Gross profit		1,649,075	191,522
Administrative expenses		1,631,836	376,223
Operating profit/(loss)		17,239	(184,701)
Interest receivable		670	1,544
Profit/(loss) on ordinary activities before taxation		17,909	(183,157)
Taxation on profit/(loss) from ordinary activities	5	-	-
Profit/(loss) on ordinary activities after taxation		17,909	(183,157)

All amounts relate to continuing activities.

The notes on pages 11 to 19 form part of these financial statements.

Japaninvest (Holdings) Limited**Consolidated statement of total recognised gains and losses for the year ended 31 December 2004**


	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Profit/(loss) for the year	17,909	(183,157)
Exchange difference on retranslation of net assets of subsidiary undertaking	2,631	-
Total recognised gains and losses for the year	20,540	(183,157)

The notes on pages 11 to 19 form part of these financial statements.

Japaninvest (Holdings) Limited**Consolidated balance sheet at 31 December 2004**

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	7		39,103		21,012
Current assets					
Debtors	9	358,048		155,057	
Cash at bank and in hand		393,708		132,272	
		<u>751,756</u>		<u>287,329</u>	
Creditors: amounts falling due within one year	10	<u>306,607</u>		<u>70,404</u>	
Net current assets			<u>445,149</u>		<u>216,925</u>
Total assets less current liabilities			<u>484,252</u>		<u>237,937</u>
Capital and reserves					
Called up share capital	11		2,387		2,178
Share premium account	12		644,482		418,916
Profit and loss account	12		(162,617)		(183,157)
Shareholders' funds - equity	13		<u>484,252</u>		<u>237,937</u>

The financial statements were approved by the Board on 28 March 2005



M E Burges Watson
Director

The notes on pages 11 to 19 form part of these financial statements.

Japaninvest (Holdings) Limited**Company balance sheet at 31 December 2004**

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Investments	8		457,852		302,913
Current assets					
Debtors	9	90,219		59,465	
Cash at bank and in hand		118,591		58,713	
		208,810		118,178	
Creditors: amounts falling due within one year	10	13,270		50	
Net current assets			195,540		118,128
Total assets less current liabilities			653,392		421,041
Capital and reserves					
Called up share capital	11		2,387		2,178
Share premium account	12		644,482		418,916
Profit and loss account	12		6,523		(53)
Shareholders' funds - equity			653,392		421,041

The financial statements were approved by the Board on 28 March 2005



M E Burges Watson
Director

The notes on pages 10 to 19 form part of these financial statements.

Japaninvest (Holdings) Limited

Consolidated cash flow statement for the year ended 31 December 2004

	Note	Year ended 31 December 2004 £	Year ended 31 December 2004 £	Period ended 31 December 2003 £	Period ended 31 December 2003 £
Net cash inflow/(outflow) from operating activities	15		65,941		(262,319)
Returns on investments and servicing of finance					
Interest received		670		1,544	
Net cash inflow from returns on investment and servicing of finance			670		1,544
Capital expenditure and financial investment					
Purchase of tangible fixed assets	7	33,581		28,047	
Net cash outflow from capital expenditure and financial investment			(33,581)		(28,047)
Cash inflow/(outflow) before management of liquid resources and financing			33,030		(288,822)
Financing					
Share capital subscribed	13	225,775		421,094	
Cash inflow from financing			225,775		421,094
Increase in cash in the year	16		258,805		132,272

The notes on pages 10 to 19 form part of these financial statements.

Japaninvest (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 December 2004

1 Accounting policies

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

The principal accounting policies are:

Basis of consolidation

The consolidated financial statements incorporate the results of Japaninvest (Holdings) Limited and all of its subsidiaries as at 31 December 2004 using the acquisition method of accounting.

Turnover

Turnover represents net commissions and fixed payments for research receivable from third parties.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets. It is calculated at the following rates:

IT equipment	-	25% per annum
Fixtures and fittings	-	25% per annum

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment in value. Investments held as current assets are stated at the lower of cost and market value.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Japaninvest (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

1 Accounting policies (Continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

2 Operating profit/(loss)

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
This is arrived at after charging:		
Depreciation	15,490	7,035
Hire of other assets - operating leases	56,204	34,570
Auditors' remuneration	23,206	22,000
Exchange differences	17,426	2,741
	<u> </u>	<u> </u>

Japaninvest (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

3 Employees

The average number of employees of the group during the year, including executive directors, was as follows:

	Year ended 31 December 2004 Number	Period ended 31 December 2003 Number
	13	5
Staff costs for all employees, including executive directors, consist of:	£	£
Wages and salaries	944,870	98,621
Social security costs	42,615	15,835
	987,485	114,456

4 Directors' remuneration

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Directors' emoluments	183,724	22,400

5 Taxation on profit/(loss) from ordinary activities

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
<i>UK corporation tax</i>		
Current tax on profit/(loss) of the year	-	-
<i>Foreign tax</i>		
Current tax on foreign income for the year	-	-
Taxation on profit/(loss) on ordinary activities	-	-

Japaninvest (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

5 Taxation on profit/(loss) from ordinary activities (*Continued*)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Profit/(loss) on ordinary activities before tax	17,909	(183,157)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2003 - 19%)	3,403	(34,800)
Effects of:		
Expenses not deductible for tax purposes	691	359
Capital allowances in excess of depreciation	(473)	-
Tax losses	(3,621)	34,441
Current tax charge for year	-	-

6 Profit/(loss) for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The company profit for the year is £6,576 (2003 – loss £53).

Japaninvest (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

7 Tangible assets

Group	IT equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 January 2004	26,880	1,167	28,047
Additions	29,273	4,308	33,581
At 31 December 2004	56,153	5,475	61,628
<i>Depreciation</i>			
At 1 January 2004	6,742	293	7,035
Provision for year	14,038	1,452	15,490
At 31 December 2004	20,780	1,745	22,525
<i>Net book value</i>			
At 31 December 2004	35,373	3,730	39,103
At 31 December 2003	20,138	874	21,012

8 Fixed asset investments

	Investments in subsidiaries £
<i>Cost</i>	
At 1 January 2004	302,913
Additions	154,939
At 31 December 2004	457,852

The company's principal undertakings are as follows:

Subsidiary undertakings	Country of incorporation	Proportion of voting rights and share capital held	Nature of business
Japaninvest Limited	England	100%	Provision of research and analysis of Japanese companies
Japaninvest KK	Japan	100%	Provision of research and analysis of Japanese companies
Japaninvest (Tokyo) Limited	England	100%	Dormant
Japaninvest Inc	USA	100%	Provision of research and analysis of Japanese companies

Japaninvest (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

9 Debtors

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Trade debtors	212,080	40,088	-	-
Amounts due from subsidiary undertakings	-	-	90,219	36,000
Other debtors	110,962	91,825	-	23,465
Prepayments	35,006	23,144	-	-
	<u>358,048</u>	<u>155,057</u>	<u>90,219</u>	<u>59,465</u>

All amounts fall due for payment within one year with the exception of £7,990 in other debtors relating to rent deposits repayable on 28 May 2008, £4,824 in other debtors relating to a rent deposit repayable on 30 June 2006 and £25,400 in other debtors relating to a regulatory deposit repayable in the event that Japaninvest KK no longer requires its regulatory permission. In addition, £48,463 in other debtors relates to rental deposits for company provided accommodation for certain employees and directors based in Japan which are cancellable at two months notice.

10 Creditors: amounts falling due within one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Other amounts:				
Trade creditors	28,447	46,551	-	50
Accruals	239,289	23,853	-	-
Other creditors	38,871	-	13,270	-
	<u>306,607</u>	<u>70,404</u>	<u>13,270</u>	<u>50</u>

11 Share capital

	2004 £	2003 £
<i>Authorised</i>		
100,000 ordinary shares of 10p each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
23,865 ordinary shares of 10p each	<u>2,387</u>	<u>2,178</u>

Japaninvest (Holdings) Limited**Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)****11 Share capital (Continued)**

	Ordinary shares of 10p each	
	Number	£
At 1 January 2004	21,780	2,178
Issued during the year	2,085	209
	<hr/>	<hr/>
In issue at 31 December 2004	23,865	2,387
	<hr/>	<hr/>

During the year 2,085 shares were issued by the company. The premium arising of £225,566 has been taken to the share premium account.

12 Reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2004	418,916	(183,157)
Premium on issue of shares	225,566	-
Exchange movement	-	2,631
Profit for the year	-	17,909
	<hr/>	<hr/>
At 31 December 2004	644,482	(162,617)
	<hr/>	<hr/>
Company		
At 1 January 2004	418,916	(53)
Premium on issue of shares	225,566	-
Profit for the year	-	6,576
	<hr/>	<hr/>
At 31 December 2004	644,482	6,523
	<hr/>	<hr/>

Japaninvest (Holdings) Limited**Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)****13 Reconciliation of movements in shareholders' funds**

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Total recognised gains and losses	20,540	(183,157)	6,576	(53)
New share capital subscribed	225,775	421,094	225,775	421,094
Net addition to shareholders' funds	246,315	237,937	232,351	421,041
Opening shareholders' funds	237,937	-	421,041	-
Closing shareholders' funds	484,252	237,937	653,392	421,041

14 Commitments under operating leases

As at 31 December 2004, the group had annual commitments under operating leases as set out below:

	2004 Land and buildings £	2003 Land and buildings £
Operating leases which expire:		
Within one year	37,293	-
In one to two years	115,006	23,233
In two to five years	119,873	116,906
	272,172	140,139

Included above are certain operating leases that are cancellable with 2 to 6 months notice.

Japaninvest (Holdings) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

15 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Operating profit/(loss)	17,239	(184,701)
Depreciation	15,490	7,035
(Increase) in debtors	(202,991)	(155,057)
Increase in creditors	236,203	70,404
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	65,941	(262,319)
	<hr/>	<hr/>

16 Reconciliation of net cash inflow to movement in net funds

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Increase in cash in the year	258,805	132,272
	<hr/>	<hr/>
Change in net funds resulting from cash flows	258,805	132,272
Exchange movement	2,631	-
	<hr/>	<hr/>
Movement in net funds in the year	261,436	132,272
Net funds at start of year	132,272	-
	<hr/>	<hr/>
Net funds at end of year (note 17)	393,708	132,272
	<hr/>	<hr/>

17 Analysis of net funds

	At 31 December 2003 £	Cash flow £	Other non-cash changes £	At 31 December 2004 £
Cash at bank and in hand	132,272	258,805	2,631	393,708
	<hr/>	<hr/>	<hr/>	<hr/>