

COMPANY REGISTRATION NUMBER 02304369

**DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2004**



DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

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DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|---|
| The board of directors | A P Ansell S A Jepson C Delplanque |
| Company secretary | S H Sweetman |
| Registered office | 12 Sheet Street Windsor Berkshire SL4 1BG |
| Auditors | Feltons Chartered Accountants & Registered Auditors 12 Sheet Street Windsor Berkshire SL4 1BG |
| Bankers | Lloyds TSB Bank Plc 2 Thames Street Windsor Berkshire |
| Solicitors | Ashurst Morris Crisp Broadwalk House 5 Appold Street London EC2A 2HA |

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2004

The directors present their report and the financial statements of the company for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of the development and sale of computer programmes and services.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

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

| | Ordinary Shares of £1 each | |
|--------------|-----------------------------------|----------------------------|
| | At 31 March 2004 | At 1 April 2003 |
| A P Ansell | 1 | 1 |
| S A Jepson | — | — |
| C Delplanque | — | — |
| | <u> </u> | <u> </u> |

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, 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.

DONATIONS

AUDITORS

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

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2004

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:
12 Sheet Street
Windsor
Berkshire
SL4 1BG

Signed on behalf of the directors



A P ANSELL
Director

Approved by the directors on 17.12.2004

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

YEAR ENDED 31 MARCH 2004

We have audited the financial statements which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

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 DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are 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 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.

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.

GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements with regard to the going concern basis of preparing the financial statements. The continuance of the company as a going concern is largely dependent on the support of the company's ultimate parent company as described in the accounting policies in the financial statements. Our opinion is not qualified in this respect.

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED *(continued)***

YEAR ENDED 31 MARCH 2004

OPINION

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

12 Sheet Street
Windsor
Berkshire
SL4 1BG

Feltons

FELTONS
Chartered Accountants
& Registered Auditors

20th December 2004

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2004**

| | Note | 2004 £ | 2003 £ |
|---|----------|------------------------|-----------------|
| TURNOVER | 2 | 109,788 | 80,426 |
| Administrative expenses | | <u>148,953</u> | <u>54,058</u> |
| OPERATING (LOSS)/PROFIT | 3 | (39,165) | 26,368 |
| Interest receivable | | <u>47</u> | <u>19</u> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (39,118) | 26,387 |
| Tax on (loss)/profit on ordinary activities | 4 | <u>1,091</u> | — |
| (LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR | | (40,209) | 26,387 |
| Balance brought forward | | <u>271</u> | <u>(26,116)</u> |
| Balance carried forward | | <u>(39,938)</u> | <u>271</u> |

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

The company has no recognised gains or losses other than the results for the years as set out above.

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

BALANCE SHEET

31 MARCH 2004

| | Note | 2004 £ | 2003 £ |
|---|------|-----------------|---------------|
| CURRENT ASSETS | | | |
| Debtors | 5 | 10,192 | 2,857 |
| Cash at bank | | 3,866 | 9,764 |
| | | <u>14,058</u> | <u>12,621</u> |
| CREDITORS: Amounts falling due within one year | | | |
| | 6 | <u>53,994</u> | <u>12,348</u> |
| NET CURRENT (LIABILITIES)/ASSETS | | <u>(39,936)</u> | <u>273</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(39,936)</u> | <u>273</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 8 | 2 | 2 |
| Profit and loss account | | <u>(39,938)</u> | <u>271</u> |
| (DEFICIENCY)/SHAREHOLDERS' FUNDS | 9 | <u>(39,936)</u> | <u>273</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 17.12.2004 and are signed on their behalf by:



A P ANSELL
Director

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Fixed assets

All fixed assets are initially recorded at cost.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Going concern

Undertakings to provide sufficient financial support to the company to meet its liabilities as they fall due have been given by the company's ultimate parent company and accordingly the financial statements have been prepared on a going concern basis.

2. TURNOVER

The turnover was derived from the company's principal activity which was carried out wholly in Europe.

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

| | 2004 | 2003 |
|--|--------------|--------------|
| | £ | £ |
| Auditors' fees | 1,750 | 1,575 |
| Net loss on foreign currency translation | <u>2,484</u> | <u>1,333</u> |

4. TAXATION ON ORDINARY ACTIVITIES

| | 2004 | 2003 |
|--|--------------|----------|
| | £ | £ |
| Current tax: | | |
| UK Corporation tax based on the results for the year at 30% (2003 - 30%) | <u>1,091</u> | — |
| Total current tax | <u>1,091</u> | <u>—</u> |

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

4. TAXATION ON ORDINARY ACTIVITIES *(continued)*

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

| | 2004 | 2003 |
|--|-----------------|---------------|
| | £ | £ |
| (Loss)/profit on ordinary activities before taxation | <u>(39,118)</u> | <u>26,387</u> |
| Profit/(loss) on ordinary activities by rate of tax | (11,865) | 7,916 |
| Expenses not deductible for tax purposes | 1,937 | — |
| Trade losses carried forward | 9,928 | — |
| Income not taxable for tax purposes | — | (1,807) |
| Capital allowances in excess of depreciation | — | (83) |
| Utilisation of trade losses | — | (6,026) |
| Total current tax | <u>—</u> | <u>—</u> |

5. DEBTORS

| | 2004 | 2003 |
|------------------------------------|---------------|--------------|
| | £ | £ |
| Amounts owed by group undertakings | 9,715 | 341 |
| Other debtors | <u>477</u> | <u>2,516</u> |
| | <u>10,192</u> | <u>2,857</u> |

6. CREDITORS: Amounts falling due within one year

| | 2004 | 2003 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Trade creditors | 59 | — |
| Amounts owed to group undertakings | 47,667 | 7,488 |
| Other taxation and social security | 1,957 | 724 |
| Other creditors | <u>4,311</u> | <u>4,136</u> |
| | <u>53,994</u> | <u>12,348</u> |

DISTRIBUTED INTELLIGENCE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

7. RELATED PARTY TRANSACTIONS

The company's ultimate holding company is Technology in Action Group Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate controlling party are the shareholders of Technology in Action Group Limited.

During the year the company was charged £24,000 (2003: £nil) in management fees by Technology in Action Group Limited. During the year the company sold goods and services to Technology in Action Group Ltd in the normal course of business for £198 (2003: £40). The company also reimbursed Technology in Action Group Limited £1,799 (2003: £920) for expenses paid on their behalf. At 31 March 2004 the amount due to TIA Group Ltd was £47,667 (2003: £118)

During the year the company sold goods and services in the normal course of business to Distributed Intelligence Systems SARL for £4,915 (2003: £3,319). The company also purchased goods and services from Distributed Intelligence System SARL for £2,903 (2003: £1,066). The price charged was cost plus 15% in the case of each individual purchase and sale. At 31 March 2004 the amount due to Distributed Intelligence Systems SARL was £11,929 (2003: £5,954)

During the year the company sold goods in the normal course of business to Distributed Intelligence Systems Incorporated for £nil (2003: £295). The price charged was cost plus 15% in the case of each individual purchase and sale. At 31 March 2003 the amount due from Distributed Intelligence Systems Incorporated was £nil (2003: due from £341).

During the year the company made sales to Distributed Intelligence Consultants International Limited of £127 (2003: £nil). At 31 March 2002 the amount due to Distributed Intelligence Consultants International Limited was £nil (2003: £nil).

Retail Computer Services Limited is the group VAT representative for the Technology in Action Group. At 31 March 2004 £219 (2003: £56) was due from Retail Computer Services Limited, for VAT reclaims.

These companies are all fellow subsidiaries of Technology In Action Group Limited.

8. SHARE CAPITAL

Authorised share capital:

| | 2004 | 2003 |
|--------------------------------|------------|------------|
| | £ | £ |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

Allotted, called up and fully paid:

| | 2004 | 2003 |
|----------------------------|----------|----------|
| | No | No |
| | £ | £ |
| Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2004 | 2003 |
|--|-----------------|-----------------|
| | £ | £ |
| (Loss)/Profit for the financial year | (40,209) | 26,387 |
| Opening shareholders' equity funds/(deficit) | <u>273</u> | <u>(26,114)</u> |
| Closing shareholders' equity (deficit)/funds | <u>(39,936)</u> | <u>273</u> |