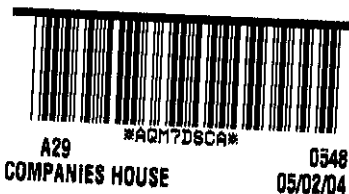


COMPANY REGISTRATION NUMBER 4272419

IPSOTEK LIMITED
FINANCIAL STATEMENTS
31 AUGUST 2003



GARNERS
Chartered Accountants
Bermuda House
45 High Street, Hampton Wick
Kingston upon Thames
Surrey KT1 4EH

IPSOTEK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

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IPSOTEK LIMITED
THE DIRECTOR'S REPORT
YEAR ENDED 31 AUGUST 2003

The director has pleasure in presenting his report and the unaudited financial statements of the Company for the year ended 31 August 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was in the field of intelligent surveillance technology.

THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY

The director who served the Company during the year together with his beneficial interests, including family holdings, in the shares of the Company was as follows:


	Ordinary Shares of £1 each	
	At 31 August 2003	At 1 September 2002
Dr S A Velastin	<u>570</u>	<u>200</u>

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:
 Bermuda House
 45 High Street
 Hampton Wick
 Kingston upon Thames
 Surrey
 KT1 4EH

Signed by order of the director


 DR M A VICENCIO-SILVA
 Company Secretary

Approved by the director on 11 Feb / 2004

IPSOTEK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2003

		Year to 31 Aug 03 £	Period from 17 Aug 01 to 31 Aug 02 £
	Note		
TURNOVER		172,615	—
Cost of sales		<u>55,440</u>	<u>—</u>
GROSS PROFIT		117,175	—
Administrative expenses		<u>27,246</u>	379
OPERATING PROFIT/(LOSS)	2	89,929	(379)
Interest receivable		503	2
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>90,432</u>	<u>(377)</u>
Tax on profit/(loss) on ordinary activities		<u>16,788</u>	<u>—</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		73,644	(377)
Balance brought forward		<u>(377)</u>	<u>—</u>
Balance carried forward		<u><u>73,267</u></u>	<u><u>(377)</u></u>

The notes on pages 4 to 6 form part of these financial statements.

IPSOTEK LIMITED

BALANCE SHEET

31 AUGUST 2003

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Tangible assets	3		5,025		—
CURRENT ASSETS					
Debtors	4	4,050		—	
Cash at bank		117,334		1,623	
		121,384		1,623	
CREDITORS: Amounts falling due within one year	5	52,142		1,800	
NET CURRENT ASSETS/(LIABILITIES)			69,242		(177)
TOTAL ASSETS LESS CURRENT LIABILITIES			74,267		(177)
CAPITAL AND RESERVES					
Called-up equity share capital	7		1,000		200
Profit and loss account			73,267		(377)
SHAREHOLDERS' FUNDS/(DEFICIENCY)			74,267		(177)

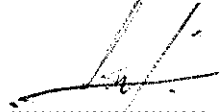
The director is satisfied that the Company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The director acknowledges his responsibility for:

- (i) ensuring that the Company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the Company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved and signed by the director on 01/02/2004



DR S A VELASTIN

The notes on pages 4 to 6 form part of these financial statements.

IPSOTEK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover shown in the Profit and Loss Account represents fees receivable for the year.

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:

Equipment - 25% per annum on written down value

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.

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	Year to 31 Aug 03 £	Period from 17 Aug 01 to 31 Aug 02 £
Director's emoluments	—	—
Depreciation of owned fixed assets	<u>1,675</u>	<u>—</u>

IPSOTEK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

3. TANGIBLE FIXED ASSETS

	Equipment £
COST	
Additions	6,700
At 31 August 2003	<u>6,700</u>
DEPRECIATION	
Charge for the year	1,675
At 31 August 2003	<u>1,675</u>
NET BOOK VALUE	
At 31 August 2003	<u>5,025</u>
At 31 August 2002	<u>—</u>

4. DEBTORS

	2003 £	2002 £
Other debtors	1,309	—
Prepayments and accrued income	2,741	—
	<u>4,050</u>	<u>—</u>

5. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	5,413	—
Other creditors including taxation:		
Corporation tax	16,788	—
Other creditors	28,531	—
Director's current accounts	<u>1,410</u>	<u>1,800</u>
	<u>46,729</u>	<u>1,800</u>
	<u>52,142</u>	<u>1,800</u>

6. RELATED PARTY TRANSACTIONS

The Company was under the control of the Director, Dr S A Velastin, throughout the current and previous periods.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

IPSOTEK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

7. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>200</u>	<u>200</u>