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Intangibles Measurement & Management Limited

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2005

Company Registration No. 5030695

Intangibles Measurement & Management Limited

FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2005

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Intangibles Measurement & Management Limited

DIRECTORS AND OFFICERS

DIRECTORS

J Penrose
S Mitterer

SECRETARY

J Penrose

REGISTERED OFFICE

50 High Street
Henley-in-Arden
Solihull
West Midlands
B95 5AN

TRADING ADDRESS

The Holos
Gorcott Hill
Redditch
West Midlands
B98 9ET

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Intangibles Measurement & Management Limited

THE DIRECTORS' REPORT
PERIOD ENDED 31 DECEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the period ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The company is principally engaged in consultancy in assisting companies to identify, measure and then manage intangible assets

In December 2005 the company joined the Cello Group of companies and the directors believe this to be extremely positive. It will help maximise business growth opportunities through group synergies, research, know how development and shared customer experiences.

RESULTS AND DIVIDENDS
The trading results for the year and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended the payment of a dividend (30 June 2005: £Nil).

DIRECTORS
The directors who served the company during the period were as follows:

R Ahrens	(Resigned 22 December 2005)
S Mitterer	
J Penrose	

No director held a direct interest in the share capital of the company. The interests of the directors are shown in the accounts of the immediate parent Chiaros Holdings Limited.

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 of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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.

AUDITORS
Grant Thornton UK LLP resigned as auditors during the period and Messrs Baker Tilly, Chartered Accountants, were appointed in their place. A resolution to appoint Baker Tilly, Chartered Accountants, as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

STATEMENT AS DISCLOSURE OF INFORMATION TO AUDITORS
The directors in office on the date of approval of this report have confirmed as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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

Signed by order of the directors

J PENROSE
Company Secretary

Approved by the directors on 22 August 2006

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INTANGIBLES MEASUREMENT & MANAGEMENT LIMITED PERIOD ENDED 31 DECEMBER 2005

We have audited the financial statements on pages 5 to 11.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) 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 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 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

BAKER TILLY
Chartered Accountants
Registered Auditor
2 Bloomsbury Street
London WC1B 3ST
22 August 2006

Intangibles Measurement & Management Limited

PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 DECEMBER 2005

	Note	6 months ended 31 December 2005 £	17 months ended 30 June 2005 £
TURNOVER	2	**9,400**	27,600
Cost of sales		**-**	(5,367)
GROSS PROFIT		**9,400**	22,233
Other operating charges	3	**(46,139)**	(43,027)
OPERATING LOSS	4	**(36,739)**	(20,794)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(36,739)**	(20,794)
Tax on loss on ordinary activities	6	**-**	-
LOSS FOR THE FINANCIAL PERIOD		**(36,739)**	(20,794)

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 year as set out above.

Intangibles Measurement & Management Limited

BALANCE SHEET
31 DECEMBER 2005

	Note	31 December 2005 £	31 December 2005 £	30 June 2005 £	30 June 2005 £
FIXED ASSETS					
Intangible assets	7		2,445		9,131
			2,445		9,131
CREDITORS: Amounts falling due within one year	8	(59,977)		(29,924)	
NET CURRENT ASSETS			(59,977)		(29,924)
TOTAL ASSETS			(57,532)		(20,793)
CAPITAL AND RESERVES					
Called-up equity share capital	9		1		1
Profit and loss account	10		(57,533)		(20,794)
SHAREHOLDERS' FUNDS	11		(57,532)		(20,793)

These financial statements were approved and authorised for issue by the directors on 22/08/06 and *are signed on their behalf by:*

J PENROSE

S MITTERER

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have 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 company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Going concern

The accounts have been prepared on the going concern basis. The going concern basis is believed to be appropriate due to the continued support of the parent company. Having considered the level of losses incurred to date, the directors are of the opinion that the company is still in a position to continue trading, and that the parent company will provide adequate support to ensure that the debts incurred in the normal course of business may be settled as they fall due.

Turnover

The turnover shown in the profit and loss account represents the total amount receivable by the company for goods supplied and services provided, excluding VAT.

Intangible fixed assets

Licences are included at historical cost and amortisation is calculated so as to write off the cost over the useful economic life of that asset on a straight line basis as follows:

Licences	-	2 years

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 tax rates and laws enacted or substantively enacted at the balance sheet date.

Intangibles Measurement & Management Limited

NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by a forward exchange contract. Assets and liabilities denominated in a foreign currency are translated at the balance sheet date at the exchange rate ruling on that date or if appropriate at the forward contract rate.

Comparative period

The comparative period is in respect of 17 months beginning 30 January 2004.

2. TURNOVER

Turnover and profit before tax are attributable to the one principal activity of the company, wholly undertaken within the United Kingdom.

3. OTHER OPERATING CHARGES

	6 months ended 31 December 2005 £	17 months ended 30 June 2005 £
Distribution costs	**39,436**	26,683
Administration expenses	**6,703**	16,344
	46,139	43,027

4. OPERATING LOSS

Operating loss is stated after charging:

	6 months ended 31 December 2005 £	17 months ended 30 June 2005 £
Amortisation of licence	**6,686**	16,045

The auditors' remuneration is borne by Labinah Management Training Limited.

5. EMPLOYEES

The company had no employees during the period

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	6 months ended 31 December 2005 £	17 months ended 30 June 2005 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2005: 30%)	-	-
Over/under provision in prior year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
	-	-

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of *corporation tax in the UK of 30% (30 June 2005: 30%).*

	6 months ended 31 December 2005 £	17 months ended 30 June 2005 £
Loss on ordinary activities before taxation	**(36,739)**	(20,794)
Loss on ordinary activities by rate of corporation tax in the UK of 30%	**(11,022)**	(6,238)
Group relief surrendered	-	6,238
Tax losses carried forward	**11,022**	-
Total current tax (note 8(a))	-	-

The company has losses of £36,739 (2005: Nil) available for carry forward against future trading profits.

No provision has been made for deferred tax assets as there is no certainty that future profits will be available to offset these losses.

7. INTANGIBLE FIXED ASSETS

	Licence £
Cost	
At 1 July 2005 and 31 December 2005	25,176
Amortisation	
1 July 2005	16,045
Charge for the period	6,686
31 December 2005	22,731
Net book value	
31 December 2005	2,445
30 June 2005	9,131

8. CREDITORS: Amounts falling due within one year

	31 December 2005 £	30 June 2005 £
Amounts owed to group undertakings	**55,786**	25,733
Other creditors	**4,191**	4,191
	59,977	29,924

9. SHARE CAPITAL

Authorised share capital:

	31 December 2005 £	30 June 2005 £
100 Ordinary shares of £1 each	**100**	100

Allotted, called up and fully paid:

	31 December 2005 No	**31 December 2005 £**	30 June 2005 No	30 June 2005 £
Ordinary shares of £1 each	**1**	**1**	1	1

10. PROFIT AND LOSS ACCOUNT

	31 December 2005 £	30 June 2005 £
Balance brought forward	**(20,794)**	-
Loss for the financial period	**(36,739)**	(20,794)
Balance carried forward	**(57,533)**	(20,794)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2005 £	30 June 2005 £
Loss for the financial period	**(36,739)**	(20,794)
New equity share capital subscribed	-	1
Net reduction to shareholders' equity funds	**(36,739)**	(20,793)
Opening shareholders' equity deficit	**(20,793)**	-
Closing shareholders' equity deficit	**(57,532)**	(20,793)

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No.8 not to disclose transactions with fellow group companies.

13. ULTIMATE PARENT COMPANY

The ultimate parent company is Cello Group PLC, a company registered in England.

Consolidated accounts have been drawn up for Cello Group PLC and are available from the following address:

Cello Group PLC
11-13 Charterhouse Buildings
London EC1M 7AP

Intangibles Measurement & Management Limited

MANAGEMENT INFORMATION

PERIOD ENDED 31 DECEMBER 2005

The following pages do not form part of the statutory financial statements which are the subject of the independent auditors' report on page 4.

Intangibles Measurement & Management Limited

DETAILED PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 DECEMBER 2005

	6 months ended 31 December 2005 £	17 months ended 30 June 2005 £
TURNOVER	**9,400**	27,600
COST OF SALES	**-**	(5,367)
GROSS PROFIT	**9,400**	22,233
OVERHEADS		
Distribution costs	**(39,436)**	(26,683)
Administrative expenses	**(6,703)**	(16,344)
	(46,139)	(43,027)
OPERATING LOSS	**(36,739)**	(20,794)
LOSS ON ORDINARY ACTIVITIES	**(36,739)**	(20,794)

Intangibles Measurement & Management Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 DECEMBER 2005

	6 months ended 31 December 2005 £	17 months ended 30 June 2005 £
DISTRIBUTION COSTS		
Trainers	**19,000**	19,861
Trainer training and equipment	**77**	1,309
Promotions and development	**17,821**	-
Travel and subsistence	**2,423**	5,387
Telephone, telephone and fax	**115**	126
	39,436	26,683
ADMINISTRATIVE EXPENSES		
Sundry trade expenses	**17**	18
Legal and professional fees	**-**	281
Amortisation of licence	**6,686**	16,045
	6,703	16,344