COMPANY REGISTRATION NUMBER 4046884

WINCAN EUROPE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2004



DAUMAN & CO LIMITED
Chartered Accountants & Registered Auditors
9 Station Parade
Uxbridge Road
Ealing Common
London W5 3LD

WINCAN EUROPE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2004

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WINCAN EUROPE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the distribution and support of software products.

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 December 2004	At 1 January 2004
Paul Woodhouse	–	–
Alessandro Caldara	–	–

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 6, 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.

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:
24 Bates Walk
Addlestone
Surrey
KT15 2DQ

Signed by order of the directors



Company Secretary

Approved by the directors on 11.4.05

WINCAN EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WINCAN EUROPE LIMITED

YEAR ENDED 31ST DECEMBER 2004

We have audited the financial statements of Wincan Europe Limited for the year ended 31st December 2004 on pages 4 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

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.

WINCAN EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WINCAN EUROPE LIMITED *(continued)*

YEAR ENDED 31ST DECEMBER 2004

OPINION

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

Dauman and Co Ltd

DAUMAN & CO LIMITED
Chartered Accountants
& Registered Auditors

9 Station Parade
Uxbridge Road
Ealing Common
London W5 3LD

11.4.05

WINCAN EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2004

	Note	2004 £	2003 £
TURNOVER		**446,914**	369,990
Cost of sales		**309,297**	242,308
GROSS PROFIT		**137,617**	127,682
Administrative expenses		**138,007**	108,511
OPERATING (LOSS)/PROFIT	2	**(390)**	19,171
Interest payable and similar charges		**1,014**	493
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(1,404)**	18,678
Tax on (loss)/profit on ordinary activities		–	–
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		**(1,404)**	18,678
Balance brought forward		**10,500**	(8,178)
Balance carried forward		**9,096**	10,500

WINCAN EUROPE LIMITED

BALANCE SHEET

31ST DECEMBER 2004

	Note	2004 £	2004 £	2003 £	2003 £
FIXED ASSETS					
Tangible assets	3		32,556		19,582
CURRENT ASSETS					
Debtors	4	28,047		30,174	
Cash at bank		–		9,128	
		28,047		39,302	
CREDITORS: Amounts falling due within one year	5	27,636		37,415	
NET CURRENT ASSETS			411		1,887
TOTAL ASSETS LESS CURRENT LIABILITIES			32,967		21,469
CREDITORS: Amounts falling due after more than one year	6		13,871		969
			19,096		20,500
CAPITAL AND RESERVES					
Called-up equity share capital	8		10,000		10,000
Profit and loss account			9,096		10,500
SHAREHOLDERS' FUNDS			19,096		20,500

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 by the directors on the 18/4/05 and are signed on their behalf by:

.....

Paul Woodhouse

WINCAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2004

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

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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:

Motor Vehicles	-	25% per annum on reducing balance
Equipment	-	25% per annum on reducing balance

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

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 (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2004	2003
	£	£
Directors' emoluments	**33,600**	33,600
Depreciation of owned fixed assets	**10,851**	6,527
Loss on disposal of fixed assets	**1,551**	–
Auditors' fees	**2,160**	2,050

WINCAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2004

3. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Equipment £	Total £
COST			
At 1st January 2004	**13,101**	**21,818**	**34,919**
Additions	**25,971**	**4,405**	**30,376**
Disposals	**(13,101)**	**–**	**(13,101)**
At 31st December 2004	**25,971**	**26,223**	**52,194**
DEPRECIATION			
At 1st January 2004	**6,550**	**8,787**	**15,337**
Charge for the year	**6,492**	**4,359**	**10,851**
On disposals	**(6,550)**	**–**	**(6,550)**
At 31st December 2004	**6,492**	**13,146**	**19,638**
NET BOOK VALUE			
At 31st December 2004	**19,479**	**13,077**	**32,556**
At 31st December 2003	6,551	13,031	19,582

Hire purchase agreements
Included within the net book value of £32,556 is £19,479 (2003 - £6,551) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £6,492 (2003 - £2,183).

4. DEBTORS

	2004 £	2003 £
Trade debtors	**27,322**	27,174
Prepayments and accrued income	**725**	3,000
	28,047	30,174

5. CREDITORS: Amounts falling due within one year

	2004 £	2004 £	2003 £	2003 £
Bank loans and overdrafts		**6,812**		–
Trade creditors		**6,604**		16,101
Other creditors including taxation and social security:				
PAYE and social security	**4,358**		–	
VAT	**661**		11,972	
Hire purchase agreements	**4,973**		3,877	
Accruals and deferred income	**4,228**		5,465	
		14,220		21,314
		27,636		37,415

WINCAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2004

6. CREDITORS: Amounts falling due after more than one year

	2004		2003	
	£	£	£	£
Hire purchase agreements		**13,871**		969

7. *RELATED PARTY TRANSACTIONS*

The company is a wholly owned subsidiary of CD Lab AG, a company incorporated in Switzerland. During the year the company purchased goods from CD Lab AG for the sum of £182,810 (2003:£159,243) and at 31st December 2004 owed CD Lab AG £375 (2003:nil).

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

8. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
10,000 Ordinary shares of £1 each	**10,000**	10,000

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	**10,000**	**10,000**	10,000	10,000