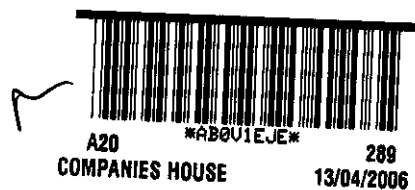


Advanced Digital Technology (UK) Limited

FINANCIAL STATEMENTS

for the 9 months ended

30 June 2005



Advanced Digital Technology (UK) Limited

DIRECTORS AND OFFICERS

DIRECTORS

L Blakeman
A J Watkinson

SECRETARY

N G Grace

COMPANY NUMBER

1750478 (England and Wales)

REGISTERED OFFICE

Lord Wilmot House
Cavalier Court
Bumpers Farm
Chippenham
Wiltshire
SN14 6LH

AUDITORS

Baker Tilly
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

Advanced Digital Technology (UK) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Advanced Digital Technology (UK) Limited for the 9 month period ended 30 June 2005.

PRINCIPAL ACTIVITIES

The principal activities of the company during the period under review was that of design, production and supply of computer products.

REVIEW OF THE YEAR

During the year, the entire issued share capital was acquired by Waterdale Associates Limited, and the company's accounting reference date was changed to 30 June, to be coterminous with that of the parent group.

The company has continued to achieve a good profit, and with the support and co-operation of the group, the directors expect the company to continue to be profitable in the current financial year.

The result for the period are shown on page 5. No dividends have been paid in the year (2004: £29,328).

DIRECTORS AND THEIR SHAREHOLDINGS

The following directors have held office during the period and their interests in the share capital of the company at 30 June 2005 were as follows:

	<i>Ordinary shares of £1 each</i>	
	30.6.05	30.9.04
Mrs M M Crook (resigned 24 February 2005)	-	490
P A Crook (resigned 24 February 2005)	-	510
L A Blakeman (appointed 24 February 2005)	-	-
A J Watkinson (appointed 24 February 2005)	-	-

The interests of the directors in the ordinary shares of the parent company, Waterdale Associates Limited, are disclosed in the accounts of that company.

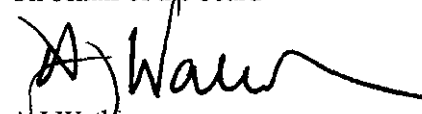
AUDITOR

John Davis & Co resigned as auditors during the year and Baker Tilly were appointed.

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

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

On behalf of the board


A J Watkinson
Director

8 December 2005

Advanced Digital Technology (UK) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of the Companies Act 1985. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCED DIGITAL TECHNOLOGY (UK) LIMITED

We have audited the financial statements on pages 5 to 14.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 on page 3.

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 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.

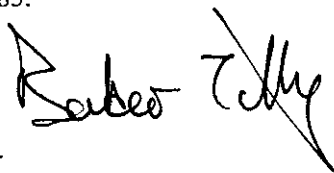
BASIS OF OPINION

We conducted our audit in accordance with 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Registered Auditor
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

8 December 2005

Advanced Digital Technology (UK) Limited

PROFIT AND LOSS ACCOUNT

for the 9 month period ended 30 June 2005

	<i>Notes</i>	9 months ended 30 June 2005 £	12 months ended 30 September 2004 £
TURNOVER	1	607,524	1,038,888
Cost of sales		(181,787)	(287,313)
GROSS PROFIT		425,737	751,575
Other operating expenses (net)	2	(262,671)	(397,310)
OPERATING PROFIT		163,066	354,265
Interest payable	3	-	(702)
Interest receivable	4	7,954	5,551
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	171,020	359,114
Taxation	6	(26,394)	(67,387)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		144,626	291,727
Dividends	8	-	(29,328)
RETAINED PROFIT FOR THE PERIOD	15	144,626	262,399

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Advanced Digital Technology (UK) Limited


BALANCE SHEET

for the 9 month period ended 30 June 2005

	Notes	30 June 2005 £	30 September 2004 £
FIXED ASSETS			
Intangible fixed assets	9	226	351
Tangible assets	10	9,344	23,237
		<u>9,570</u>	<u>23,588</u>
CURRENT ASSETS			
Stocks		5,000	42,926
Debtors	11	527,621	355,291
Cash at bank and in hand		247,663	270,978
		<u>780,284</u>	<u>669,195</u>
CREDITORS: Amounts falling due within one year	12	(343,367)	(390,922)
NET CURRENT ASSETS		<u>436,917</u>	<u>278,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>446,487</u>	<u>301,861</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Profit and loss account	15	445,487	300,861
SHAREHOLDERS' FUNDS		<u>446,487</u>	<u>301,861</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 8 December 2005


A J Watkinson
Director

Advanced Digital Technology (UK) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:-

Long leasehold	Over the lease term
Computer equipment	Over 3 years
Furniture and fittings	Over 3 years
Motor vehicles	25% reducing balance

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PENSIONS CONTRIBUTIONS

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

TURNOVER AND DEFERRED INCOME

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Amounts collected from customers for annual support and maintenance contracts and annual licenses are not recognised immediately, but put into a deferred income account and released evenly over the term of the contract.

STOCK

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture.

Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

CASH FLOW STATEMENT

The company has taken advantage of the exemption from preparing a cash flow statement, conferred by Financial Reporting Standard No. 1, on the grounds that it is a small company.

Advanced Digital Technology (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 9 month period ended 30 June 2005

1 TURNOVER

The company's turnover and profit before taxation were all derived from its principal activity.

2 OTHER OPERATING EXPENSES (NET)	9 months ended 30 June 2005 £	12 months ended 30 September 2004 £
Distribution costs	9,115	-
Administration expenses	253,556	465,497
Other operating income	-	(68,187)
	<u>262,671</u>	<u>397,310</u>

3 INTEREST PAYABLE	9 months ended 30 June 2005 £	12 months ended 30 September 2004 £
On bank loan and overdraft	-	702
	<u>-</u>	<u>702</u>

4 INTEREST RECEIVABLE	9 months ended 30 June 2005 £	12 months ended 30 September 2004 £
Interest receivable	7,954	5,551
	<u>7,954</u>	<u>5,551</u>

Advanced Digital Technology (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 9 month period ended 30 June 2005

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9 months ended 30 June 2005 £	12 months ended 30 September 2004 £
	Profit on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	charge for the year:		
	owned assets	10,888	7,733
	Profit on disposal of fixed assets	-	(2,133)
	Computer software amortisation	228	175
	Auditor's remuneration	6,220	4,050
	Directors' remuneration	33,635	76,022
		<u> </u>	<u> </u>
6	TAXATION	9 months ended 30 June 2005 £	12 months ended 30 September 2004 £
	Current tax:		
	UK corporation tax on loss of the year	26,394	67,387
		<u> </u>	<u> </u>
	Factors affecting tax charge for the year		
	The tax assessed for the year is lower than the standard rate of corporation tax for small companies 30% (2004: 30%). The differences are explained below:		
	Profit on ordinary activities before taxation	171,020	359,114
		<u> </u>	<u> </u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax for small companies 30% (2004: 30%)	51,306	107,734
	Effects of:		
	Expenses not deductible for tax purposes	351	343
	Capital allowances less than/(in excess of) depreciation	2,038	(8,562)
	Group relief	(23,864)	-
	Marginal relief for small company	(3,437)	(32,128)
		<u> </u>	<u> </u>
	Current tax charge for the year	26,394	67,387
		<u> </u>	<u> </u>

Advanced Digital Technology (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 9 month period ended 30 June 2005

7	DIRECTORS' REMUNERATION	9 months ended 30 June 2005 £	12 months ended 30 September 2004 £
	Emoluments	5,363	76,022
	Contributions to personal pension plans	28,272	-
		<u>33,635</u>	<u>76,022</u>

The number of directors accruing retirement benefits under personal pension plans was 5 (2004: 5).

8	DIVIDENDS	9 months ended 30 June 2005 £	12 months ended 30 September 2004 £
	Ordinary Proposed	-	29,328

9	INTANGIBLE FIXED ASSETS	Computer software £
	Cost or valuation:	
	1 October 2004	789
	Additions	67
	30 June 2005	<u>856</u>
	Amortisation:	
	1 October 2004	438
	Amortisation for year	192
	30 June 2005	<u>630</u>
	Net book value:	
	30 June 2005	<u>226</u>
	30 September 2004	<u>351</u>

Advanced Digital Technology (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 9 month period ended 30 June 2005

10 TANGIBLE FIXED ASSETS

	Long leasehold £	Computer equipment £	Fixtures and fittings £	Motor Vehicles £	Total £
Cost:					
1 October 2004	3,238	11,043	14,138	58,134	86,553
Disposals	-	-	-	(13,186)	(13,186)
	<u>3,238</u>	<u>11,043</u>	<u>14,138</u>	<u>44,948</u>	<u>73,367</u>
30 June 2005	3,238	11,043	14,138	44,948	73,367
	<u>3,238</u>	<u>11,043</u>	<u>14,138</u>	<u>44,948</u>	<u>73,367</u>
Depreciation:					
1 October 2004	2,313	5,600	4,925	50,478	63,316
Charged in the year	925	4,422	5,550	1,335	12,232
Eliminated on disposal	-	-	-	(11,525)	(11,525)
	<u>3,238</u>	<u>10,022</u>	<u>10,475</u>	<u>40,288</u>	<u>64,023</u>
30 June 2005	3,238	10,022	10,475	40,288	64,023
	<u>3,238</u>	<u>10,022</u>	<u>10,475</u>	<u>40,288</u>	<u>64,023</u>
Net book value					
30 June 2005	-	1,021	3,663	4,660	9,344
	<u>-</u>	<u>1,021</u>	<u>3,663</u>	<u>4,660</u>	<u>9,344</u>
Net book value					
30 September 2004	925	5,443	9,213	7,656	23,237
	<u>925</u>	<u>5,443</u>	<u>9,213</u>	<u>7,656</u>	<u>23,237</u>

11 DEBTORS

	30 June 2005 £	30 September 2004 £
Due within one year:		
Trade debtors	83,838	254,390
Other debtors	72,760	100,901
Amounts owed by parent undertaking	371,023	-
	<u>527,621</u>	<u>355,291</u>

Advanced Digital Technology (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 9 month period ended 30 June 2005

12	CREDITORS: Amounts falling due within one year	30 June 2005 £	30 September 2004 £
	Trade creditors	19,619	33,815
	Other taxation and social security	13,604	44,927
	Accruals and deferred income	209,733	244,793
	Corporation tax	93,782	67,387
	Amounts owed to fellow subsidiaries	6,629	-
		<u>343,367</u>	<u>390,922</u>

13 DEFERRED TAX

The total deferred tax asset calculated using the standard rate of corporation tax in the UK for small companies 19% (2004: 19%) comprises:

	Provided		Unprovided	
	30 June 2005 £	30 September 2004 £	30 June 2005 £	30 September 2004 £
Tax deferred by capital allowances	-	-	-	-
Other short term timing differences	-	-	-	-
Tax losses carried forward	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14	SHARE CAPITAL	30 June 2005 £	30 September 2004 £
	Authorised 1,000 ordinary shares of £1 each	1,000	1,000
	Allotted, issued and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Advanced Digital Technology (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 9 month period ended 30 June 2005

15	PROFIT AND LOSS ACCOUNT	30 June 2005 £	30 September 2004 £
	1 October 2004	300,861	38,462
	Profit for the financial year	144,626	262,399
		<hr/>	<hr/>
	30 June 2005	445,487	300,861
		<hr/>	<hr/>

16	RECONCILIATION OF MOVMENT IN SHAREHOLDERS' FUNDS	30 June 2005 £	30 September 2004 £
	Profit for the financial year	144,626	262,399
	Opening shareholders' funds	301,861	39,462
		<hr/>	<hr/>
	Closing shareholders' funds	446,487	301,861
		<hr/>	<hr/>

17 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as follows:

	30 June 2005 £	30 September 2004 £
Property		
Expiring in the second to fifth year	40,800	40,800
Equipment		
Expiring in the first year	-	-
Expiring in the second to fifth year	11,751	-
	<hr/>	<hr/>
	52,551	40,800
	<hr/>	<hr/>

18 PENSION COMMITMENTS

The company makes contributions into the personal pension plans of certain individuals whose assets are held in independently trustee administered funds.

The contributions made by the company for the year totalled £31,352 (2004: £43,834). There was £Nil outstanding at 30 June 2005 (2004: £Nil).

Advanced Digital Technology (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 9 month period ended 30 June 2005

19 RELATED PARTY TRANSACTIONS

CONTROL

The ultimate parent company is Waterdale Associates Limited, a company registered in England and Wales. Waterdale Associates Limited owns 100% of the issued share capital.

TRANSACTIONS

The company has taken advantage of the exemption within Financial Reporting Standard No 8 from disclosing related party transactions with its parent and fellow subsidiary companies on the grounds that consolidated financial statements are prepared which include the company and transactions with this company are eliminated on consolidation.

All these services have been provided on a normal commercial basis.

20 CONTINGENT LIABILITIES

The company is party to an Unlimited Multilateral Company Guarantee which secures all liabilities of this company and its parent and fellow subsidiary companies which are Waterdale Associates Limited, Ardent Solutions Limited, Espida Limited and CPiO Limited. At 30 June 2005, the liabilities of these companies to which this guarantee relates were £Nil.