



Accountants and business advisors

PATENTICA LIMITED

Company Number: SC160701

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2003



PATENTICA LIMITED

COMPANY INFORMATION

Director	Alexander Deas
Secretary	Mark Munro
Company Number	SC160701
Registered Office	The Computer House Dalkeith Palace Dalkeith Edinburgh EH22 2NA
Auditors	PKF 17 Rothesay Place Edinburgh EH3 7SQ
Bankers	Adam & Company 22 Charlotte Square Edinburgh EH2 4DF

PATENTICA LIMITED

CONTENTS

	Page
DIRECTOR'S REPORT	1
STATEMENT OF DIRECTOR'S RESPONSIBILITIES	2
AUDITORS' REPORT	3 - 4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 9

PATENTICA LIMITED
DIRECTOR'S REPORT
YEAR ENDED 31 DECEMBER 2003

The director submits his report and the financial statements for the year ended 31 December 2003.

Principal activity

The principal activity of the company during the year was the provision of development outsourcing services.

Director

The director who served during the year was:

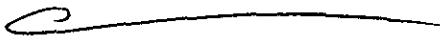
Alexander Deas

None of the directors held any shares in the company. The directors' interests in the share capital of the company's ultimate parent undertaking, Acuid Corporation Limited, are disclosed in the financial statements of that company.

Basis of preparation

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

By order of the board


Alexander Deas
Director

21/7/04

PATENTICA LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enables him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

The director is responsible for ensuring that the director's report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PATENTICA LIMITED**

We have audited the financial statements of Patentica Limited for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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 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 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 judgments 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.

INDEPENDENT AUDITORS' REPORT (continued)

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the recoverability of the group company debtor and the receipt of expected group revenue streams. The financial statements have been prepared on a going concern basis, the validity of which depends upon the receipt of these expected group revenue streams. The financial statements do not include any adjustments that would result should the expected group revenue streams not materialise. Details of the circumstances relating to this fundamental uncertainty are described in note 1(a). Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

4 August 2004

Edinburgh, UK



PKF
Registered Auditors

PATENTICA LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	Notes	2003 \$	2002 \$
TURNOVER	2	1,744,033	2,174,026
Cost of sales		-	(148,381)
		<hr/>	<hr/>
GROSS PROFIT		1,744,033	2,025,645
Administrative expenses		(1,669,156)	(1,910,763)
		<hr/>	<hr/>
OPERATING PROFIT	3	74,877	114,882
Interest receivable and similar income		11,494	1,961
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		86,371	116,843
TAXATION		135,729	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		222,100	116,843
		<hr/> <hr/>	<hr/> <hr/>

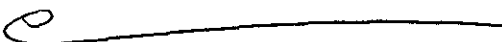
PATENTICA LIMITED
BALANCE SHEET
31 DECEMBER 2003

	Notes	2003 \$	2002 \$
CURRENT ASSETS			
Debtors	4	1,868,163	699,475
Cash at bank and in hand		<u>218,049</u>	<u>195,497</u>
		2,086,212	894,972
CREDITORS: amounts falling due within one year			
	5	<u>(1,775,465)</u>	<u>(806,325)</u>
NET CURRENT ASSETS		<u><u>310,747</u></u>	<u><u>88,647</u></u>
CAPITAL AND RESERVES			
Called up share capital	6	3	3
Profit and loss account	7	<u>310,744</u>	<u>88,644</u>
		<u><u>310,747</u></u>	<u><u>88,647</u></u>

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

The financial statements were approved by the board on 21 July 2004

Signed on behalf of the board of directors


 Alexander Deas Director

PATENTICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES

(a) Fundamental accounting concept and basis of preparation of financial statements

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).

Going concern

The directors have prepared group cash flow information for the period ending 12 months from the date of the approval of these financial statements. On the basis of this cash flow information, the expected group revenue streams from the commercial exploitation of its intellectual property and ATE tester sales and the \$3 million of loan notes issued by the group since the year end, the directors consider that the group company debtor is recoverable and that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result should these group revenue streams not materialise.

(b) Turnover

Turnover comprises the group recharges made for service costs incurred on their behalf.

(c) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(d) Foreign currencies

Assets and liabilities in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US dollars at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit. The sterling exchange rate at the balance sheet date was 1.79 US dollars.

(e) Deferred taxation

The charge for taxation is based on the profit for the year as adjusted for tax purposes. The company has adopted the Financial Reporting Standard for Smaller Entities (effective June 2002). In accordance with the standard, full provision is made at current rates for taxation deferred in respect of all timing differences. Deferred tax balances are not discounted.

(f) Research and development

Research and development costs are allocated to the profit and loss account in the period in which the expenditure is incurred.

2 TURNOVER

All turnover arose outwith the United Kingdom.

PATENTICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

3 OPERATING PROFIT

The operating profit is stated after charging:

	2003	2002
	\$	\$
Audit fees	3,300	2,952
Operating lease: Rent	68,447	133,958
	<u>68,447</u>	<u>133,958</u>

The director did not receive any emoluments (2002 - \$NIL).

4 DEBTORS

	2003	2002
	\$	\$
Trade debtors	-	72,746
Amounts owed by group undertakings	1,759,820	538,657
Other debtors	108,343	88,072
	<u>1,868,163</u>	<u>699,475</u>

5 CREDITORS:

Amounts falling due within one year

	2003	2002
	\$	\$
Amounts owed to group undertakings	1,669,723	524,932
Other creditors	105,742	281,393
	<u>1,775,465</u>	<u>806,325</u>

6 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	No	No	\$
At 1 January 2003 and 31 December 2003			
Ordinary shares of £1 each	1,000	2	3
	<u>1,000</u>	<u>2</u>	<u>3</u>

7 RESERVES

Profit and loss account	\$
At 1 January 2003	88,644
Profit for the year	222,100
	<u>310,744</u>
At 31 December 2003	<u>310,744</u>

PATENTICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

8 OTHER COMMITMENTS

At 31 December 2003 the company had annual commitments under operating leases as follows:

	2003	2002
	\$	\$
Expiry date:		
Within one year	<u>117,920</u>	<u>117,920</u>

9 TRANSACTIONS WITH RELATED PARTIES

Included within debtors is an amount of \$1,759,820 (2002 - \$538,657) due from Acuid Corporation (Guernsey) Limited, the immediate parent company and a company in which Alexander Deas is a director. The maximum amount outstanding during the year was \$1,759,820. During the year, the company re-charged expenses to Acuid Corporation (Guernsey) Limited totalling \$1,744,033 (2002- \$1,991,697).

Included within creditors is an amount of \$1,669,723 (2002 - \$524,932) due to Acuid Corporation Limited, the ultimate parent company and a company in which Alexander Deas is a director. The maximum amount outstanding during the year was \$1,669,723.

10 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by Acuid Corporation (Guernsey) Limited.

In the opinion of the directors the ultimate parent company is Acuid Corporation Limited.

Acuid Corporation Limited is ultimately controlled by The Alex Deas Charitable Trust.