

**Report of the Directors and
Unaudited Financial Statements for the year ended 31 December 2005
for
EXTRADA LTD**



EXTRADA LTD

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for the year ended 31 December 2005**

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EXTRADA LTD

**Company Information
for the year ended 31 December 2005**

DIRECTORS: Mr G P Nicholls
M A Herterich
G Loeve
Sonne & Wind
V Thorsteinsson

SECRETARY: Mrs C Nicholls

REGISTERED OFFICE: Tilbury Young
Almac House
Church Lane
Bisley
Surrey
GU24 9DR

REGISTERED NUMBER: 04593587

ACCOUNTANTS: Tilbury Young, Chartered Accountants
Almac House
Church Lane
Bisley
Woking
Surrey
GU24 9DR

EXTRADA LTD

Report of the Directors for the year ended 31 December 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of technical and business consulting in computer software applications.

DIRECTORS

The directors during the year under review were:

Mr G P Nicholls	
M A Herterich	- appointed 18.11.05
G Loeve	- appointed 18.11.05
Sonne & Wind	- appointed 18.11.05
V Thorsteinsson	- appointed 18.11.05

The beneficial interests of the directors holding office on 31 December 2005 in the issued share capital of the company were as follows:

	31.12.05	1.1.05 or date of appointment if later
Ordinary 1p shares		
Mr G P Nicholls	130,000	130,000
M A Herterich	125,000	125,000
G Loeve	149,048	149,048
Sonne & Wind	66,000	66,000
V Thorsteinsson	-	-

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:


.....
Mrs C Nicholls - Secretary

Date: 12.1.06.....

**Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
EXTRADA LTD**

In accordance with our terms of engagement and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England & Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the Balance Sheet as at 31 December 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Tilbury Young

Tilbury Young, Chartered Accountants
Almac House
Church Lane
Bisley
Woking
Surrey
GU24 9DR

Date: 17 JULY 2006

EXTRADA LTD

**Profit and Loss Account
for the year ended 31 December 2005**

	Notes	2005 £	2004 £
TURNOVER		87,126	246,791
Cost of sales		<u>495,499</u>	<u>165,853</u>
GROSS (LOSS)/PROFIT		(408,373)	80,938
Administrative expenses		<u>76,897</u>	<u>108,394</u>
OPERATING LOSS	2	(485,270)	(27,456)
Interest receivable and similar income		<u>870</u>	<u>350</u>
		(484,400)	(27,106)
Amounts written off investments	3	<u>(321,766)</u>	<u>-</u>
		(162,634)	(27,106)
Interest payable and similar charges		<u>165,036</u>	<u>49,441</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(327,670)	(76,547)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(327,670)</u>	<u>(76,547)</u>
DEFICIT FOR THE YEAR		<u><u>(327,670)</u></u>	<u><u>(76,547)</u></u>

The notes form part of these financial statements

EXTRADA LTD

Balance Sheet
31 December 2005

	Notes	2005		2004	
		£	£	£	£
FIXED ASSETS					
Intangible assets	5		924,085		1,238,675
Investments	6		4,242		7,204
			<u>928,327</u>		<u>1,245,879</u>
CURRENT ASSETS					
Debtors	7	1,550		9,713	
Cash at bank		54,130		41,456	
		<u>55,680</u>		<u>51,169</u>	
CREDITORS					
Amounts falling due within one year	8	11,788		1,371,806	
			<u>43,892</u>		<u>(1,320,637)</u>
NET CURRENT ASSETS/(LIABILITIES)					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>972,219</u>		<u>(74,758)</u>
CAPITAL AND RESERVES					
Called up share capital	9		12,610		7,205
Share premium	10		1,369,242		-
Profit and loss account	10		(409,633)		(81,963)
			<u>972,219</u>		<u>(74,758)</u>
SHAREHOLDERS' FUNDS					

The notes form part of these financial statements

EXTRADA LTD

Balance Sheet - continued
31 December 2005

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 December 2005.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2005 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

ON BEHALF OF THE BOARD:



.....
Mr G P Nicholls - Director

Approved by the Board on

12 July 2006

EXTRADA LTD

Notes to the Financial Statements for the year ended 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Exemption from preparing consolidated financial statements

The financial statements contain information about Extrada Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Intangible assets

Development costs are capitalised when recoverability can be assessed with reasonable certainty and amortised over 36 months. Other intellectual property including patents are amortised over 60 months.

2. OPERATING LOSS

The operating loss is stated after charging:

	2005 £	2004 £
Research and development amortisation	144,237	45,802
Patents and licences amortisation	170,353	-
	<u>44,750</u>	<u>52,500</u>

3. AMOUNTS WRITTEN OFF INVESTMENTS

	2005 £	2004 £
Extrada Inc	<u>(321,766)</u>	<u>-</u>

The company owns the entire share capital of Extrada Inc, a company registered in USA, which was acquired as part of a group reconstruction during 2004. The directors have decided to close this company and the inter company balance and cost of the investment have been written off in the year.

4. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2005 nor for the year ended 31 December 2004.

EXTRADA LTD

Notes to the Financial Statements - continued
for the year ended 31 December 2005

5. INTANGIBLE FIXED ASSETS

	Research and development £	Patents and licences £	Totals £
COST			
At 1 January 2005 and 31 December 2005	432,712	851,765	1,284,477
AMORTISATION			
At 1 January 2005	45,802	-	45,802
Amortisation for year	144,237	170,353	314,590
At 31 December 2005	190,039	170,353	360,392
NET BOOK VALUE			
At 31 December 2005	242,673	681,412	924,085
At 31 December 2004	386,910	851,765	1,238,675

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2005	7,204
Disposals	(2,962)
At 31 December 2005	4,242
NET BOOK VALUE	
At 31 December 2005	4,242
At 31 December 2004	7,204

The company's investments at the balance sheet date in the share capital of companies include the following:

Extrada Inc

Country of incorporation: USA

Nature of business: Consulting in computer software applications.

Class of shares:	% holding
Ordinary	100.00

	2005 £	2004 £
Aggregate capital and reserves	-	325,538
Profit for the year	-	155,381

EXTRADA LTD

**Notes to the Financial Statements - continued
for the year ended 31 December 2005**

6. FIXED ASSET INVESTMENTS - continued

Extrada Island ehf

Country of incorporation: Iceland

Nature of business: Consulting in computer software applications.

	%		
Class of shares:	holding		
Ordinary	100.00		

	2005	2004
	£	£
Aggregate capital and reserves	7,499	10,072
(Loss)/Profit for the year	<u>(2,573)</u>	<u>34,443</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade debtors	1,550	6,539
VAT	-	674
Prepayments	-	2,500
	<u>1,550</u>	<u>9,713</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Convertible loans	-	1,037,694
Trade creditors	711	4,038
Amounts owed to group undertakings	-	325,538
Social security and other taxes	4,578	-
VAT	1,999	-
Accrued expenses	4,500	4,536
	<u>11,788</u>	<u>1,371,806</u>

On 31st October 2005, loans were converted at that date, comprising both capital and accumulated interest, into ordinary shares at a conversion price of £3.05657 per ordinary share.

EXTRADA LTD

**Notes to the Financial Statements - continued
for the year ended 31 December 2005**

9. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2005	2004
			£	£
100,000,000	Ordinary	1p	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2005	2004
			£	£
1,261,012	Ordinary	1p	12,610	7,205
(2004 - 720,472)			<u> </u>	<u> </u>

The following shares were allotted and fully paid for cash at par during the year:

540,540 Ordinary shares of 1p each

10. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 January 2005	(81,963)	-	(81,963)
Deficit for the year	(327,670)		(327,670)
Cash share issue	<u>-</u>	<u>1,369,242</u>	<u>1,369,242</u>
At 31 December 2005	<u>(409,633)</u>	<u>1,369,242</u>	<u>959,609</u>

11. RELATED PARTY DISCLOSURES

During the year, the company bought services from Extrada Island ehf in the sum of £152,537. The company supplied services totalling £13,950 to Domustec Limited, which is controlled by Mr G Nicholls, a director of Extrada Limited,

12. ULTIMATE CONTROL

At the balance sheet date, the company was owned by a number of individual investors, and as such, no one party had overall control.