



Getmapping plc

Report and financial statements for the year ended 31 December 2004

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Directors

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Directors

T C L Cary	(Chairman & Managing)
K T Shute	(Finance)
J L A Cary	(Non executive)
R Cumming-Bruce	(Non-executive)
J P Leighfield	(Non-executive; appointed 10 February 2005)

Secretary and registered office

K T Shute, Virginia Villas, Hartley Wintney, Hampshire, RG27 8NW.

Company number

3663783

Auditors

BDO Stoy Hayward LLP, Connaught House, Alexandra Terrace, Guildford, Surrey GU1 3DA

Getmapping plc

Chairman's statement

Towards the end of 2003 we decided that it was necessary to take drastic action to ensure the survival of the Company. Therefore we sold our Coalville production and off-line sales business, reduced staff numbers by three-quarters, cut other costs and concentrated on expanding our core on-line sales activity.

The Coalville disposal has inevitably resulted in lower sales in 2004. However we have significantly increased on-line sales, we have earned a small profit (before interest, share of partnership loss, tax and depreciation) and we have generated cash. Moreover the launch of Digital Millennium Map LLP (The Getmapping Partnership) has provided us with the means to maintain and improve the Millennium Map and thus considerably strengthen our market position.

Financial Results

The financial highlights for 2004 were

- Turnover increased to £1,405,000 (2003: £1,087,000 excluding Coalville operations).
- The Company made a profit before interest, share of partnership loss, tax and depreciation of £26,000 (2003: loss of £185,000).
- The loss on ordinary activities improved to £1,795,000 (2003: £2,114,000).
- Net cash balances at 31 December 2004 increased to £273,000 (2003: £224,000).

Sales

On-line sales continued to grow throughout the year (in relation to the same month in the previous year) and they account for more than 70% of the entire sales.

In August we began selling Ordnance Survey's topographic mapping in combination with our aerial photography, and this is proving useful for many applications, particularly in the property sector.

In November Point of View Ltd launched a new traffic accident analysis service for insurance companies based on the Millennium Map. Sales are growing steadily and we believe that insurance could become a major market for the Millennium Map in the future.

Other derived products based on the Millennium Map data include:

- Millennium Map Jigsaw Puzzles, which proved very popular in the run up to Christmas.
- Photoscape 3D: in partnership with Intermap Technology Inc, Bluesky International Ltd and McCarthy Taylor Ltd we launched a new 3D DVD product for the retail market, enabling a user to explore any county in England and Wales in 3D for just £20.
- Sky View UK: Fugawi Inc introduced a CD product allowing users to view the Millennium Map in 3D overlaid onto Ordnance Survey mapping. The product is aimed at the outdoor leisure market and is proving very popular.
- The VFR Photographic Scenery Project: Horizon Simulation's Microsoft Flight Simulator scenery product has continued to sell well, and Horizon has also made good sales into the professional simulator market.

Getmapping plc

Chairman's statement (*Continued*)

Digital Millennium Map LLP trading as The Getmapping Partnership

The most important development for Getmapping during 2004 was the launch of The Getmapping Partnership, to which I referred in last year's statement.

The Getmapping Partnership has embarked on a programme to update the Millennium Map by re-flying the whole of England and Wales at a resolution of 15cms (about twice as detailed as at present), using a large format digital camera. We have so far flown about 6,000 sq km and we are very pleased with the quality of the new data. Although there have been various teething problems with the new technology, the system is now fully operational and the aim is to complete the new layer of the Millennium Map by 2009.

The digital camera also records Near Infra Red data as well as colour photography, facilitating the assessment of soil moisture and the vigour of vegetation. This data could open up new markets for the Millennium Map in forestry, agricultural and environmental applications.

NEXTMap Britain

We are continuing to re-sell Intermap Technology Inc's NEXTMap Britain height data, either on its own or combined with the Millennium Map photography (as in Photoscape). Sales are building steadily and will be boosted by a new contour product aimed at the professional CAD markets, including surveyors and architects, which was launched early in 2005.

Ordnance Survey

We have flown 16,000 out of a total of 60,000 sq km of our Ordnance Survey Scotland Imagery contract and we have since signed another contract with Ordnance Survey for a further 43,000 sq km of Scottish data, with flying due to begin in April.

Board changes

There have been two changes to the Board since I last reported to you.

Joe Ellis, our Technical Director, left the Company on 23 February 2005. He had been with Getmapping since the Company's formation and he made a substantial contribution towards the design and development of our on-line systems.

On 10 February 2005 John Leighfield was appointed a non-executive director. John will support the continuing dialogue between Getmapping and the public sector (in particular Ordnance Survey) to make sure that the rapidly-developing market for Geographical Information is fair and open.

Share dealing

We have saved money and improved operational flexibility by de-listing from the Alternative Investment Market in October 2003, but the arrangements we put in place for trading in our shares post de-listing did not prove entirely satisfactory. We therefore recently joined Sharemark and shareholders have already received details of how our shares can be bought and sold under the new system.

Getmapping plc

Chairman's statement (*Continued*)

Outlook

Our ability to renew the Millennium Map will undoubtedly boost customer confidence in our product offering and provide a more secure base on which we can build for the future.

Tristram Cary
Chairman and Managing Director

4 April 2005

Getmapping plc

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results and dividends

The profit and loss account is set out on page 9 and shows the result for the year.

The directors recommend that no dividend is paid (2003- £Nil).

Principal activities, trading review and future developments

The principal activity of the company is the production and sale of UK aerial photography.

The directors' report should be read in conjunction with the Chairman's Statement, which contains details of the company's trading during the year and an indication of future developments.

Capitalisation policy

Development costs relating to flying, photography, geo-correction, processing and delivery systems and the costs relating to the development of the Millennium and Digital editions of the Domesday Book are capitalised as tangible fixed assets. All other development costs have been written off to the profit and loss account.

Policy on payment of creditors

The company agrees payment terms and conditions with individual suppliers which vary according to the commercial relationship and the terms of agreements reached. It is the policy of the company that wherever possible payments to suppliers are made in accordance with the terms agreed. The average number of days' purchases included within trade creditors for the company at the year end is 68 days (2003 - 62 days).

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company at 31 December 2004 were:

	Ordinary shares of 0.3p each	
	2004	2003
T C L Cary	4,080,533	4,080,533
K T Shute	60,667	60,667
J E Ellis (resigned 23 February 2005)	8,673	8,673
J L A Cary	295,567	295,567
R Cumming-Bruce	250,348	250,348
J P Leighfield (appointed 10 February 2005)	-	-

Getmapping plc

Report of the directors for the year ended 31 December 2004 (Continued)

Directors (Continued)

Directors	Scheme	Share options at 31 December		Exercise period	Exercise price p
		2004	2003		
T C L Cary		-	-	-	-
K T Shute	Unapproved	-	167,000	01/01/02-31/12/09	13.17365
	Approved	-	95,000	26/03/04-25/03/11	21.0
	Approved	-	15,000	03/05/05-02/05/12	10.5
	Approved	154,048	-	01/05/05-22/10/14	1.75
J E Ellis	Unapproved	-	227,728	01/01/02-31/12/09	13.17365
	Approved	-	87,500	26/03/04-25/03/11	21.0
	Approved	-	14,000	03/05/05-02/05/12	10.5
	Approved	154,048	-	01/05/05-22/10/14	1.75
J L A Cary	Approved	50,000	50,000	16/10/04-15/10/11	16.5
R Cumming-Bruce		-	-	-	-
J P Leighfield		-	-	-	-

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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.

Getmapping plc

Report of the directors for the year ended 31 December 2004 *(Continued)*

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the next annual general meeting.

By order of the Board

K T Shute
Secretary

4 April 2005

Getmapping plc

Report of the independent auditors

To the shareholders of Getmapping plc

We have audited the financial statements of Getmapping plc for the year ended 31 December 2004 on pages 9 to 22 which have been prepared under the accounting policies set out on pages 12 and 13.

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 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 and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

Getmapping plc

Report of the independent auditors (*Continued*)

Opinion

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

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Guildford

4 April 2005

Getmapping plc**Profit and loss account for the year ended 31 December 2004**

	Note	2004 £'000	2003 £'000
Turnover	3	1,405	3,166
Cost of sales		(376)	(725)
Gross profit		1,029	2,441
Administration expenses - normal (excluding depreciation)		(1,064)	(2,348)
- depreciation		(1,793)	(1,937)
- exceptional	4	-	(278)
Administration expenses		(2,857)	(4,563)
		(1,828)	(2,122)
Other operating income		61	-
Operating loss	4	(1,767)	(2,122)
Share of partnership loss	9	(28)	-
Interest receivable		-	8
Loss on ordinary activities before and after taxation	13	(1,795)	(2,114)

All current year amounts relate to continuing activities. Details of discontinued activities in 2003 are shown in note 2.

All recognised gains and losses are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the loss for the year.

The notes on pages 12 to 22 form part of these financial statements.

Getmapping plc

Balance sheet at 31 December 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Fixed assets					
Tangible assets	8		968		2,725
Investments	9		33		-
			<u>1,001</u>		<u>2,725</u>
Current assets					
Debtors	10	322		419	
Cash at bank and in hand		273		224	
		<u>595</u>		<u>643</u>	
Creditors: amounts falling due within one year	11	567		544	
		<u>567</u>		<u>544</u>	
Net current assets			28		99
			<u>28</u>		<u>99</u>
Total assets less current liabilities			<u>1,029</u>		<u>2,824</u>
			<u>1,029</u>		<u>2,824</u>
Capital and reserves					
Called up share capital	12		87		87
Share premium	13		12,429		12,429
Profit and loss account	13		(11,487)		(9,692)
			<u>1,029</u>		<u>2,824</u>
Shareholders' funds – equity			<u>1,029</u>		<u>2,824</u>
			<u>1,029</u>		<u>2,824</u>

The financial statements were approved by the Board on 4 April 2005.

T C L Cary
Chairman & Managing Director

The notes on pages 12 to 22 form part of these financial statements.

Getmapping plc**Cash flow statement for the year ended 31 December 2004**

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Net cash inflow from operating activities	16		85		162
Returns on investments and servicing of finance					
Interest received		-		8	
		<u> </u>		<u> </u>	
Net cash inflow from returns on investments and servicing of finance			-		8
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(36)		(720)	
Sale of tangible fixed assets		-		41	
		<u> </u>		<u> </u>	
Net cash outflow from capital expenditure and financial investment			(36)		(679)
Financing					
Repayment of shareholder loans		-		(175)	
		<u> </u>		<u> </u>	
Cash outflow from financing			-		(175)
			<u> </u>		<u> </u>
Increase/(decrease) in cash in year	17		49		(684)
			<u> </u>		<u> </u>

The notes on pages 12 to 22 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Fixed assets

Costs relating to flying, photography, geo-correction, processing, delivery systems and the development of the Millennium and Digital editions of the Domesday Book are capitalised as tangible fixed assets. All other development costs have been written off to the profit and loss account.

Website costs

Website development costs have been capitalised as tangible fixed assets where they relate to an enduring asset. Website planning and maintenance costs are charged to the profit and loss account when they are incurred.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Aerial photography/digital imaging	- over 4 years on a straight line basis
Website	- over 4 years on a straight line basis
Domesday Book development costs	- over 4 years on a straight line basis
Plant, machinery and equipment	- over 3 years on a straight line basis
Fixtures and fittings	- over 3 years on a straight line basis

Investments - joint ventures

An entity is treated as a joint venture where the company holds a long term interest and shares control under a contractual agreement. Investments in joint ventures are included at cost.

Where the joint venture is a partnership, the investment is adjusted by the company's share of the partnership profit or loss for the period.

Impairment of fixed assets

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Share options

When share options are awarded to employees a charge is made to the profit and loss account based on any excess of the market value of the company's shares at the date of grant over the option exercise price, in accordance with UITF Abstract 17 "Employee Share Schemes".

1 Accounting policies (*Continued*)

National insurance on share options

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted provision for National Insurance contributions is made.

Operating leases

Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, by the balance sheet date except for deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax liabilities and assets are not discounted.

Pensions

Payments are made to defined contribution schemes of individual employees, and amounts are written off to the profit and loss account.

Foreign currency

Foreign currencies transactions are translated at the rate ruling when they occurred. Other monetary assets and liabilities denominated in foreign currencies are translated at the year end rates, the exchange differences arising being taken to the profit and loss account.

2 Corresponding figures

The analysis between continuing and discontinued operations for the year ended 31 December 2003 is shown below:

	Continuing £'000	Discontinued £'000	Total £'000
Turnover	1,087	2,079	3,166
Cost of sales	(214)	(511)	(725)
Gross profit	<u>873</u>	<u>1,568</u>	<u>2,441</u>
Administrative expenses - normal	(2,928)	(1,357)	(4,285)
- exceptional	(278)	-	(278)
Operating (loss)/profit	<u>(2,333)</u>	<u>211</u>	<u>(2,122)</u>

Getmapping plc

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

3 Turnover, profit/(loss) and net assets

	Turnover	
	2004 £'000	2003 £'000
By destination:		
United Kingdom	1,385	2,956
Overseas	20	210
	1,405	3,166
	1,405	3,166

	Turnover		Pre tax profit/(loss)		Net assets	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000
By class of business:						
Aerial photography and digital imaging	1,395	3,125	(1,787)	(2,130)	1,021	2,757
Domesday	10	41	(8)	16	8	67
	1,405	3,166	(1,795)	(2,114)	1,029	2,824
	1,405	3,166	(1,795)	(2,114)	1,029	2,824

4 Operating loss

	2004 £'000	2003 £'000
This is arrived at after charging/(crediting):		
Depreciation - owned assets	1,793	1,937
Auditors' remuneration - audit services	11	17
- non-audit services	10	29
Operating lease rentals – other assets	55	55
Profit on disposal of business operations	-	(26)
Trade investment provision - exceptional	-	278
	1,969	2,330

Getmapping plc

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

5 Employees

	2004 £'000	2003 £'000
Staff costs consist of:		
Wages and salaries	584	1,086
Social security costs	56	124
Other pension costs	24	61
	<hr/> 664 <hr/>	<hr/> 1,271 <hr/>
The average monthly number of employees (including executive directors) during the year was as follows:	Number	Number
Technical	5	12
Production	2	15
Sales and administration	7	23
	<hr/> 14 <hr/>	<hr/> 50 <hr/>

6 Directors' emoluments

	2004 £'000	2003 £'000
Directors' emoluments consist of:		
Fees and other emoluments	181	311
Amounts paid to personal pension schemes	9	22
	<hr/> 190 <hr/>	<hr/> 333 <hr/>
Emoluments of the highest paid director	66	95
	<hr/> 4 <hr/>	<hr/> 7 <hr/>

There were 2 (2003 - 4) directors for whom amounts were paid into private personal defined contribution schemes.

Details of directors' share options are set out on page 5.

7 Taxation on profit from ordinary activities

There is no tax charge for either the current or prior year. The factors affecting the tax charge for the year are explained below:

	2004 £'000	2003 £'000
Loss on ordinary activities before tax	(1,795)	(2,114)
Loss on ordinary activities at standard rate of UK corporation tax of 30% (2003 - 30%)	(539)	(634)
Effects of:		
Expenses not deductible for tax purposes	7	171
Depreciation for period in excess of capital allowances	404	313
Provision adjustment	(31)	-
Share of partnership loss	8	-
Tax losses carried forward for year	151	150
Tax charge	-	-

Deferred taxation

The company has tax losses of approximately £9,380,000 (2003 - £8,750,000) available for offset against future taxable profits. As the recoverability of the amount in the foreseeable future is uncertain, the potential deferred tax asset has not been recognised.

Getmapping plc

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

8 Tangible fixed assets

	Aerial photography/ digital imaging £'000	Website £'000	Domesday Book development costs £'000	P machi equip £
<i>Cost</i>				
At 1 January 2004	7,058	571	445	
Additions	11	16	9	
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	7,069	587	454	
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2004	4,639	332	378	
Charge for year	1,580	145	68	
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	6,219	477	446	
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2004	850	110	8	
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	2,419	239	67	
	<hr/>	<hr/>	<hr/>	<hr/>

Getmapping plc

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

9 Fixed asset investment

	2004 £'000	2003 £'000
Investment in joint venture limited liability partnership (LLP) at cost	61	-
Less share of LLP loss for the period ended 31 December 2004	(28)	-
	<u>33</u>	<u>-</u>

Joint venture

Name	Country of incorporation	Proportion of voting rights	Nature of business
Digital Millennium Map LLP (trading as The Getmapping Partnership)	United Kingdom	25%	Aerial photography

The joint venture's first period end is 30 June 2005. The following information is based on the unaudited management accounts of Digital Millennium Map LLP for the 6 month period ended 31 December 2004.

	25% share of Digital Millennium Map LLP £'000	Getmapping Plc consolidated to include 25% share of joint venture partnership £'000
Turnover	9	1,414
Operating costs	(37)	(3,270)
	<u>(28)</u>	<u>(1,856)</u>
Loss for the period		
Tangible fixed assets	112	1,080
Current assets	14	609
Current liabilities	(52)	(619)
	<u>74</u>	<u>1,070</u>
Net assets		

Getmapping plc

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

10 Debtors

	2004	2003
	£'000	£'000
Trade debtors	195	251
Other debtors	60	132
Prepayments and accrued income	67	36
	<hr/>	<hr/>
	322	419
	<hr/> <hr/>	<hr/> <hr/>

All amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Trade creditors	150	270
Creditors for taxation and social security	68	16
Accruals and deferred income	349	258
	<hr/>	<hr/>
	567	544
	<hr/> <hr/>	<hr/> <hr/>

Getmapping plc

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

12 Share capital

	Number	Nominal value in pence	£'000
<i>Authorised - ordinary shares</i>			
As at 1 January 2004 and 31 December 2004	50,000,000	0.3	150
<i>Allotted, called up and fully paid - ordinary shares</i>			
As at 1 January 2004 and 31 December 2004	28,849,110	0.3	87

Share options

Employee and former employee unapproved share option scheme

Date of grant	Number of shares	Period of option	Option price
2000	74,452	2 to 10 years	13.17365p

Employee and former employee approved share option schemes

Date of grant	Number of shares	Period of option	Option price
2001	50,000	3 to 10 years	16.5p
2004	1,050,452	0 to 10 years	10.5p

13 Reserves

	Share Premium £'000	Profit and loss account £'000
At 1 January 2004	12,429	(9,692)
Loss for the year	-	(1,795)
At 31 December 2004	12,429	(11,487)

Getmapping plc

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

14 Commitments under operating leases

As at 31 December 2004, the company had annual commitments under non-cancellable operating leases as set out below:

	2004	2004	2003	2003
	Land and	Other	Land and	Other
	buildings	£'000	buildings	£'000
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	1	-	-
In one to two years	-	-	55	4
In two to five years	55	-	-	-
	<u>55</u>	<u>-</u>	<u>-</u>	<u>4</u>

15 Related party transactions

Included within sales is an amount of £Nil (2003 - £69,880) for sales made to Getmapping Espana S.L. which is in administration. At the year end an amount of £42,213 (2003 - £52,248) remained unpaid and has been provided for in full.

During the year the company made charges of £61,000 for management and administration services to Digital Millennium Map LLP, a joint venture in which the company has a 25% stake. The £61,000 is the first part of the company's investment in the joint venture.

The company has also recognised a cost of £28,000 in relation to its share of the initial trading loss of Digital Millennium Map LLP.

16 Reconciliation of operating loss to net cash inflow from operating activities

	2004	2003
	£'000	£'000
Operating loss	(1,767)	(2,122)
Depreciation	1,793	1,937
Other operating income	(61)	-
Decrease in stocks	-	136
Decrease in debtors	97	244
Increase/(decrease) in creditors	23	(311)
Provision against investments	-	278
	<hr/>	<hr/>
Net cash inflow from operating activities	85	162
	<hr/> <hr/>	<hr/> <hr/>

17 Reconciliation of net cash flow to movement in net funds

	2004	2003
	£'000	£'000
Increase/(decrease) in cash in the year	49	(684)
Repayment of shareholder loans	-	175
	<hr/>	<hr/>
Change in net funds from cash flows	49	(509)
Net funds at start of the year	224	733
	<hr/>	<hr/>
Net funds at end of the year	273	224
	<hr/> <hr/>	<hr/> <hr/>

18 Analysis of net funds

	At start	Cashflow	At end of
	of year	£'000	year
	£'000	£'000	£'000
Cash in hand and at bank	224	49	273
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>