

ACTIX LIMITED

Financial statements

for the year ended 31 January 2000

Registered Number 02660615



ACTIX LIMITED

Financial statements

for the year ended 31 January 2000

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ACTIX LIMITED

Directors and Advisors

Directors

Mr R W A Dobson

Mrs J L Wilson

Dr W R Jones

Dr Yiu Fai Ko

Mr R Lloyd

Mr D Wilkinson

Mr J M Berman

Secretary

Mr R W A Dobson

Registered office

Hamlet House

77 Fulham Palace Road

Hammersmith

London

W6 8JD

Solicitors

Fenners

15 New Bridge Street

London

EC4V 6AU

Registered Auditors

PricewaterhouseCoopers

1 London Bridge

London

SE1 9QL

Bankers

National Westminster Bank

22 King's Mall

Hammersmith

London

W6 0QD

Directors' report for the year ended 31 January 2000

The directors present their report and the audited financial statements of the company for the year ended 31 January 2000.

Principal activity

Actix is a leading supplier of wireless network engineering and network performance optimisation products for the mobile phone industry. Customers include many of the world's top wireless network companies including Sprint, Nokia, T-Mobil, Globe, Lucent, Voicestream and Ericsson. Actix products and services are commonly used by engineering, operations and quality groups within operators to diagnose the underlying reasons for network performance problems which include dropped calls and poor voice quality. The benefits of using Actix products for a wireless network operator include superior network performance and significant efficiencies in both time and cost.

Review of business

The results for the year are set out in the profit and loss account on page 5.

This has been another excellent year for Actix. The growth in practically all areas of the business has allowed the company to take advantage of the rapidly expanding wireless telecommunications market throughout the world. This is evidenced by the strong competitive positioning of the product portfolio and the substantial increase in turnover of 155 %. During this period we have added 25 new customers who are primarily wireless network operators. The Actix brand is now strongly associated with advanced wireless network optimisation products and we are very confident that this will be pivotal to success in future years.

A US office was established early in the year and is now contributing significant sales revenue. In the US, Actix have a substantial share of the wireless network optimisation market, particularly for CDMA (IS-95) where Actix is the leading supplier of optimisation tools. The huge opportunities in the Asia Pacific region have not gone unnoticed and Actix have now opened an office in Singapore.

The competitive position has been strengthened by extending the range of optimisation products into new technology areas including network interface data analysis for GSM, GPRS and US-TDMA and network performance decision support for CDMA networks. As leaders in the CDMA (IS-95) optimisation tools market Actix is in an excellent strategic position since CDMA is the cornerstone of the Third-Generation (3G) wireless networks of the future.

Dividends and transfer to Reserves

A dividend of £36,000 was paid during the year (1999: £nil) and a final dividend of £40,000 is proposed. A balance of £108,838 has been transferred to the profit and loss reserves.

Directors and their interests

The directors of the company at 31 January 2000, all of whom have been directors for the whole of the year ended on that date, and their beneficial interests in the ordinary shares of the company are as follows:

	31 January 2000 Number	31 January 1999 Number
R W A Dobson	99	99
J L Wilson	1	1
W R Jones	-	-
Yiu Fai Ko	-	-
R Lloyd	-	-
D Wilkinson	-	-

Small company exemptions

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

Share capital

On 1 July 2000, the company's authorised share capital of £1,000 was divided into 'A', 'B' and 'C' shares and a further £500,000 of equity was paid into the company. On the same day, all the 'B' shares were issued and allotted to Mr J M Berman and fully paid up. Mr J M Berman was also appointed a director of the company.

Statement of directors' responsibilities

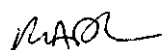
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 January 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

Khans Chartered Accountants resigned as auditors on 7 June 2000 and PricewaterhouseCoopers were appointed in their place. In accordance with section 385 of the Companies Act 1985, a resolution to reappoint the auditors will be proposed at the Annual General Meeting.

By order of the Board

10 November 2000

R W A Dobson

Company secretary

Auditors' report to the members of ACTIX LIMITED

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

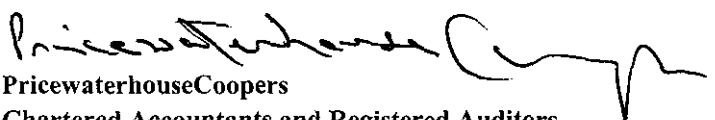
Basis of audit opinion

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 31 January 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London 17 November 2000.

ACTIX LIMITED

Profit and loss account for the year ended 31 January 2000

	Notes	2000 £	1999 £
Turnover	2	2,766,813	1,086,116
Cost of sales		(1,266,144)	(541,779)
Gross profit		1,500,669	544,337
Net operating expenses	4	(1,175,138)	(491,614)
Operating profit		325,531	52,723
Interest payable and similar charges		-	(131)
Interest receivable and similar charges		304	8,465
Profit on ordinary activities before taxation	5	325,835	61,057
Taxation	6	(140,997)	(13,958)
Profit for the financial year		184,838	47,099
Dividends	14	(76,000)	-
Retained profit for the year	15	108,838	47,099

All figures in the profit and loss account relate to continuing operations.

The company had no gains or losses other than those included in the profits above. Therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

ACTIX LIMITED

Balance sheet as at 31 January 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	7	115,692	76,028
Investments	8	-	-
		<u>115,692</u>	<u>76,028</u>
Current assets			
Debtors	9	624,859	221,247
Cash at bank and in hand		133,510	108,449
		<u>758,369</u>	<u>329,696</u>
Creditors: amounts falling due within one year	10	<u>(478,944)</u>	<u>(134,475)</u>
Net current assets		<u>279,425</u>	<u>195,221</u>
Total assets less current liabilities		395,117	271,249
Creditors : amounts falling due in more than one year	11	(15,702)	-
Provisions for liabilities and charges	12	-	(672)
Net assets		<u>379,415</u>	<u>270,577</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	15	379,315	270,477
Shareholders' funds	16	<u>379,415</u>	<u>270,577</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 on pages 5 to 13 were approved by the board of directors on and were signed on its behalf by:

 10 November 2000

R W A Dobson
Director

ACTIX LIMITED

Notes to the financial statements for the year ended 31 January 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Non-consolidation of subsidiary undertakings

The company has taken advantage of the relief provided under section 248A of the Companies Act 1985 not to prepare consolidated financial statements, on the basis of the group being small-sized and not an ineligible group as defined in section 248 of the Companies Act 1985.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	25%
Motor vehicles	25%
Fixtures and fittings	15%

Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard No 8 not to disclose transactions with related parties which are more than 90% owned by the group.

Foreign currency

Transactions denominated in foreign currencies are recorded using the actual exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the exchange rate prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

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Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation (which arises from differences in the timing of recognition of items in the accounts and for tax purposes) has not been provided for, as in the opinion of the directors, these timing differences are not material.

Leased assets

The company enters into operating leases as described in note 17. Rentals under operating leases are charged on a straight line basis over the lease term even if the payments are not made on such a basis.

Revenue recognition

- a) Revenue comprises the sale of software licenses and associated maintenance and support services.

Revenue from the sale of software licenses is recognised upon the later of unfettered delivery or signing of a contract. Where there are significant vendor obligations, software licence fee income is recognised when the obligations have been satisfied.

Maintenance and support income is recognised on a straight line basis over the term of the contract.

- b) In addition, revenue includes royalties receivable on sale of software licenses and maintenance services by the company's subsidiary and third party distributors. Royalties from distributors are recognised upon recognition of the sale by the distributor.

2 Turnover

Turnover attributable to each geographical market is as follows:

	2000 £	1999 £
United Kingdom	26,099	314
Rest of the World	2,740,714	1,085,802
	<u>2,766,813</u>	<u>1,086,116</u>

3 Directors' emoluments

	2000 £	1999 £
Fees and other emoluments (including pension contributions and benefits in kind)	<u>386,118</u>	<u>92,437</u>

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4 Net operating expenses

	2000 £	1999 £
Distribution costs	303,972	132,429
Administrative costs	871,166	359,185
	<u>1,175,138</u>	<u>491,614</u>

5 Profit on ordinary activities before taxation

	2000 £	1999 £
Profit on ordinary activities before taxation is stated after charging:		
Loss on disposal of fixed assets	-	3,566
Depreciation of tangible fixed assets	33,844	24,435
Auditors' remuneration	9,000	4,425
Operating lease rentals		
- land and buildings	115,380	46,508
- other	4,881	1,969
	<u>163,005</u>	<u>76,898</u>

6 Tax on profit on ordinary activities

	2000 £	1999 £
United Kingdom corporation tax at 28.5% (1999: 21%)	113,648	13,958
Release of prior year deferred tax	(672)	
Overseas tax	20,021	-
Irrecoverable ACT	8,000	-
	<u>140,997</u>	<u>13,958</u>

ACTIX LIMITED

7 Tangible assets

	Computer Equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 February 1999	71,743	20,316	20,855	112,914
Additions	51,472	-	22,036	73,508
At 31 January 2000	123,215	20,316	42,891	186,422
Depreciation				
At 1 February 1999	21,718	7,681	7,487	36,886
Charge for the year	25,374	3,159	5,311	33,844
At 31 December 1999	47,092	10,840	12,798	70,730
Net book amount				
At 31 January 2000	76,123	9,476	30,093	115,692
At 31 January 1999	50,024	12,636	13,368	76,028

8 Investments

	2000 £	1999 £
Investments in subsidiaries at cost		
At 1 February 1999	-	-
Additions in the year	123,319	-
Investment cost written off in the year	(123,319)	-
At 31 January 2000	-	-

The subsidiary undertaking of the company is shown below:

Name	Principal activity	Country of incorporation	Shareholding in ordinary shares
Actix Inc	Software development and consultancy	USA	100

Actix Inc. was incorporated with a share capital of US\$1. The capital and reserves of the subsidiary at 31 January 2000 amounted to a deficit of US\$360,304 (£222,286).

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9 Debtors

	2000 £	1999 £
Amounts falling due within one year		
Trade debtors	411,072	155,771
Other debtors	31,827	20,669
Prepayments and accrued income	52,121	30,777
Amounts owed by group undertaking	92,614	-
	<u>587,634</u>	<u>207,217</u>
Amounts falling due after one year		
Rent deposits	37,225	14,030
	<u>624,859</u>	<u>221,247</u>

10 Creditors – Amounts falling due within one year

	2000 £	1999 £
Trade creditors	131,362	65,803
Other taxation and social security	35,117	21,301
Corporation tax	112,021	3,659
Accruals and deferred income	160,444	43,712
Proposed dividend	40,000	-
	<u>478,944</u>	<u>134,475</u>

11 Creditors – Amounts falling due in more than one year

	2000 £	1999 £
Deferred income	<u>15,702</u>	<u>-</u>

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12 Provisions for liabilities and charges

	Deferred Taxation £
At 1 February 1999	672
Released to the profit and loss account	(672)
At 31 January 2000	-

13 Called up share capital

	2000 £	1999 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 Dividends

	2000 £	1999 £
Interim paid (£360 per share)	36,000	-
Final proposed (£400 per share)	<u>40,000</u>	<u>-</u>
	<u>76,000</u>	<u>-</u>

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15 Reserves

	Profit and loss account £
At 1 February 1999	270,477
Retained profit for the year	108,838
At 31 January 2000	<u>379,315</u>

16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Opening shareholders' funds	270,577	223,478
Profit for the financial year	184,838	47,099
Dividends	(76,000)	-
Closing shareholders' funds	<u>379,415</u>	<u>270,577</u>

17 Financial commitments

At 31 January 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000 £	1999 £
Land and buildings:		
Expiring within one year	3,500	3,100
Expiring in two to five years	140,450	47,760
	<u>143,950</u>	<u>50,860</u>

18 Related party transaction

During the year, Marketry Limited, a company incorporated in the United Kingdom, invoiced Actix Limited a sum of £8,374 in respect of services provided. Marketry Limited is owned and managed by Mrs J L Wilson. No balances were outstanding at the year end.

19 Controlling party

The ultimate controlling party is Mr R W A Dobson who owns 99 ordinary shares in the company.