

Actix Limited and its subsidiaries  
Consolidated financial statements  
for the year ended 31 January 2002

Registered Number 02660615





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for the year ended 31 January 2002  
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# **Actix Limited and its subsidiaries**

## **Directors and Advisors**

### **Directors**

Mr R W A Dobson  
Mrs J L Wilson  
Dr W R Jones  
Dr Y F Ko  
Mr D R J Wilkinson  
Mr J M Berman  
Mr E H Menzies

### **Secretary**

Mr R W A Dobson

### **Registered office**

Hamlet House  
77 Fulham Palace Road  
Hammersmith  
London  
W6 8JA

### **Solicitors**

Fenners  
15 New Bridge Street  
London  
EC4V 6AU

### **Registered Auditors**

PricewaterhouseCoopers  
1 London Bridge  
London  
SE1 9QL

### **Bankers**

HSBC plc  
21 King's Mall  
King Street  
Hammersmith  
London  
W6 0QF

# Actix Limited and its subsidiaries

## Chairman's statement

During a year of strong, profitable growth Actix made further senior management appointments and expanded its presence in Asia. The company also introduced new, higher value products and developed solutions designed to help wireless operators troubleshoot the introduction of 2.5G and 3G technologies and services.

For the year ended 31 January 2002 pre-tax profits increased to £1.2m (2001: £0.1m) while sales grew 72% to £8.9m (2001: £5.2m). At the year end cash balances stood at £1.1m (2001: £0.4m).

These results, achieved against an industry-wide downturn in carriers' capital expenditure, support the board's view that Actix is positioned in a strategically important, relatively resilient sector of the global telecommunications software market.

### Highlights

The year saw the on-schedule completion and subsequent sale of a major new product set. Actix 'E' series solutions apply the company's RF optimization expertise to much larger, enterprise-scale applications and are priced accordingly. Within weeks of their introduction substantial orders had been secured from two major operators, in the US and Europe.

The Singapore office marked its first full year in business with a significant contribution to sales and profits. In order to address growing opportunities in the Asia Pacific region a number of management, sales and support personnel were recruited during the year and teams have been established under senior managers to direct activities in China and the wider Asia Pacific region, respectively.

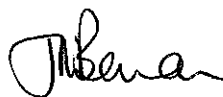
### Prospects

The board believes that major industry drivers will further expand the market for Actix performance optimization solutions:

- Voice traffic - market surveys indicate the strong growth of voice traffic is set to continue. This will put increasing pressure on operators' infrastructure, thereby increasing the demand for network optimization and troubleshooting solutions
- Data services - new technology and 3G in particular are expected to grow to account for approximately half of operators' capital expenditure over the next 2-5 years. This will call for in-depth wireless engineering experience and Actix' market leading expertise in CDMA -- the technology underlying 3G - will give Actix solutions a strong competitive edge.

While most of our competitors are focused upon specific manufacturer's equipment, Actix is now positioned as the only cross-vendor solution provider in an increasingly multi-vendor operator environment.

Unless telecommunications markets deteriorate beyond analysts' current expectations, Actix is well placed in terms of product and geographic coverage for further growth of sales and profits in the current financial year.



**J M Berman**  
Chairman

# Actix Limited and its subsidiaries

## Directors' report for the year ended 31 January 2002

The directors present their report and the audited financial statements of the group for the year ended 31 January 2002.

### Principal activity

Actix supplies software solutions to enhance the performance, capacity and profitability of mobile networks. The company's expertise in the 'air interface' (the wireless link between the transmitter and the mobile handset) is embodied in a set of vendor independent software solutions. These solutions enable operators, infrastructure vendors and consulting companies to maximise network efficiency and to troubleshoot the rollout of new generation technology and services.

### Review of business and future developments

A review of the business of the group and future developments is contained in the Chairman's Statement. The results for the year are set out in the profit and loss account on page 6.

### Dividends and transfer to Reserves

No dividend was paid during the year (2001: £nil) and no final dividend (2001: £nil) is proposed. A balance of £754,295 has been transferred to profit and loss reserves.

### Directors and their interests

The directors of the company at 31 January 2002, all of whom have been directors for the whole of the year ended on that date except as noted below, and their beneficial interests in the ordinary shares of the company are as follows:

|                                      | 31 January<br>2002<br>Ordinary<br>shares<br>of £0.0001<br>each | 31 January<br>2002<br>Options over<br>ordinary<br>shares of<br>£0.0001 each | 31 January<br>2001<br>Ordinary<br>shares of<br>£0.0001 each | 31 January<br>2001<br>Options over<br>ordinary<br>shares of<br>£0.0001 each |
|--------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------|
| R W A Dobson                         | 990,000                                                        | -                                                                           | 990,000                                                     | -                                                                           |
| J L Wilson                           | 10,000                                                         | -                                                                           | 10,000                                                      | -                                                                           |
| W R Jones                            | -                                                              | 100,000                                                                     | -                                                           | 90,000                                                                      |
| Y F Ko                               | -                                                              | 330,000                                                                     | -                                                           | 330,000                                                                     |
| R C Lloyd (resigned 2 November 2001) | -                                                              | 62,500                                                                      | -                                                           | 62,500                                                                      |
| D R J Wilkinson                      | -                                                              | 150,000                                                                     | -                                                           | 90,000                                                                      |
| J M Berman                           | 195,555                                                        | -                                                                           | 195,555                                                     | -                                                                           |
| E H Menzies                          | -                                                              | 35,000                                                                      | -                                                           | 15,000                                                                      |

Details of share options, including exercise prices, are disclosed in note 22 to the financial statements.

### Directors' responsibilities statement

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of the new accounting standards in the year as explained on page 10 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 January 2002 and that applicable accounting standards have been followed.

## **Actix Limited and its subsidiaries**

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**By order of the Board**



**R W A Dobson**  
Company secretary

## **Actix Limited and its subsidiaries**

### **Independent auditors' report to the members of Actix Limited**

We have audited the financial statements which comprise the group profit and loss account, group balance sheet, company balance sheet, group cash flow statement, the statement of total recognised gains and losses and the related notes.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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, United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 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. The other information comprises only the directors' report and the chairman's statement.

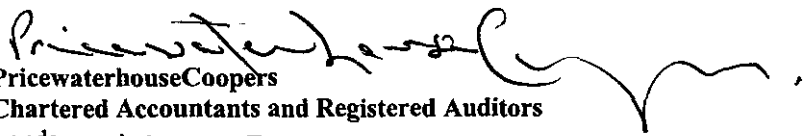
#### **Basis of audit opinion**

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 affairs of the company and the group at 31 January 2002 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

18 July 2002.

## Actix Limited and its subsidiaries

### Group profit and loss account for the year ended 31 January 2002

|                                               | Notes | 2002<br>£        | 2001<br>£        |
|-----------------------------------------------|-------|------------------|------------------|
| Turnover                                      | 1, 2  | 8,919,945        | 5,187,828        |
| Cost of sales                                 |       | (4,150,159)      | (2,822,816)      |
| Gross profit                                  |       | <u>4,769,786</u> | <u>2,365,012</u> |
| Net operating expenses                        | 5     | (3,579,492)      | (2,267,141)      |
| Operating profit                              |       | <u>1,190,294</u> | <u>97,871</u>    |
| Interest receivable and similar income        | 6     | 16,961           | 11,440           |
| Profit on ordinary activities before taxation | 7     | <u>1,207,255</u> | <u>109,311</u>   |
| Taxation                                      | 8     | (452,960)        | (61,998)         |
| Retained profit for the year                  | 16    | <u>754,295</u>   | <u>47,313</u>    |

### Statement of total recognised gains and losses

|                                         | 2002<br>£      | 2001<br>£     |
|-----------------------------------------|----------------|---------------|
| Profit attributable to shareholders     | 754,295        | 47,313        |
| Exchange differences offset in reserves | (6,180)        | (8,753)       |
| Total recognised gains for the year     | <u>748,115</u> | <u>38,560</u> |

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

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 and its subsidiaries

## Group balance sheet as at 31 January 2002

|                                                      | Notes | 2002<br>£          | 2001<br>£          |
|------------------------------------------------------|-------|--------------------|--------------------|
| <b>Fixed assets</b>                                  |       |                    |                    |
| Tangible assets                                      | 9     | <u>208,961</u>     | <u>191,463</u>     |
| <b>Current assets</b>                                |       |                    |                    |
| Debtors                                              | 11    | 3,024,615          | 1,564,929          |
| Cash at bank and in hand                             |       | <u>1,135,159</u>   | <u>441,742</u>     |
|                                                      |       | 4,159,774          | 2,006,671          |
| Creditors: amounts falling due within one year       | 12    | <u>(2,616,998)</u> | <u>(1,349,241)</u> |
| Net current assets                                   |       | <u>1,542,776</u>   | <u>657,430</u>     |
| Total assets less current liabilities                |       | 1,751,737          | 848,893            |
| Creditors: amounts falling due in more than one year | 13    | <u>(176,087)</u>   | <u>(21,358)</u>    |
| Net assets                                           |       | <u>1,575,650</u>   | <u>827,535</u>     |
| <b>Capital and reserves</b>                          |       |                    |                    |
| Called up share capital                              | 14    | 120                | 120                |
| Share premium account                                | 16    | 499,980            | 499,980            |
| Profit and loss account                              | 16    | <u>1,075,550</u>   | <u>327,435</u>     |
| Equity shareholders' funds                           | 17    | <u>1,575,650</u>   | <u>827,535</u>     |

The financial statements on pages 6 to 19 were approved by the board of directors on  
and were signed on its behalf by:



11 - JULY - 2002

**R W A Dobson**  
Director

# Actix Limited

## Company balance sheet as at 31 January 2002

|                                                             | Notes | 2002<br>£               | 2001<br>£             |
|-------------------------------------------------------------|-------|-------------------------|-----------------------|
| <b>Fixed assets</b>                                         |       |                         |                       |
| Tangible assets                                             | 9     | 118,747                 | 127,722               |
| Investments                                                 | 10    | -                       | -                     |
|                                                             |       | <u>118,747</u>          | <u>127,722</u>        |
| <b>Current assets</b>                                       |       |                         |                       |
| Debtors                                                     | 11    | 3,112,083               | 1,555,067             |
| Cash at bank and in hand                                    |       | 578,076                 | 62,979                |
|                                                             |       | <u>3,690,159</u>        | <u>1,618,046</u>      |
| <b>Creditors: amounts falling due within one year</b>       | 12    | <u>(1,605,456)</u>      | <u>(755,700)</u>      |
| <b>Net current assets</b>                                   |       | <u>2,084,703</u>        | <u>862,346</u>        |
| <b>Total assets less current liabilities</b>                |       | <b>2,203,450</b>        | <b>990,068</b>        |
| <b>Creditors: amounts falling due in more than one year</b> | 13    | <u>(164,132)</u>        | <u>(15,311)</u>       |
| <b>Net assets</b>                                           |       | <u><b>2,039,318</b></u> | <u><b>974,757</b></u> |
| <b>Capital and reserves</b>                                 |       |                         |                       |
| Called up share capital                                     | 14    | 120                     | 120                   |
| Share premium account                                       | 16    | 499,980                 | 499,980               |
| Profit and loss account                                     | 16    | 1,539,218               | 474,657               |
| <b>Equity shareholders' funds</b>                           | 17    | <u><b>2,039,318</b></u> | <u><b>974,757</b></u> |

The financial statements on pages 6 to 19 were approved by the board of directors on and were signed on its behalf by:

R W A Dobson  
Director

 11-JULY-2002

# Actix Limited and its subsidiaries

## Group cash flow statement for the year ended 31 January 2002

|                                                                 | Notes | 2002<br>£        | 2001<br>£        |
|-----------------------------------------------------------------|-------|------------------|------------------|
| <b>Operating activities</b>                                     |       |                  |                  |
| Net cash inflow from operating activities                       | 19    | <u>833,892</u>   | <u>71,463</u>    |
| <b>Returns on investment and servicing of finance</b>           |       |                  |                  |
| Interest received                                               |       | <u>16,961</u>    | <u>11,440</u>    |
| <b>Taxation</b>                                                 |       |                  |                  |
| UK Corporation tax paid                                         |       | (10,155)         | (101,743)        |
| Overseas tax paid                                               |       | <u>(30,286)</u>  | <u>(46,399)</u>  |
|                                                                 |       | (40,441)         | (148,142)        |
| <b>Capital expenditure and financial investment</b>             |       |                  |                  |
| Purchase of tangible fixed assets                               |       | (111,065)        | (155,713)        |
| Proceeds from sale of tangible fixed assets                     |       | <u>250</u>       | <u>931</u>       |
|                                                                 |       | (110,815)        | (154,782)        |
| Equity dividends paid                                           |       | -                | <u>(40,000)</u>  |
| Net cash inflow/(outflow) before financing                      |       | <u>699,597</u>   | <u>(260,021)</u> |
| <b>Financing</b>                                                |       |                  |                  |
| Issue of shares – ordinary shares                               |       | -                | 20               |
| Premium on issue of shares                                      |       | -                | 499,980          |
|                                                                 |       | -                | <u>500,000</u>   |
| Increase in cash in the year                                    | 20    | <u>699,597</u>   | <u>239,979</u>   |
| <b>Reconciliation of net cash flow to movement in net funds</b> |       |                  |                  |
| Increase in cash in the year                                    |       | 699,597          | 239,979          |
| Exchange differences                                            |       | (6,180)          | (8,753)          |
| Movement in net funds in the year                               |       | <u>693,417</u>   | <u>231,226</u>   |
| Opening net funds                                               |       | 441,742          | 210,516          |
| Closing net funds                                               | 20    | <u>1,135,159</u> | <u>441,742</u>   |

# **Actix Limited and its subsidiaries**

## **Notes to the consolidated financial statements for the year ended 31 January 2002**

### **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.

#### **New accounting standards**

In accordance with Financial Reporting Standard 18 "Accounting Policies", effective for accounting periods ending on or after 22 June 2001, the directors have reviewed the group's accounting policies and consider that the financial statements are prepared in accordance with FRS 18.

Financial Reporting Standard 19 "Deferred Taxation", effective for accounting periods ending on or after 23 January 2002, was adopted during the period. No significant adjustments were required to the financial statements on adoption of this new standard.

#### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 January 2002. Intra group sales and profits are eliminated fully on consolidation.

#### **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 straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

|                       |     |
|-----------------------|-----|
| Computer equipment    | 33% |
| Motor vehicles        | 25% |
| Fixtures and fittings | 20% |

#### **Related party transactions**

The group has taken advantage of the exemption available in Financial Reporting Standard No 8 not to disclose transactions with subsidiary undertakings of whom more than 90% of voting rights are controlled within 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.

Results of foreign subsidiaries are re-translated into the parent company reporting currency at the applicable closing rates. Differences arising on re-translation of opening net investments in subsidiaries are taken to group reserves. All other exchange differences are taken to the group profit and loss account.

#### **Pension costs**

The group contributes to certain employees' and directors' personal money purchase pension plans. Contributions are charged to the profit and loss account as incurred.

## Actix Limited and its subsidiaries

### Deferred taxation

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at that balance sheet date, where transactions or events have occurred which result in an obligation to pay more or less tax in the future.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is more likely than not that there will be adequate future taxable profits against which to recover carried forward tax losses.

### Leased assets

The group enters into operating leases as described in note 18. 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

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.

## 2 Turnover

Turnover attributable to each geographical market is as follows:

|                   | 2002<br>£        | 2001<br>£        |
|-------------------|------------------|------------------|
| United Kingdom    | 94,839           | 205,581          |
| Europe            | 2,246,305        | 1,426,364        |
| North America     | 3,850,638        | 2,092,749        |
| Rest of the World | 2,728,163        | 1,463,134        |
|                   | <u>8,919,945</u> | <u>5,187,828</u> |

## 3 Directors' emoluments

|                                                                              | 2002<br>£      | 2001<br>£      |
|------------------------------------------------------------------------------|----------------|----------------|
| Fees and other emoluments (including benefits in kind)                       | 494,734        | 515,074        |
| Contributions to money purchase pension plans                                | 3,600          | 2,780          |
| Number of directors to whom benefits are accruing under money purchase plans | <u>1</u>       | <u>1</u>       |
| <b>Highest paid director</b>                                                 |                |                |
| Emoluments                                                                   | <u>113,748</u> | <u>132,742</u> |

# Actix Limited and its subsidiaries

## 4 Employees

|                                         | 2002<br>Number   | 2001<br>Number   |
|-----------------------------------------|------------------|------------------|
| Product management and development      | 30               | 23               |
| Sales and support                       | 27               | 17               |
| Administration                          | 8                | 5                |
| Total                                   | <u>65</u>        | <u>45</u>        |
| <br>Staff costs (for the above persons) | <br>£            | <br>£            |
| Wages and salaries                      | 4,051,284        | 2,744,119        |
| Social security costs                   | 344,877          | 235,689          |
| Pension costs                           | 40,843           | 22,006           |
|                                         | <u>4,437,004</u> | <u>3,001,814</u> |

## 5 Net operating expenses

|                      | 2002<br>£        | 2001<br>£        |
|----------------------|------------------|------------------|
| Distribution costs   | 1,516,743        | 837,246          |
| Administrative costs | 2,062,749        | 1,429,895        |
|                      | <u>3,579,492</u> | <u>2,267,141</u> |

## 6 Interest receivable and similar income

|                          | 2002<br>£     | 2001<br>£     |
|--------------------------|---------------|---------------|
| Bank interest receivable | <u>16,961</u> | <u>11,440</u> |

## 7 Profit on ordinary activities before taxation

|                                                                                     | 2002<br>£      | 2001<br>£      |
|-------------------------------------------------------------------------------------|----------------|----------------|
| Profit on ordinary activities before taxation is stated after charging/(crediting): |                |                |
| Depreciation of tangible fixed assets                                               | 93,568         | 60,336         |
| (Profit)/loss on disposal of tangible fixed assets                                  | (250)          | 31,984         |
| Auditors' remuneration:                                                             |                |                |
| Group (company: £9,450; 2001: £9,000)                                               | 15,000         | 15,000         |
| Operating lease rentals                                                             |                |                |
| - land and buildings                                                                | 221,568        | 226,787        |
| - other                                                                             | 2,376          | 2,376          |
|                                                                                     | <u>221,568</u> | <u>226,787</u> |

# Actix Limited and its subsidiaries

## 8 Tax on profit on ordinary activities

|                                                      | 2002<br>£      | 2001<br>£     |
|------------------------------------------------------|----------------|---------------|
| United Kingdom corporation tax at 30% (2001: 24.92%) |                |               |
| - current                                            | 476,597        | 43,026        |
| - deferred                                           | (6,091)        | -             |
| Over provision in respect of prior year              | (20,399)       | (2,279)       |
| Double tax relief                                    | (27,433)       | (17,148)      |
| Foreign tax                                          | 30,286         | 46,399        |
| ACT recovered                                        | -              | (8,000)       |
|                                                      | <u>452,960</u> | <u>61,998</u> |

### 8 (a) Reconciliation of tax charge

|                                                                                  | 2002<br>£      |
|----------------------------------------------------------------------------------|----------------|
| Profit on ordinary activities before taxation                                    | 1,207,255      |
| Tax on profit on ordinary activities at standard rate of 30%                     | 362,177        |
| Actual tax charge                                                                | <u>452,960</u> |
| Difference to explain                                                            | <u>90,783</u>  |
| Reconciling items:                                                               |                |
| Losses of overseas subsidiary not available for UK Corporation Tax relief at 30% | 112,296        |
| Difference in tax rates in respect of overseas profits                           | (17,275)       |
| Over provision in respect of prior year                                          | (20,399)       |
| Non deductible expenses                                                          | <u>16,161</u>  |
|                                                                                  | <u>90,783</u>  |

### 8 (b) Deferred taxation

|                                                | Provided     |           | Unprovided     |               |
|------------------------------------------------|--------------|-----------|----------------|---------------|
|                                                | 2002<br>£    | 2001<br>£ | 2002<br>£      | 2001<br>£     |
| Tax effect of timing differences due to:       |              |           |                |               |
| Excess of depreciation over capital allowances | 6,091        | -         | -              | (4,619)       |
| Losses                                         | -            | -         | 209,195        | 89,712        |
| Total deferred tax asset                       | <u>6,091</u> | <u>-</u>  | <u>209,195</u> | <u>85,093</u> |

No deferred tax liability was recognised in the previous year relating to the excess of depreciation over capital allowances, as the total potential amount of £4,619 was not considered to be material. The unprovided deferred tax asset of £209,195 relating to tax losses carried forward in the US subsidiary would be recoverable if sufficient taxable profits were generated by that subsidiary in future accounting periods, subject to the 20 year time limit in the US for utilising tax losses.

# Actix Limited and its subsidiaries

## 9 Tangible fixed assets

| Group                     | Computer<br>equipment         | Motor<br>vehicles         | Fixtures and<br>fittings         | Total          |
|---------------------------|-------------------------------|---------------------------|----------------------------------|----------------|
|                           | £                             | £                         | £                                | £              |
| <b>Cost</b>               |                               |                           |                                  |                |
| At 1 February 2001        | 198,964                       | 14,316                    | 70,963                           | 284,243        |
| Additions                 | 101,720                       | -                         | 9,346                            | 111,066        |
| Disposals                 | (1,500)                       | -                         | -                                | (1,500)        |
| <b>At 31 January 2002</b> | <b>299,184</b>                | <b>14,316</b>             | <b>80,309</b>                    | <b>393,809</b> |
| <b>Depreciation</b>       |                               |                           |                                  |                |
| At 1 February 2001        | 66,477                        | 10,829                    | 15,474                           | 92,780         |
| Charge for the year       | 74,896                        | 3,487                     | 15,185                           | 93,568         |
| Disposals                 | (1,500)                       | -                         | -                                | (1,500)        |
| <b>At 31 January 2002</b> | <b>139,873</b>                | <b>14,316</b>             | <b>30,659</b>                    | <b>184,848</b> |
| <b>Net book value</b>     |                               |                           |                                  |                |
| <b>At 31 January 2002</b> | <b>159,311</b>                | <b>-</b>                  | <b>49,650</b>                    | <b>208,961</b> |
| At 31 January 2001        | 132,487                       | 3,487                     | 55,489                           | 191,463        |
| <b>Company</b>            | <b>Computer<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Fixtures and<br/>fittings</b> | <b>Total</b>   |
|                           | £                             | £                         | £                                | £              |
| <b>Cost</b>               |                               |                           |                                  |                |
| At 1 February 2001        | 146,512                       | 14,316                    | 49,594                           | 210,422        |
| Additions                 | 50,565                        | -                         | 7,518                            | 58,083         |
| Disposals                 | (1,500)                       | -                         | -                                | (1,500)        |
| <b>At 31 January 2002</b> | <b>195,577</b>                | <b>14,316</b>             | <b>57,112</b>                    | <b>267,005</b> |
| <b>Depreciation</b>       |                               |                           |                                  |                |
| At 1 February 2001        | 59,023                        | 10,829                    | 12,848                           | 82,700         |
| Charge for the year       | 52,236                        | 3,487                     | 11,335                           | 67,058         |
| Disposals                 | (1,500)                       | -                         | -                                | (1,500)        |
| <b>At 31 January 2002</b> | <b>109,759</b>                | <b>14,316</b>             | <b>24,183</b>                    | <b>148,258</b> |
| <b>Net book value</b>     |                               |                           |                                  |                |
| <b>At 31 January 2002</b> | <b>85,818</b>                 | <b>-</b>                  | <b>32,929</b>                    | <b>118,747</b> |
| At 31 January 2001        | 87,489                        | 3,487                     | 36,746                           | 127,722        |

# Actix Limited and its subsidiaries

## 10 Investments

| Company                                | 2002<br>£      | 2001<br>£      |
|----------------------------------------|----------------|----------------|
| <b>Investments in subsidiaries</b>     |                |                |
| <b>Cost</b>                            |                |                |
| At 1 February                          | 131,319        | 123,319        |
| Additions in the year                  | 909            | 8,000          |
| At 31 January                          | <u>132,228</u> | <u>131,319</u> |
| <b>Provision for impairment</b>        |                |                |
| At 1 February                          | 131,319        | 123,319        |
| Charged to the profit and loss account | 909            | 8,000          |
| At 31 January                          | <u>132,228</u> | <u>131,319</u> |
| <b>Net book value – 31 January</b>     | <u>-</u>       | <u>-</u>       |

The subsidiary undertakings of the company are shown below:

| Name              | Principal activity                   | Country of incorporation | % of nominal share capital and voting rights held (company and group) |
|-------------------|--------------------------------------|--------------------------|-----------------------------------------------------------------------|
| Actix Inc         | Software development and consultancy | USA                      | 100                                                                   |
| Actix Pte Limited | Software development and consultancy | Singapore                | 100                                                                   |
| Actix Limited     | Software development and consultancy | Hong Kong                | 100                                                                   |

# Actix Limited and its subsidiaries

## 11 Debtors

|                                            | Group            |                  | Company          |                  |
|--------------------------------------------|------------------|------------------|------------------|------------------|
|                                            | 2002<br>£        | 2001<br>£        | 2002<br>£        | 2001<br>£        |
| <b>Amounts falling due within one year</b> |                  |                  |                  |                  |
| Trade debtors                              | 2,828,585        | 1,363,328        | 1,968,686        | 681,898          |
| Other debtors                              | 56,988           | 35,035           | 46,213           | 34,761           |
| Prepayments and accrued income             | 82,671           | 118,278          | 79,608           | 115,171          |
| Deferred taxation asset                    | 6,091            | -                | 6,091            | -                |
| Amounts owed by group undertakings         | -                | -                | 961,205          | 686,012          |
|                                            | <u>2,974,335</u> | <u>1,516,641</u> | <u>3,061,803</u> | <u>1,517,842</u> |
| <b>Amounts falling due after one year</b>  |                  |                  |                  |                  |
| Rent deposits                              | 50,280           | 48,288           | 50,280           | 37,225           |
|                                            | <u>3,024,615</u> | <u>1,564,929</u> | <u>3,112,083</u> | <u>1,555,067</u> |

## 12 Creditors – amounts falling due within one year

|                                    | Group            |                  | Company          |                |
|------------------------------------|------------------|------------------|------------------|----------------|
|                                    | 2002<br>£        | 2001<br>£        | 2002<br>£        | 2001<br>£      |
| Trade creditors                    | 184,536          | 261,554          | 168,092          | 214,841        |
| Other taxation and social security | 83,406           | 48,117           | 83,406           | 48,117         |
| Corporation tax                    | 444,489          | 25,878           | 444,489          | 25,878         |
| Accruals and deferred income       | 1,904,567        | 1,013,692        | 909,469          | 466,864        |
|                                    | <u>2,616,998</u> | <u>1,349,241</u> | <u>1,605,456</u> | <u>755,700</u> |

## 13 Creditors – amounts falling due in more than one year

|                 | Group          |               | Company        |               |
|-----------------|----------------|---------------|----------------|---------------|
|                 | 2002<br>£      | 2001<br>£     | 2002<br>£      | 2001<br>£     |
| Deferred income | <u>176,087</u> | <u>21,358</u> | <u>164,132</u> | <u>15,311</u> |

## Actix Limited and its subsidiaries

### 14 Called up share capital

|                                               | 2002<br>£    | 2001<br>£    |
|-----------------------------------------------|--------------|--------------|
| <b>Authorised</b>                             |              |              |
| 8,804,445 'A' Ordinary shares of £0.0001 each | 880          | 880          |
| 195,555 'B' Ordinary shares of £0.0001 each   | 20           | 20           |
| 1,000,000 'C' Ordinary shares of £0.0001 each | 100          | 100          |
| <u>10,000,000</u>                             | <u>1,000</u> | <u>1,000</u> |
| <br><b>Allotted and fully paid</b>            |              |              |
| 1,000,000 'A' Ordinary shares of £0.0001 each | 100          | 100          |
| 195,555 'B' Ordinary shares of £0.0001 each   | 20           | 20           |
| <u>1,195,555</u>                              | <u>120</u>   | <u>120</u>   |

#### Ordinary 'A' and 'B' Shares

Ordinary 'A', 'B' shares rank pari passu in all respects, including rights to dividends, voting and amounts receivable on winding up.

#### Ordinary 'C' Shares

The Ordinary 'C' shares rank pari passu in all distributions of the company but carry no rights to vote at any General Meeting of the company, except on any resolution abrogating or varying the rights attached to the 'C' shares.

### 15 Profits of holding company

Of the profit attributable to shareholders after dividends, a profit of £1,064,561 (2001: £95,342) is dealt with in the accounts of Actix Limited.

# Actix Limited and its subsidiaries

## 16 Reserves

|                                  | Group<br>profit<br>and loss<br>account<br>£ | Group<br>share<br>premium<br>account<br>£ | Company<br>profit<br>and loss<br>account<br>£ | Company<br>share<br>premium<br>account<br>£ |
|----------------------------------|---------------------------------------------|-------------------------------------------|-----------------------------------------------|---------------------------------------------|
| At 1 February 2001               | 327,435                                     | 499,980                                   | 474,657                                       | 499,980                                     |
| Retained profit for the year     | 754,295                                     | -                                         | 1,064,561                                     | -                                           |
| Exchange translation differences | (6,180)                                     | -                                         | -                                             | -                                           |
| At 31 January 2002               | <u>1,075,550</u>                            | <u>499,980</u>                            | <u>1,539,218</u>                              | <u>499,980</u>                              |

## 17 Reconciliation of movements in shareholders' funds

|                                     | Group            |                | Company          |                |
|-------------------------------------|------------------|----------------|------------------|----------------|
|                                     | 2002<br>£        | 2001<br>£      | 2002<br>£        | 2001<br>£      |
| Opening shareholders' funds         | 827,535          | 288,975        | 974,757          | 379,415        |
| Profit for the financial year       | 754,295          | 47,313         | 1,064,561        | 95,342         |
| Exchange translation differences    | (6,180)          | (8,753)        | -                | -              |
| New share capital issued            | -                | 20             | -                | 20             |
| Premium on issue of ordinary shares | -                | 499,980        | -                | 499,980        |
| Closing shareholders' funds         | <u>1,575,650</u> | <u>827,535</u> | <u>2,039,318</u> | <u>974,757</u> |

## 18 Financial commitments

At 31 January 2002 the group had annual commitments under non-cancellable operating leases as follows:

|                               | 2002<br>£      | 2001<br>£      |
|-------------------------------|----------------|----------------|
| Land and buildings            |                |                |
| Expiring within one year      | 66,666         | 11,800         |
| Expiring in two to five years | 173,740        | 231,695        |
|                               | <u>240,406</u> | <u>243,495</u> |

## Actix Limited and its subsidiaries

### 19 Reconciliation of operating profit to net cash inflow from operating activities

|                                                      | 2002<br>£      | 2001<br>£     |
|------------------------------------------------------|----------------|---------------|
| Operating profit                                     | 1,190,294      | 97,871        |
| Depreciation on tangible fixed assets                | 93,568         | 60,336        |
| (Profit)/loss on disposal of tangible fixed assets   | (250)          | 31,984        |
| Increase in debtors                                  | (1,453,595)    | (999,025)     |
| Increase in creditors due in less than one year      | 849,146        | 874,642       |
| Increase in creditors due in more than one year      | 154,729        | 5,655         |
| Net cash inflow from continuing operating activities | <u>833,892</u> | <u>71,463</u> |

### 20 Analysis of changes in net funds

|                          | At 1 February<br>2001<br>£ | Cash<br>flow<br>£ | Exchange<br>differences<br>£ | At 31 January<br>2002<br>£ |
|--------------------------|----------------------------|-------------------|------------------------------|----------------------------|
| Cash in hand and at bank | <u>441,742</u>             | <u>699,597</u>    | <u>(6,180)</u>               | <u>1,135,159</u>           |

### 21 Security

By way of a debenture agreement with HSBC Bank plc, the overdraft facility of Actix Limited is secured by a fixed charge over the assets of the group.

There was no overdraft balance outstanding as at 31 January 2002 (31 January 2001: nil)

### 22 Share options

The company has a number of share option schemes whereby certain directors and employees are able to subscribe for and acquire ordinary shares in the company. At 31 January 2002, the total number of options granted to employees and directors was 1,203,108. The options may be exercisable at any time between the fifth and tenth anniversary of the date of grant or in the event of a sale or listing of the company. The exercise price is £1.50 for all share options.

### 23 Controlling party

The ultimate controlling party is Mr R W A Dobson who owns 990,000 'A' ordinary shares in the company.