

Actix Limited and its
subsidiaries-Consolidated
financial statements for the
year ended 31 January 2003

Registered Number 02660615



Actix Limited and its subsidiaries
Consolidated financial statements
for the year ended 31 January 2003
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Actix Limited and its subsidiaries

Directors and Advisors

Directors

Mr R W A Dobson
Dr Yiu Fai Ko
Mr DRJ Wilkinson
Mr JM Berman
Mr EH Menzies

Secretary

Mr R W A Dobson

Registered office

200 Hammersmith Road
Hammersmith
London
W6 7DL

Solicitors

Fenners
15 New Bridge Street
London
EC4V 6AU

Registered Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers

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

Actix Limited and its subsidiaries

Chairman's Statement

Actix had another year of profitable growth, marked by an increase in its geographical reach, extension of its product capabilities and growing success with its new technology offerings.

For the 12 months to 31 January 2003 pre-tax profits increased 37% to £1.7m (2002: £1.2m) while sales grew 37% to £12.2m (2002: £8.9m). At the year end cash balances stood at £2.6m (2002: £1.1m). All regions achieved growth in sales and profits.

The demand for new technology 2.5G and 3G solutions now accounts for over 50% of revenues. Actix solutions are being used in virtually all current operator 3G initiatives worldwide.

Actix customers in Europe number more than 60; operators, equipment providers and other players include Orange, Vodafone, Telia-Sonera, Hutchinson 3G, Nokia, Siemens and Alcatel. In Asia Pacific there are customers in all key markets, including China, Japan, Korea, Taiwan, Singapore, Hong Kong and the Philippines. In the US major new contracts were signed with all six national carriers, several smaller carriers, and equipment vendors Motorola and Lucent.

Actix now has a well-established office in Shanghai, where it employs 10 full-time staff, and has established a base in Miami to exploit opportunities in Latin America. The recent move of the London office to new larger premises has enabled the company to put its core 45-strong product development team in one open-plan facility, releasing the full potential for interchange of expertise on key projects.

In 2003 the company's products moved into a new domain. While historically these have focused on test data, the core product has now been extended to include protocol sources allowing operators with new generation networks to come to terms with the convergence of wireless and IP. The introduction of high bandwidth data-enabled services, all with different characteristics of delivery, is creating a new raft of technical complexity for operators. Actix' new product functionality is focused on the commercial imperatives, helping operators manage, troubleshoot and optimise their networks while maintaining a clear view of the quality of service experienced by their subscribers.

Within the next two years it is expected that almost every top tier operator will be operating a 3G network which offers video calls, high-speed internet connectivity and multi media content. Actix is already active in this space and the directors believe that it is well placed, through its core expertise and solutions, to help operators get their new technology networks working and accelerate the introduction of new revenue earning services.



JM Berman
Chairman

Actix Limited and its subsidiaries

Directors' report for the year ended 31 January 2003

The directors present their report and the audited financial statements of the group for the year ended 31 January 2003.

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 products. These enable operators, infrastructure vendors and consulting companies to maximise the utilisation of available radio spectrum, to resolve network problems and to streamline the introduction of new generation technology.

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 (2002: £nil). A final dividend of £358,667 (2002: £nil) is proposed. A balance of £903,615 has been transferred to profit and loss reserves.

Directors and their interests

The directors of the company at 31 January 2003, 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 2003 Ordinary shares of £0.0001 each	31 January 2003 Options over ordinary shares of £0.0001 each	31 January 2002 Ordinary shares of £0.0001 each	31 January 2002 Options over ordinary shares of £0.0001 each
R W A Dobson	990,000	240,954	990,000	-
J L Wilson (resigned 28 April 2003)	10,000	-	10,000	-
W R Jones (resigned 11 June 2003)	-	100,000	-	100,000
Yiu Fai Ko	-	330,000	-	330,000
DRJ Wilkinson	-	150,000	-	150,000
JM Berman	195,555	47,596	195,555	-
EH Menzies	-	35,000	-	35,000

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 state of affairs 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 as explained 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 2003 and that applicable accounting standards have been followed.

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

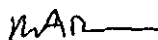
Actix Limited and its subsidiaries

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

Auditors

Following the conversion of our auditors, PricewaterhouseCoopers, as a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 8 May 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP will be proposed at the next 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 and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 chairman's statement and the directors' report.

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 as at 31 January 2003 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 LLP
Chartered Accountants and Registered Auditors
London

18 May 2003.

Actix Limited and its subsidiaries

Group profit and loss account for the year ended 31 January 2003

	Notes	2003 £	2002 £
Turnover	1, 2	12,177,757	8,919,945
Cost of sales		(6,336,171)	(4,150,159)
Gross profit		5,841,586	4,769,786
Net operating expenses	5	(4,212,906)	(3,579,492)
Operating profit		1,628,680	1,190,294
Interest receivable and similar income	6	24,100	16,961
Profit on ordinary activities before taxation	7	1,652,780	1,207,255
Taxation	8	(390,498)	(452,960)
Profit for the year		1,262,282	754,295
Dividends	12	(358,667)	-
Retained profit for the year	16	903,615	754,295

Statement of total recognised gains and losses

	2003 £	2002 £
Profit attributable to shareholders	1,262,282	754,295
Exchange differences offset in reserves	60,892	(6,180)
Total recognised gains for the year	1,323,174	748,115

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 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	<u>461,875</u>	<u>208,961</u>
Current assets			
Debtors	11	3,435,502	3,024,615
Cash at bank and in hand		<u>2,612,073</u>	<u>1,135,159</u>
		<u>6,047,575</u>	<u>4,159,774</u>
Creditors: amounts falling due within one year	12	<u>(3,886,287)</u>	<u>(2,616,998)</u>
Net current assets		<u>2,161,288</u>	<u>1,542,776</u>
Total assets less current liabilities		2,623,163	1,751,737
Creditors: amounts falling due in more than one year	13	<u>(83,006)</u>	<u>(176,087)</u>
Net assets		<u>2,540,157</u>	<u>1,575,650</u>
Capital and reserves			
Called up share capital	14	120	120
Share premium account	16	499,980	499,980
Profit and loss account	16	<u>2,040,057</u>	<u>1,075,550</u>
Equity shareholders' funds	17	<u>2,540,157</u>	<u>1,575,650</u>

The financial statements on pages 6 to 19 were approved by the board of directors on 15 July 2003 and were signed on its behalf by:



R W A Dobson
Director

Actix Limited

Company balance sheet as at 31 January 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	349,059	118,747
Investments	10	-	-
		<u>349,059</u>	<u>118,747</u>
Current assets			
Debtors	11	3,251,384	3,112,083
Cash at bank and in hand		1,172,704	578,076
		<u>4,424,088</u>	<u>3,690,159</u>
Creditors: amounts falling due within one year	12	<u>(2,214,268)</u>	<u>(1,605,456)</u>
Net current assets		<u>2,209,820</u>	<u>2,084,703</u>
Total assets less current liabilities		2,558,879	2,203,450
Creditors: amounts falling due in more than one year	13	<u>(40,313)</u>	<u>(164,132)</u>
Net assets		<u><u>2,518,566</u></u>	<u><u>2,039,318</u></u>
Capital and reserves			
Called up share capital	14	120	120
Share premium account	16	499,980	499,980
Profit and loss account	16	2,018,466	1,539,218
Equity shareholders' funds	17	<u><u>2,518,566</u></u>	<u><u>2,039,318</u></u>

The financial statements on pages 6 to 19 were approved by the board of directors on 15 July 2003 and were signed on its behalf by:



R W A Dobson
Director

Actix Limited and its subsidiaries

Group cash flow statement for the year ended 31 January 2003

	Notes	2003 £	2002 £
Operating activities			
Net cash inflow from operating activities	19	<u>2,466,427</u>	<u>833,892</u>
Returns on investment and servicing of finance			
Interest received		<u>24,100</u>	<u>16,961</u>
Taxation			
UK Corporation tax paid		<u>(662,703)</u>	<u>(40,441)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(411,802)	(111,065)
Proceeds from sale of tangible fixed assets		-	250
		<u>(411,802)</u>	<u>(110,815)</u>
Increase in cash in the year	20	<u><u>1,416,022</u></u>	<u><u>699,597</u></u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		1,416,022	699,597
Exchange differences		60,892	(6,180)
Movement in net funds in the year		<u>1,476,914</u>	<u>693,417</u>
Opening net funds		1,135,159	441,742
Closing net funds	20	<u><u>2,612,073</u></u>	<u><u>1,135,159</u></u>

Actix Limited and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 January 2003

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.

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 2003. Intra group sales and profits and 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 where 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.

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.

Actix Limited and its subsidiaries

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.

In addition, revenue includes royalties receivable on sale of software licenses and maintenance by the company's third party distributors. Such royalties are recognised as turnover upon recognition of the related sale by the distributor.

2 Turnover

Turnover attributable to each geographical market is as follows:

	2003 £	2002 £
United Kingdom	632,595	94,839
Europe	2,957,300	2,246,305
North America	4,771,619	3,850,638
Rest of the World	3,816,243	2,728,163
	<u>12,177,757</u>	<u>8,919,945</u>

3 Directors' emoluments

	2003 £	2002 £
Fees and other emoluments (including benefits in kind)	502,133	494,734
Contributions to money purchase pension plans	3,750	3,600
Number of directors to whom benefits are accruing under money purchase plans	<u>1</u>	<u>1</u>
Highest paid director		
Emoluments	<u>110,089</u>	<u>113,748</u>

Actix Limited and its subsidiaries

4 Employees

	2003 Number	2002 Number
Product management and development	33	30
Sales and support	40	27
Administration and finance	11	8
Total	<u>84</u>	<u>65</u>

Staff costs (for the above persons)		£
Wages and salaries	5,268,694	4,051,284
Social security costs	447,976	344,877
Pension costs	22,047	40,843
	<u>5,738,717</u>	<u>4,437,004</u>

5 Net operating expenses

	2003 £	2002 £
Distribution expenses	2,103,377	1,516,743
Administrative expenses	<u>2,109,529</u>	<u>2,062,749</u>
	<u>4,212,906</u>	<u>3,579,492</u>

6 Interest receivable and similar income

	2003 £	2002 £
Bank interest receivable	<u>24,100</u>	<u>16,961</u>

7 Profit on ordinary activities before taxation

	2003 £	2002 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	155,031	93,568
Loss/(profit) on disposal of tangible fixed assets	3,857	(250)
Auditors' remuneration for audit services (company: £12,500; 2001: £9,450)	24,985	15,000
Auditors' remuneration for non-audit services	23,760	7,850
Operating lease rentals		
- land and buildings	278,803	221,568
- other	-	2,376
	<u></u>	<u></u>

Actix Limited and its subsidiaries

8 Tax on profit on ordinary activities

	2003 £	2002 £
Current tax		
United Kingdom corporation tax at 30% (2002: 30%)	364,369	476,597
Over provision in respect of prior years	(6,499)	(20,399)
Double tax relief	(74,175)	(27,433)
	<u>283,695</u>	<u>428,765</u>
Foreign tax	114,860	30,286
	<u>398,555</u>	<u>459,051</u>
Deferred tax		
Charge for the year	7,457	(6,091)
Deferred tax asset under provided in prior year	(15,514)	-
	<u>(8,057)</u>	<u>(6,091)</u>
Total tax charge for the year	<u>390,498</u>	<u>452,960</u>

Foreign tax includes corporation tax borne by overseas subsidiaries as well and as withholding tax suffered by the company and its subsidiaries on sales to overseas destinations.

8 (a) Reconciliation of tax charge

	2003 £	2002 £
Profit on ordinary activities before taxation	1,652,780	1,207,255
Tax on profit on ordinary activities at standard rate	495,834	362,177
Actual current tax charge	<u>398,555</u>	<u>459,051</u>
Difference to explain	<u>(97,279)</u>	<u>96,874</u>
Tax effects of:		
Profits of overseas subsidiaries covered by losses brought forward	(114,706)	-
Losses of overseas subsidiaries not utilised	26,690	112,296
Differences in respect of overseas subsidiaries' tax rates	(10,815)	(14,422)
Over provision of current tax in respect of prior year	(6,499)	(20,339)
Non deductible expenses	8,051	19,339
	<u>(97,279)</u>	<u>96,874</u>

8 (b) Deferred taxation

	Provided		Unprovided	
	2003 £	2002 £	2003 £	2002 £
Tax effect of timing differences due to:				
Excess of depreciation over capital allowances	14,148	6,091	7,669	-
Losses	-	-	67,968	209,195
Total deferred tax asset	<u>14,148</u>	<u>6,091</u>	<u>75,637</u>	<u>209,195</u>

Actix Limited and its subsidiaries

The unprovided deferred tax asset of £7,669 relates to an overseas subsidiary and is not considered to be material to the group financial statements.

The unprovided deferred tax asset of £67,968, relating to tax losses carried forward in overseas subsidiaries, would be recoverable if equivalent taxable profits were generated by those subsidiaries in future accounting periods.

The movement in the deferred taxation asset during the year was as follows:

	2003 £
Deferred tax asset at 1 February 2002	6,091
Under provision in respect of prior year	15,514
Charged to the profit and loss account	(7,457)
Deferred tax asset at 31 January 2003	<u>14,148</u>

9 Tangible fixed assets

Group	Computer equipment	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 February 2002	299,184	14,316	80,309	393,809
Additions	392,140	-	19,662	411,802
Disposals	(97,663)	(14,316)	-	(111,979)
At 31 January 2003	<u>593,661</u>	<u>-</u>	<u>99,971</u>	<u>693,632</u>
Depreciation				
At 1 February 2002	139,873	14,316	30,659	184,848
Charge for the year	139,823	-	15,208	155,031
Disposals	(93,806)	(14,316)	-	(108,122)
At 31 January 2003	<u>185,890</u>	<u>-</u>	<u>45,867</u>	<u>231,757</u>
Net book value				
At 31 January 2003	<u>407,771</u>	<u>-</u>	<u>54,104</u>	<u>461,875</u>
At 31 January 2002	<u>159,311</u>	<u>-</u>	<u>49,650</u>	<u>208,961</u>

Actix Limited and its subsidiaries

Company	Computer equipment	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 February 2002	195,577	14,316	57,112	267,005
Additions	337,974	-	7,877	345,851
Disposals	(90,561)	(14,316)	-	(104,877)
At 31 January 2003	442,990	-	64,989	507,979
Depreciation				
At 1 February 2002	109,759	14,316	24,183	148,258
Charge for the year	99,824	-	12,236	112,060
Disposals	(87,082)	(14,316)	-	(101,398)
At 31 January 2003	122,501	-	36,419	158,920
Net book value				
At 31 January 2003	320,489	-	28,570	349,059
At 31 January 2002	85,818	-	32,929	118,747

10 Investments

Company	2003 3	2002 £
Investments in subsidiaries		
Cost		
At 1 February	132,228	131,319
Additions in the year	-	909
At 31 January	132,228	132,228
Provision for impairment		
At 1 February	132,228	131,319
Charged to the profit and loss account	-	909
At 31 January	132,228	132,228
Net book value – 31 January	-	-

Actix Limited and its subsidiaries

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

11 Debtors

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Amounts falling due within one year				
Trade debtors	3,091,467	2,828,585	1,335,623	1,968,686
Other debtors	224,590	56,988	200,652	46,213
Prepayments and accrued income	105,297	82,671	79,699	79,608
Deferred taxation asset	14,148	6,091	14,148	6,091
Amounts owed by group undertakings	-	-	1,621,262	961,205
	<u>3,435,502</u>	<u>2,974,335</u>	<u>3,251,384</u>	<u>3,061,803</u>
Amounts falling due after one year				
Rent deposits	-	50,280	-	50,280
	<u>3,435,502</u>	<u>3,024,615</u>	<u>3,251,384</u>	<u>3,112,083</u>

12 Creditors – amounts falling due within one year

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Trade creditors	412,365	184,536	382,051	168,092
Other taxation and social security	94,016	83,406	93,499	83,406
Proposed dividend	358,667	-	358,667	-
Corporation tax	180,340	444,489	139,368	444,489
Accruals and deferred income	2,840,899	1,904,567	1,240,683	909,469
	<u>3,886,287</u>	<u>2,616,998</u>	<u>2,214,268</u>	<u>1,605,456</u>

Actix Limited and its subsidiaries

The proposed final dividend represents an amount of £0.30 pence per share.

13 Creditors – amounts falling due in more than one year

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Deferred income	<u>83,006</u>	<u>176,087</u>	<u>40,313</u>	<u>164,132</u>

14 Called up share capital

	2003 £	2002 £
Authorised		
7,804,445 'A' Ordinary shares of £0.0001 each	780	830
195,555 'B' Ordinary shares of £0.0001 each	20	20
2,000,000 'C' Ordinary shares of £0.0001 each	200	150
<u>10,000,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
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 £479,248 (2002: £1,064,561) is dealt with in the accounts of Actix Limited.

Actix Limited and its subsidiaries

16 Reserves

	Group profit and loss account £	Group share premium account £	Company profit and loss account £	Company share premium account £
At 1 February 2002	1,075,550	499,980	1,539,218	499,980
Retained profit for the year	903,615	-	479,248	-
Exchange translation differences	60,892	-	-	-
At 31 January 2003	<u>2,040,057</u>	<u>499,980</u>	<u>2,018,466</u>	<u>499,980</u>

17 Reconciliation of movements in shareholders' funds

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Opening shareholders' funds	1,575,650	827,535	2,039,318	974,757
Profit for the financial year	1,262,282	754,295	837,915	1,064,561
Exchange translation differences	60,892	(6,180)	-	-
Dividend proposed	(358,667)	-	(358,667)	-
Closing shareholders' funds	<u>2,540,157</u>	<u>1,575,650</u>	<u>2,518,566</u>	<u>2,039,318</u>

18 Financial commitments

At 31 January 2003 the group had annual commitments under non-cancellable operating leases as follows:

	2003 £	2002 £
Land and buildings		
Expiring within one year	205,811	66,666
Expiring in two to five years	<u>26,278</u>	<u>173,740</u>
	<u>232,089</u>	<u>240,406</u>

Actix Limited and its subsidiaries

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

	2003 £	2002 £
Operating profit	1,628,680	1,190,294
Depreciation on tangible fixed assets	155,031	93,568
Loss/(profit) on disposal of tangible fixed assets	3,857	(250)
Increase in debtors	(402,830)	(1,453,595)
Increase in creditors due in less than one year	1,174,770	849,146
(Decrease)/Increase in creditors due in more than one year	(93,081)	154,729
Net cash inflow from continuing operating activities	<u>2,466,427</u>	<u>833,892</u>

20 Analysis of changes in net funds

	At 1 February 2002 £	Cash flow £	Exchange differences £	At 31 January 2003 £
Cash in hand and at bank	<u>1,135,159</u>	<u>1,416,022</u>	<u>60,892</u>	<u>2,612,073</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 2003 (31 January 2002: 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 2003, the total number of options granted to employees and directors was 1,535,846. 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.