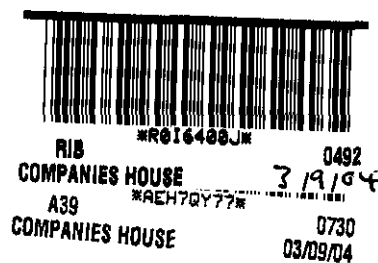


Actix Limited and its subsidiaries
Consolidated financial statements
for the year ended 31 January 2004

REG. No. 02660615



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for the year ended 31 January 2004
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Actix Limited and its subsidiaries

Directors and Advisors

Directors

Mr RWA Dobson
Mr DRJ Wilkinson
Mr JM Berman
Mr EH Menzies
Mr J Samuelsson
Mr D Elalouf
Mr PGB Jones

Secretary

Mr RWA Dobson

Registered office

200 Hammersmith Road
Hammersmith
London
W6 7DL

Registered Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

HSBC Bank 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, supported by continued geographical expansion, extension of its product capabilities, growing demand for its new technology offerings and the establishment of partnerships with major Telecommunication vendors.

In the financial year ended 31 January 2004 Actix reported a 46% increase in pre-tax profits to £2.4 million from £1.6 million in the prior year, while revenue grew 24% to £15.2 million from £12.2 million. At the year end, cash balances stood at £2.7 million.

Despite the paralysing effect of SARS which had a severe impact on the revenue obtained from that region, the company continued building its presence in Asia, where it has expanded the staffing of its offices in Singapore, Hong Kong and Shanghai; Actix personnel have also been operating from Japan and India since the beginning of 2004.

The company's core development/product management teams grew from 45 to 60 and senior appointments were also made in the engineering and business development areas. Overall headcount grew from 105 to 135.

The demand for new technology 2.5G and 3G solutions accounted for over 65% of Actix's revenues. During the year, Actix added over 20 new name accounts, including several tier one operators. Actix vendor-independent solutions are now deployed in 9 out of 10 3G networks worldwide, and are used by mobile operators, infrastructure vendors and consultants in over 60 countries.

The year also saw strong customer validation of a new end-to-end service troubleshooting solution with significant sales to Vodafone UK and Verizon Wireless. The development of complex messaging and data services, especially in a 3G environment, is driving operators to demand tools that help optimize the subscribers' experience and not just the network's performance. Actix solution, based on per subscriber protocol messages, provides operators with the insight they need to make these critical new services successful.

Actix began 2004 with the acquisition of ComOpt, a leading provider of automated wireless optimization solutions. The combined products of Actix and ComOpt address every aspect of performance engineering from systems verification to optimization and troubleshooting, using drive test, protocol and predicted data, across voice and multi-media services. The company plans to announce new joint products during 2004.

The accelerating rollout of 3G networks in Europe and Asia and the deployment of new data services in North America lead us to expect further significant growth in all regions in 2004. At the same time, the industry's drive to squeeze more performance and capacity from existing networks continues to provide a buoyant and resilient market for Actix 2G optimization solutions. Looking to the future, the emergence of IP multimedia technology and, in particular, wireless Voice-over-IP bring an entirely new set of optimisation and troubleshooting challenges for operators and infrastructure vendors which Actix is uniquely placed to address.



JM Berman
Chairman

Actix Limited and its subsidiaries

Directors' report for the year ended 31 January 2004

The directors present their report and the audited financial statements of the group for the year ended 31 January 2004.

Principal activity

Actix supplies wireless performance engineering 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) and its cutting-edge knowledge of wireless data and IP protocols are embodied in a set of vendor independent software products. These enable operators, infrastructure vendors and consulting companies to both optimise and troubleshoot the radio network, so accelerating the rollout of new generation networks; and to perform end-to-end analysis of complex data services, thus allowing operators to bring them to market faster and with higher quality.

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 final dividend (2003: £358,667) is proposed. A balance of £1,531,754 has been transferred to profit and loss reserves.

Directors and their interests

The directors of the company at 31 January 2004, 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 2004 Ordinary shares of £0.0001 each	31 January 2004 Options over ordinary shares of £0.0001 each	31 January 2003 Ordinary shares of £0.0001 each	31 January 2003 Options over ordinary shares of £0.0001 each
RWA Dobson	990,000	240,954	990,000	240,954
JL Wilson (resigned 28 April 2003)	10,000	-	10,000	-
WR Jones (resigned 11 June 2003)	-	100,000	-	100,000
Yiu Fai Ko (resigned 8 June 2004)	-	330,000	-	330,000
DRJ Wilkinson	-	160,000	-	150,000
JM Berman	195,555	47,596	195,555	47,596
EH Menzies	-	36,000	-	35,000
J Samuelsson (appointed 6 February 2004)	-	-	-	-
D Elalouf (appointed 16 June 2004)	-	-	-	-
PGB Jones (appointed 16 June 2004)	-	-	-	-

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

Post balance sheet events

Post balance sheet events are detailed in note 24 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.

Actix Limited and its subsidiaries

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 2004 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 and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP will be proposed at the next Annual General Meeting.

By order of the Board



RWA 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.

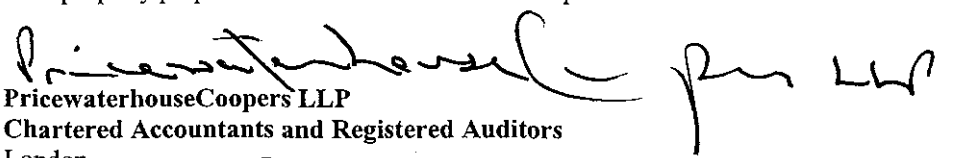
Basis of audit opinion

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 2004 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
28 June 2004.

Actix Limited and its subsidiaries

Group profit and loss account for the year ended 31 January 2004

	Notes	2004 £	2003 £
Turnover	1, 2	15,151,609	12,177,757
Cost of sales		(7,980,644)	(6,336,171)
Gross profit		7,170,965	5,841,586
Net operating expenses	5	(4,772,887)	(4,212,906)
Operating profit		2,398,078	1,628,680
Interest receivable	6	10,322	24,100
Profit on ordinary activities before taxation	7	2,408,400	1,652,780
Taxation	8	(876,646)	(390,498)
Profit for the year		1,531,754	1,262,282
Dividends	12	-	(358,667)
Retained profit for the year	16	1,531,754	903,615

Statement of total recognised gains and losses

	2004 £	2003 £
Profit attributable to shareholders	1,531,754	1,262,282
Exchange differences offset in reserves	586	60,892
Total recognised gains for the year	1,532,340	1,323,174

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

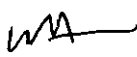
There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

Actix Limited and its subsidiaries

Group balance sheet as at 31 January 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	9	<u>863,517</u>	<u>461,875</u>
Current assets			
Debtors	11	5,882,658	3,435,502
Cash at bank and in hand		<u>2,712,467</u>	<u>2,612,073</u>
		8,595,125	6,047,575
Creditors: amounts falling due within one year	12	<u>(5,367,913)</u>	<u>(3,886,287)</u>
Net current assets		<u>3,227,212</u>	<u>2,161,288</u>
Total assets less current liabilities		4,090,729	2,623,163
Creditors: amounts falling due in more than one year	13	<u>(18,232)</u>	<u>(83,006)</u>
Net assets		<u>4,072,497</u>	<u>2,540,157</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>3,572,397</u>	<u>2,040,057</u>
Equity shareholders' funds	17	<u>4,072,497</u>	<u>2,540,157</u>

The financial statements on pages 6 to 20 were approved by the board of directors on 21 June 2004 and were signed on its behalf by:

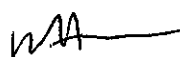

RWA Dobson
Director

Actix Limited

Company balance sheet as at 31 January 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	9	771,377	349,059
Investments	10	-	-
		<u>771,377</u>	<u>349,059</u>
Current assets			
Debtors	11	4,344,940	3,251,384
Cash at bank and in hand		1,377,642	1,172,704
		<u>5,722,582</u>	<u>4,424,088</u>
Creditors: amounts falling due within one year	12	<u>(2,768,524)</u>	<u>(2,214,268)</u>
Net current assets		<u>2,954,058</u>	<u>2,209,820</u>
Total assets less current liabilities		3,725,435	2,558,879
Creditors: amounts falling due in more than one year	13	<u>-</u>	<u>(40,313)</u>
Net assets		<u>3,725,435</u>	<u>2,518,566</u>
Capital and reserves			
Called up share capital	14	120	120
Share premium account	16	499,980	499,980
Profit and loss account	16	3,225,335	2,018,466
Equity shareholders' funds	17	<u>3,725,435</u>	<u>2,518,566</u>

The financial statements on pages 6 to 20 were approved by the board of directors on 21 June 2004 and were signed on its behalf by:


RWA Dobson
Director

Actix Limited and its subsidiaries

Group cash flow statement for the year ended 31 January 2004

	Notes	2004 £	2003 £
Operating activities			
Net cash inflow from operating activities	19	<u>1,632,712</u>	<u>2,466,427</u>
Returns on investment and servicing of finance			
Interest received		<u>10,322</u>	<u>24,100</u>
Taxation			
Corporation tax paid		<u>(479,345)</u>	<u>(662,703)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		<u>(705,214)</u>	<u>(411,802)</u>
Equity dividends paid		<u>(358,667)</u>	-
Increase in cash in the year	20	<u>99,808</u>	<u>1,416,022</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		99,808	1,416,022
Exchange differences		<u>586</u>	<u>60,892</u>
Movement in net funds in the year		<u>100,394</u>	<u>1,476,914</u>
Opening net funds		2,612,073	1,135,159
Closing net funds	20	<u>2,712,467</u>	<u>2,612,073</u>

Actix Limited and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 January 2004

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 2004. 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%
Fixtures and fittings	20%
Leasehold improvements	Over the life of the lease

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 or purchase order. 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.

Research and development

All research and development expenditure is written off as incurred.

2 Turnover

Turnover attributable to each geographical market is as follows:

	2004 £	2003 £
United Kingdom	944,134	632,595
Europe	4,756,149	2,957,300
North America	5,433,379	4,771,619
Rest of the World	4,017,947	3,816,243
	<u>15,151,609</u>	<u>12,177,757</u>

3 Directors' emoluments

	2004 £	2003 £
Fees and other emoluments (including benefits in kind)	516,222	502,133
Contributions to money purchase pension plans	4,200	3,750
Number of directors to whom benefits are accruing under money purchase plans	<u>1</u>	<u>1</u>
Highest paid director		
Emoluments	<u>139,267</u>	<u>110,089</u>

Actix Limited and its subsidiaries

4 Employees

The average number of employees during the year was as follows:

	2004 Number	2003 Number
Product management and development	56	33
Sales and support	47	40
Administration and finance	13	11
Total	<u>116</u>	<u>84</u>

Staff costs (for the above persons)

Wages and salaries	6,566,645	5,268,694
Social security costs	733,045	447,976
Pension costs	65,473	22,047
	<u>7,365,163</u>	<u>5,738,717</u>

5 Net operating expenses

	2004 £	2003 £
Distribution expenses	1,913,080	2,103,377
Administrative expenses	<u>2,859,807</u>	<u>2,109,529</u>
	<u>4,772,887</u>	<u>4,212,906</u>

6 Interest receivable

	2004 £	2003 £
Bank interest receivable	<u>10,322</u>	<u>24,100</u>

7 Profit on ordinary activities before taxation

	2004 £	2003 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	280,414	155,031
Loss on disposal of tangible fixed assets	23,158	3,857
Auditors' remuneration for audit services (company: £12,500; 2003: £12,500)	27,129	24,985
Auditors' remuneration for non-audit services	24,900	23,760
Operating lease rentals		
- land and buildings	370,846	278,803
Research and development	<u>3,285,431</u>	<u>1,787,494</u>

Actix Limited and its subsidiaries

8 Tax on profit on ordinary activities

	2004 £	2003 £
Current tax		
United Kingdom corporation tax at 30% (2003: 30%)	586,343	364,369
Over provision in respect of prior years	(17,280)	(6,499)
Double tax relief	(124,464)	(74,175)
	<u>444,599</u>	<u>283,695</u>
Foreign tax	428,905	114,860
	<u>873,504</u>	<u>398,555</u>
Deferred tax		
Charge for the year	3,142	7,457
Deferred tax asset under provided in prior year	-	(15,514)
	<u>3,142</u>	<u>(8,057)</u>
Tax charge for the year	<u>876,646</u>	<u>390,498</u>

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

8 (a) Reconciliation of tax charge

	2004 £	2003 £
Profit on ordinary activities before taxation	2,408,400	1,652,780
Tax on profit on ordinary activities at standard rate of 30% (2003: 30%)	722,520	495,834
Actual tax charge	<u>876,646</u>	<u>398,555</u>
Difference to explain	<u>154,126</u>	<u>(97,279)</u>
Tax effects of:		
Profits of overseas subsidiaries covered by losses brought forward	-	(114,706)
Losses of overseas subsidiaries not available for UK corporation tax relief	-	26,690
Differences in respect of overseas subsidiaries' tax rates	118,786	(10,815)
Over provision of current tax in respect of prior year	(17,280)	(6,499)
Non deductible expenses	39,081	8,051
Depreciation in excess of capital allowances	13,539	-
	<u>154,126</u>	<u>(97,279)</u>

8 (b) Deferred taxation

	Provided		Un-provided	
	2004 £	2003 £	2004 £	2003 £
Tax effect of timing differences due to:				
Excess of depreciation over capital allowances	11,006	14,148	3,497	7,669
Losses	-	-	-	67,968
Total deferred tax asset	<u>11,006</u>	<u>14,148</u>	<u>3,497</u>	<u>75,637</u>

Actix Limited and its subsidiaries

The un-provided deferred tax asset of £3,497 (2003: £7,669), relates to an overseas subsidiary and is not considered to be material to the group financial statements.

The un-provided deferred tax asset of £Nil (2003: £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:

	2004 £
Deferred tax asset at 1 February 2003	14,148
Charged to the profit and loss account	(3,142)
Deferred tax asset at 31 January 2004 (note 11)	<u>11,006</u>

9 Tangible fixed assets

Group	Computer equipment	Fixtures and fittings	Leasehold improvements	Total
	£	£	£	£
Cost				
At 1 February 2003	593,661	99,971	-	693,632
Additions	291,536	146,312	267,366	705,214
Disposals	(30,949)	(60,862)	-	(91,811)
At 31 January 2004	<u>854,248</u>	<u>185,421</u>	<u>267,366</u>	<u>1,307,035</u>
Depreciation				
At 1 February 2003	185,890	45,867	-	231,757
Charge for the year	237,738	30,232	12,444	280,414
Disposals	(29,754)	(38,899)	-	(68,653)
At 31 January 2004	<u>393,874</u>	<u>37,200</u>	<u>12,444</u>	<u>443,518</u>
Net book value				
At 31 January 2004	<u>460,374</u>	<u>148,221</u>	<u>254,922</u>	<u>863,517</u>
At 31 January 2003	<u>407,771</u>	<u>54,104</u>	<u>-</u>	<u>461,875</u>

Actix Limited and its subsidiaries

Company	Computer equipment	Fixtures and fittings	Leasehold improvements	Total
	£	£	£	£
Cost				
At 1 February 2003	442,990	64,989	-	507,979
Additions	262,082	143,005	261,872	666,959
Disposals	(22,190)	(58,388)	-	(80,578)
At 31 January 2004	682,882	149,606	261,872	1,094,360
Depreciation				
At 1 February 2003	122,501	36,419	-	158,920
Charge for the year	189,172	23,598	11,260	224,030
Disposals	(21,645)	(38,322)	-	(59,967)
At 31 January 2004	290,028	21,695	11,260	322,983
Net book value				
At 31 January 2004	392,854	127,911	250,612	771,377
At 31 January 2003	320,489	28,570	-	349,059

10 Investments

Company	2004 £	2003 £
Investments in subsidiaries		
Cost		
At 1 February	132,228	132,228
Additions in the year	-	-
At 31 January	132,228	132,228
Provision for impairment		
At 1 February	132,228	132,228
Charged to the profit and loss account	-	-
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 sales and consultancy	USA	100
Actix Pte Limited	Software sales and consultancy	Singapore	100
Actix Limited	Software sales and consultancy	Hong Kong	100

A post balance sheet event acquisition is detailed in note 24 to the financial statements.

11 Debtors

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Amounts falling due within one year				
Trade debtors	5,509,170	3,091,467	3,055,400	1,335,623
Other debtors	64,704	224,590	23,455	200,652
Prepayments and accrued income	143,558	105,297	98,560	79,699
Deferred taxation asset	11,006	14,148	11,006	14,148
Amounts owed by group undertakings	-	-	1,002,299	1,621,262
	<u>5,728,438</u>	<u>3,435,502</u>	<u>4,190,720</u>	<u>3,251,384</u>
Amounts falling due in more than one year				
Rent deposits	154,220	-	154,220	-
	<u>5,882,658</u>	<u>3,435,502</u>	<u>4,344,940</u>	<u>3,251,384</u>

12 Creditors – amounts falling due within one year

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Trade creditors	459,636	412,365	395,607	382,051
Other taxation and social security	180,153	94,016	168,269	93,499
Proposed dividend	-	358,667	-	358,667
Corporation tax	577,641	180,340	335,201	139,368
Accruals and deferred income	4,150,483	2,840,899	1,869,447	1,240,683
	<u>5,367,913</u>	<u>3,886,287</u>	<u>2,768,524</u>	<u>2,214,268</u>

No dividend is proposed in the current year.

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13 Creditors – amounts falling due in more than one year

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Deferred income	<u>18,232</u>	<u>83,006</u>	<u>-</u>	<u>40,313</u>

14 Called up share capital

	2004 £	2003 £
Authorised		
7,804,445 'A' Ordinary shares of £0.0001 each	780	780
195,555 'B' Ordinary shares of £0.0001 each	20	20
2,000,000 'C' Ordinary shares of £0.0001 each	200	200
<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 £1,206,869 (2003: £479,248) is dealt with in the accounts of Actix Limited.

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16 Reserves

	Group profit and loss account £	Group share premium account £	Company profit and loss account £	Company share premium account £
At 1 February 2003	2,040,057	499,980	2,018,466	499,980
Retained profit for the year	1,531,754	-	1,206,869	-
Exchange translation differences	586	-	-	-
At 31 January 2004	<u>3,572,397</u>	<u>499,980</u>	<u>3,225,335</u>	<u>499,980</u>

17 Reconciliation of movements in shareholders' funds

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Opening shareholders' funds	2,540,157	1,575,650	2,518,566	2,039,318
Profit for the financial year	1,531,754	1,262,282	1,206,869	837,915
Exchange translation differences	586	60,892	-	-
Dividend proposed	-	(358,667)	-	(358,667)
Closing shareholders' funds	<u>4,072,497</u>	<u>2,540,157</u>	<u>3,725,435</u>	<u>2,518,566</u>

18 Financial commitments

At 31 January 2004 the group had annual commitments under non-cancellable operating leases as follows:

	2004 £	2003 £
Land and buildings		
Expiring within one year	16,796	205,811
Expiring in two to five years	175,633	26,278
Expiring in more than five years	<u>131,250</u>	-
	<u>323,679</u>	<u>232,089</u>

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

	2004 £	2003 £
Operating profit	2,398,078	1,628,680
Depreciation on tangible fixed assets	280,414	155,031
Loss on disposal of tangible fixed assets	23,158	3,857
Increase in debtors	(2,447,156)	(402,830)
Increase in creditors due in less than one year	1,442,992	1,174,770
Decrease in creditors due in more than one year	(64,774)	(93,081)
Net cash inflow from continuing operating activities	<u>1,632,712</u>	<u>2,466,427</u>

20 Analysis of changes in net funds

	At 1 February 2003 £	Cash flow £	Exchange differences £	At 31 January 2004 £
Cash in hand and at bank	<u>2,612,073</u>	<u>99,808</u>	<u>586</u>	<u>2,712,467</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 2004 (31 January 2003: nil)

22 Share options

The company has a number of share options schemes whereby certain directors, employees and third parties are able to subscribe for and acquire ordinary shares in the company. At 31 January 2004 the total number of options outstanding was 1,713,985. 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 1,539,846 options and £2.55 for 174,139 options.

23 Controlling party

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

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24 Post Balance Sheet Events

On 6 February 2004 the Company completed the acquisition of an unquoted Swedish company ComOpt International from ComOpt AB. The consideration for the purchase comprised a cash price of SEK 20 million together with the issue of 262,439 new D Ordinary Shares in the Company. A deferred consideration was also agreed between the parties, dependant upon the turnover of ComOpt International exceeding SEK 40 million for the 12 months ending 31 December 2004. Additionally ComOpt AB has been given the right to acquire additional shares at £1.50 and £2.55 per Ordinary Share in the event that the existing share options, as described in note 22, are exercised. ComOpt primarily provides automated wireless optimization applications to wireless operators and consultancy services to the wireless telecommunications industry. At the date of acquisition ComOpt International had net assets of SEK 5 million after estimated adjustments to reflect Actix accounting policies.