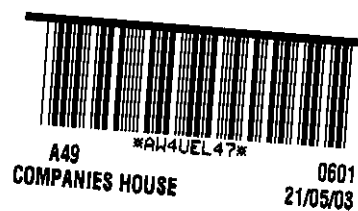


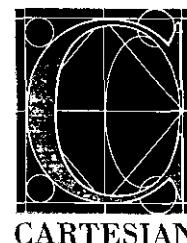
CARTESIAN

CARTESIAN LIMITED

DIRECTORS' REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 JULY 2002



Company Number 3230513



The directors present their report and the financial statements of the Company for the year ended 31 July 2002.

Principal activity

The Company's principal activity during the year was the provision of consultancy and software development services to the telecommunications industry.

The Company grew strongly during the year. The directors were satisfied with the results and expect to enter into a period of consolidation over the next few years.

Directors and their interests

The directors who held office during the year are given below:

	Shareholding at 31 July 2002 Ordinary Shares of 1p	Shareholding at 31 July 2001 Ordinary Shares of 1p
J R Baker	1,500,000	1,500,000
W E Hill	1,500,000	1,500,000
J Sivo (Chairman)	1,500,000	1,500,000
A J Strong	1,500,000	1,500,000

Charitable donations

The Company made charitable donations last year of £4,600 to the Children's Starlight Foundation and committed £3,176 to Care International through sponsoring a group of Cartesian employees in the Three Peaks Challenge.

Statement of directors' responsibilities

Company law requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are

Cartesian Limited

Directors' Report for the Year Ended 31 July 2002

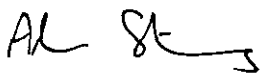


also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

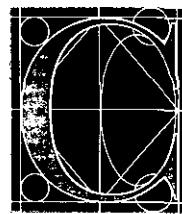
Auditor

The auditor, Cyril Flood C.A., has indicated his willingness to continue in office, and a resolution concerning his reappointment will be proposed at the Annual General Meeting.

This report was approved by the board on 8 May 2003 and signed on its behalf.



A J Strong
Director



CARTESIAN

Independent Auditor's Report to the Shareholders of Cartesian Limited

I have audited the financial statements of Cartesian Limited for the year ended 31 July 2002 on pages 4 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 1, the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

I read the Directors' Report and consider the implications for my report if I become aware of any apparent misstatements within it.

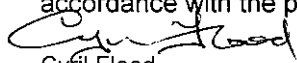
Basis of audit opinion

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

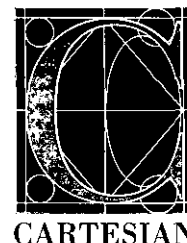
In my opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


Cyril Flood
Chartered Accountant
Registered Auditor
Second Floor
1 Church Square
Leighton Buzzard
Bedfordshire
LU7 1AE

8 May 2003

Cartesian Limited

Profit and Loss Account for the year ended 31 July 2002



	Notes	2002 £	2001 £
Turnover	1,2	6,908,859	5,184,739
Cost of sales		(474,382)	(383,813)
Gross profit		<u>6,434,477</u>	<u>4,800,926</u>
Administrative expenses		(6,316,818)	(4,780,935)
Other operating income		301,845	215,358
Operating profit	3	<u>419,504</u>	<u>235,349</u>
Interest receivable		45,311	53,227
Profit on ordinary activities before taxation		<u>464,815</u>	<u>288,576</u>
Tax on profit on ordinary activities	6	(74,768)	(73,547)
Profit for the financial year		<u>390,047</u>	<u>215,029</u>
Retained profit brought forward		1,205,317	1,044,288
Amount capitalised		-	(54,000)
Retained profit carried forward		<u>1,595,364</u>	<u>1,205,317</u>

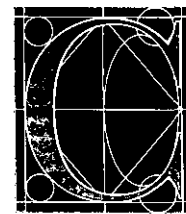
There are no recognised gains or losses other than the profit for the period.

All amounts arise from continuing operations.

The notes on pages 7 to 12 form part of these financial statements.

Cartesian Limited

Balance Sheet as at 31 July 2002



CARTESIAN

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	7	558,056	642,349
Current assets			
Work in progress		24,410	25,684
Debtors	8	1,361,254	1,790,149
Cash at bank and in hand		1,257,213	220,933
		<u>2,642,877</u>	<u>2,036,766</u>
Creditors: amounts falling due within one year	9	<u>(1,450,926)</u>	<u>(1,205,745)</u>
Net current assets		<u>1,191,951</u>	<u>831,021</u>
Total assets less current liabilities		<u>1,750,007</u>	<u>1,473,370</u>
Creditors: amounts falling after more than one year	10	(74,505)	(175,723)
Provisions for liabilities and charges			
Deferred taxation	11	(20,138)	(32,330)
Net assets		<u>1,655,364</u>	<u>1,265,317</u>
Capital and reserves			
Called up share capital	12	60,000	60,000
Profit and loss account	13	1,595,364	1,205,317
Shareholders' funds	14	<u>1,655,364</u>	<u>1,265,317</u>

The financial statements were approved by the Board of Directors on 8 May 2003 and signed on its behalf.

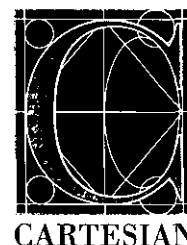
AJ Strong

A J Strong
Director

The notes on pages 7 to 12 form part of these financial statements.

Cartesian Limited

Cash Flow Statement for the Year Ended 31 July 2002



	Notes	2002 £	2001 £
Net cash inflow/(outflow) from operating activities	15	1,105,723	(251,784)
Returns on investments and servicing of finance			
Interest received		45,311	53,227
Taxation			
United Kingdom corporation tax paid		(43,216)	(141,897)
Capital expenditure			
Payments to acquire tangible fixed assets		(71,538)	(579,631)
Increase/(decrease) in cash	16	<u>1,036,280</u>	<u>(920,085)</u>

The notes on pages 7 to 12 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company, net of Value Added Tax and trade discounts.

1.3 Research and development

Expenditure on research and development is written off in the year it is incurred.

1.4 Tangible fixed assets and depreciation

Depreciation is provided on the difference between the cost of tangible fixed assets and their estimated residual value in equal annual instalments over the estimated useful lives of the assets. These lives are:

Plant and machinery	3 years
Fixtures and fittings	5 years
Leasehold improvements	the remaining term of the lease

1.5 Leases

Operating lease rentals are charged to profit and loss account on a straight line basis over the life of the lease.

1.6 Work in progress

Work in progress relates to time charges and expenses incurred prior to the year end and invoiced after that date. It is valued at the lower of cost and net realisable value.

1.7 Foreign currencies

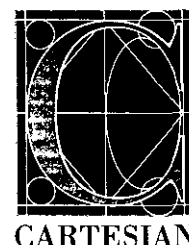
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

1.8 Deferred taxation

The Company provides for deferred tax only when there is a reasonable probability that the liability will arise in the foreseeable future. Where deferred tax is provided, the liability method is used.

1.9 Pensions

The Company operates a defined contribution pension scheme. The pension charge represents amounts payable by the Company to the fund in respect of the year.



2. Turnover

The geographical analysis of turnover is as follows:

	2002	2001
	£	£
United Kingdom	3,598,134	2,665,487
Continental Europe	2,889,800	2,202,577
North America	420,925	316,675
	<u>6,908,859</u>	<u>5,184,739</u>

3. Operating profit

The operating profit is stated after charging:

	2002	2001
	£	£
Depreciation of tangible fixed assets owned by the Company	165,928	122,261
Operating lease rentals:		
plant and machinery	9,575	4,787
other operating leases	484,503	353,478
Auditor's remuneration	6,500	6,500

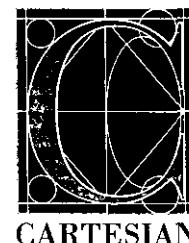
4. Staff costs

Staff costs including directors' remuneration were as follows:

	2002	2001
	£	£
Wages and salaries	4,006,069	2,977,870
Social security costs	444,730	270,408
Other pension costs	220,044	159,855
	<u>4,670,843</u>	<u>3,408,133</u>

The average monthly number of employees, including directors, during the year was as follows:

	2002	2001
Consultancy and software development services	59	45
Office and administration	7	7
	<u>66</u>	<u>52</u>



5. Directors' remuneration

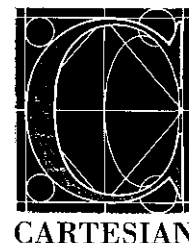
	2002	2001
	£	£
Emoluments	1,050,749	643,843
Highest paid director		
Emoluments	280,216	161,356

6. Tax on profit on ordinary activities

	2002	2001
	£	£
United Kingdom corporation tax	98,927	55,180
(Over)/under provision in respect of prior years	(11,967)	4,285
Transfer (from)\to deferred taxation	(12,192)	14,082
	74,768	73,547

7. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 August 2001	265,172	242,400	359,073	866,645
Additions	-	71,257	10,378	81,635
At 31 July 2002	265,172	313,657	369,451	948,280
Depreciation				
At 1 August 2001	10,599	133,607	80,090	224,296
Charge for the year	22,628	70,459	72,841	165,928
At 31 July 2002	33,227	204,066	152,931	390,224
Net book values				
At 31 July 2002	231,945	109,591	216,520	558,056
At 31 July 2001	254,573	108,793	278,983	642,349



8. Debtors

	2002	2001
	£	£
Trade debtors	1,225,521	1,376,457
Other debtors	3,510	272,256
Prepayments and accrued income	132,223	141,436
	<u>1,361,254</u>	<u>1,790,149</u>

9. Creditors: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	130,125	202,971
Other creditors	598,641	442,271
Corporation tax	98,927	55,180
Social security and other taxes	437,344	270,854
Accruals and deferred income	185,889	234,469
	<u>1,450,926</u>	<u>1,205,745</u>

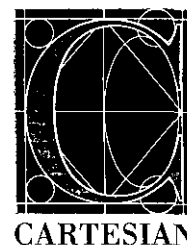
10. Creditors: amounts falling due after one year

	2002	2001
	£	£
Other creditors	-	68,108
Deferred income	74,505	107,615
	<u>74,505</u>	<u>175,723</u>

11. Deferred taxation

	2002	2001
	£	£
Opening balance	32,330	18,248
(Credit)/charge for the year	(12,192)	14,082
Closing balance	<u>20,138</u>	<u>32,330</u>

The provision for deferred taxation is made up of accelerated capital allowances.



12. Share capital

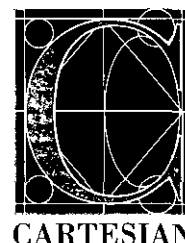
	2002 £	2001 £
Authorised		
Ordinary shares of 1p each	100,000	100,000
Allotted, called up and fully paid		
Ordinary shares of 1p each	60,000	60,000

13. Statement of movement on reserves

	Profit and loss account £
Balance at 1 August 2001	1,205,317
Profit for the financial year	390,047
Balance at 31 July 2002	1,595,364

14. Reconciliation of movement in shareholders' funds

	2002 £	2001 £
Profit for the financial year	390,047	215,029
New shares issued in year	-	54,000
Amount capitalised from retained profits	-	(54,000)
Opening shareholders' funds	1,265,317	1,050,288
Closing shareholders' funds	1,655,364	1,265,317



15. Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2002	2001
	£	£
Operating profit	419,504	235,349
Depreciation	165,928	122,261
Decrease/(Increase) in work in progress	1,274	(22,859)
Decrease/(Increase) in debtors	428,895	(843,280)
Increase in creditors	90,122	256,745
Net cash inflow /(outflow) from operating activities	<u>1,105,723</u>	<u>(251,784)</u>

16. Reconciliation of net cash flow to movement in cash

	£
Balance at 1 August 2001	220,933
Increase in cash	<u>1,036,280</u>
Balance at 31 July 2002	<u>1,257,213</u>

17. Operating lease commitments

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

	Land and buildings		Other operating leases	
	2002	2001	2002	2001
	£	£	£	£
Expiry date:				
Within one year	-	-	4,786	-
Between one and five years	69,150	69,150	-	9,572
More than five years	447,654	447,654	-	-
	<u>516,804</u>	<u>516,804</u>	<u>-</u>	<u>9,572</u>