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REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD 1 DECEMBER 2001 TO 30 SEPTEMBER 2002
FOR
INFOGISTICS LIMITED



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FOR THE PERIOD 1 DECEMBER 2001 TO 30 SEPTEMBER 2002**

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**COMPANY INFORMATION
FOR THE PERIOD 1 DECEMBER 2001 TO 30 SEPTEMBER 2002**

DIRECTORS:

A Mikheev
S P Finch

SECRETARY:

MBM Secretarial Services Limited

REGISTERED OFFICE:

39 Castle Street
Edinburgh
EH2 3BH

REGISTERED NUMBER:

SC 208321

ACCOUNTANTS:

LWC Accountants LLP
18 Greenside Lane
Edinburgh
EH1 3AH

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 DECEMBER 2001 TO 30 SEPTEMBER 2002**

The directors present their report with the financial statements of the company for the period 1 December 2001 to 30 September 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of providing text analysis, content extraction and document retrieval software solutions to a range of commercial users.

DIRECTORS

The directors during the period under review were:

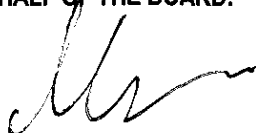
A Mikheev
S P Finch

The beneficial interests of the directors holding office on 30 September 2002 in the issued share capital of the company were as follows:

	30/9/02	1/12/01
Ordinary share capital £0.01 shares		
A Mikheev	4,675	4,675
S P Finch	4,675	4,675

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

ON BEHALF OF THE BOARD:



A Mikheev - DIRECTOR

Dated: 26 March 2003

INFOLOGISTICS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 DECEMBER 2001 TO 30 SEPTEMBER 2002**

		Period 1/12/01 to 30/9/02	Period 26/6/00 to 30/11/01
	Notes	£	£
TURNOVER		45,007	72,695
Administrative expenses		<u>102,013</u>	<u>80,895</u>
		(57,006)	(8,200)
Other operating income		<u>29,985</u>	<u>22,355</u>
OPERATING (LOSS)/PROFIT	2	(27,021)	14,155
Interest receivable and similar income		<u>610</u>	<u>42</u>
		(26,411)	14,197
Interest payable and similar charges		<u>2,277</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(28,688)	14,197
Tax on (loss)/profit on ordinary activities	3	<u>(1,400)</u>	<u>2,124</u>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		(27,288)	12,073
Retained profit brought forward		<u>12,073</u>	<u>-</u>
(DEFICIT)/RETAINED PROFIT CARRIED FORWARD		<u>£(15,215)</u>	<u>£12,073</u>

The notes form part of these financial statements

INFOLOGISTICS LIMITED

**BALANCE SHEET
30 SEPTEMBER 2002**

		30/9/02		30/11/01	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	4		39,998		49,998
Tangible assets	5		<u>4,693</u>		<u>2,816</u>
			44,691		52,814
CURRENT ASSETS:					
Debtors	6	12,120		26	
Cash at bank		<u>46,677</u>		<u>27,681</u>	
		58,797		27,707	
CREDITORS: Amounts falling due within one year	7	<u>71,908</u>		<u>17,793</u>	
NET CURRENT (LIABILITIES)/ASSETS:			(13,111)		<u>9,914</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			31,580		62,728
PROVISIONS FOR LIABILITIES AND CHARGES:	8		<u>563</u>		<u>563</u>
			<u>£31,017</u>		<u>£62,165</u>
CAPITAL AND RESERVES:					
Called up share capital	9		100		100
Share premium	10		46,132		49,992
Profit and loss account			<u>(15,215)</u>		<u>12,073</u>
SHAREHOLDERS' FUNDS:			<u>£31,017</u>		<u>£62,165</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ended 30 September 2002.

The members have not required the company to obtain an audit of its financial statements for the period ended 30 September 2002 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

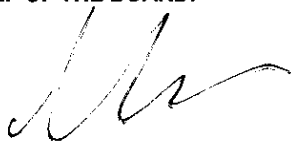
The notes form part of these financial statements

INFOGISTICS LIMITED

**BALANCE SHEET
30 SEPTEMBER 2002**

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'A Mikheev', written over a horizontal line.

A Mikheev - DIRECTOR

Approved by the Board on 26 March 2003

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 DECEMBER 2001 TO 30 SEPTEMBER 2002**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Intangible Assets

Intangible assets are capitalised and amortised in equal instalments over the director's estimate of their useful economic life.

The Intellectual Property Rights are amortised over five years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING (LOSS)/PROFIT

The operating loss (2001 - operating profit) is stated after charging:

	Period 1/12/01 to 30/9/02 £	Period 26/6/00 to 30/11/01 £
Depreciation - owned assets	<u>1,877</u>	<u>939</u>
Directors' emoluments and other benefits etc	<u>32,569</u>	<u>35,532</u>

3. TAXATION

The corporation tax recoverable is in respect of trading losses carried back from the current period and set against trading profits for the 12 months to 30 November 2001.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 DECEMBER 2001 TO 30 SEPTEMBER 2002**

4. INTANGIBLE FIXED ASSETS

	<u>Patents and licences</u>
	£
COST:	
At 1 December 2001	
and 30 September 2002	<u>49,998</u>
AMORTISATION:	
Charge for period	<u>10,000</u>
At 30 September 2002	<u>10,000</u>
NET BOOK VALUE:	
At 30 September 2002	<u>39,998</u>
At 30 November 2001	<u>49,998</u>

5. TANGIBLE FIXED ASSETS

	<u>Computer equipment</u>
	£
COST:	
At 1 December 2001	3,755
Additions	<u>3,754</u>
At 30 September 2002	<u>7,509</u>
DEPRECIATION:	
At 1 December 2001	939
Charge for period	<u>1,877</u>
At 30 September 2002	<u>2,816</u>
NET BOOK VALUE:	
At 30 September 2002	<u>4,693</u>
At 30 November 2001	<u>2,816</u>

**6. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30/9/02	30/11/01
	£	£
Sundry debtors	-	26
Prepayments & accrued income	10,720	-
CT recoverable	<u>1,400</u>	-
	<u>12,120</u>	<u>26</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 DECEMBER 2001 TO 30 SEPTEMBER 2002**

**7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30/9/02	30/11/01
	£	£
Bank loans and overdrafts	50,096	-
Director's current accounts	14,945	14,945
Social security & other taxes	5,167	-
Taxation	-	1,561
Accrued expenses	<u>1,700</u>	<u>1,287</u>
	<u>71,908</u>	<u>17,793</u>

The bank loan is secured by a bond and floating charge over the assets of the company. The loan bears interest at 3% per annum over and fluctuating with the lender's base rate but with a minimum of 7% per annum.

8. PROVISIONS FOR LIABILITIES AND CHARGES

	30/9/02	30/11/01
	£	£
Deferred taxation	<u>563</u>	<u>563</u>
	Deferred tax	
	£	
Balance at 1 December 2001	<u>563</u>	
Balance at 30 September 2002	<u>563</u>	

9. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30/9/02	30/11/01
			£	£
10,000	Ordinary share capital	£0.01	<u>100</u>	<u>100</u>
Alotted and issued:				
Number:	Class:	Nominal value:	30/9/02	30/11/01
			£	£
10,000	Ordinary share capital	£0.01	<u>100</u>	<u>100</u>

10. SHARE PREMIUM

	30/9/02	30/11/01
	£	£
Share premium account	42,272	49,992
Less: Cost of share issue	<u>3,860</u>	<u>-</u>
	<u>46,132</u>	<u>49,992</u>

11. RELATED PARTY DISCLOSURES

The balance on the director's current account is in relation to monies owed by the company to one of the company directors S P Finch. The balance is interest free, unsecured and repayable on demand.



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INFOGISTICS LIMITED

**REPORT OF THE ACCOUNTANTS TO THE DIRECTORS OF
INFOGISTICS LIMITED**

As described on the balance sheet you are responsible for the preparation of the financial statements for the period ended 30 September 2002 set out on pages three to eight and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

LWC Accountants LLP

LWC Accountants LLP
18 Greenside Lane
Edinburgh
EH1 3AH

Dated: 26 March 2003