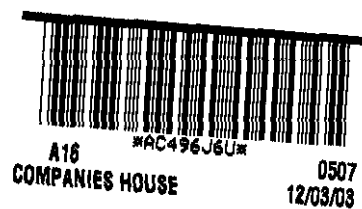


Report of the Director and  
Financial Statements for the Year Ended 31 December 2002  
for  
FlexiInternational Software Limited



**FlexiInternational Software Limited**

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**for the Year Ended 31 December 2002**

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**FlexiInternational Software Limited**

**Company Information**  
**for the Year Ended 31 December 2002**

<b>DIRECTOR:</b>	S Bothe
<b>SECRETARY:</b>	BHD Secretaries Ltd
<b>REGISTERED OFFICE:</b>	Tudor House, Kingsway Business Park Oldfield Road Hampton Middlesex TW12 2HD
<b>REGISTERED NUMBER:</b>	2608610 (England and Wales)
<b>AUDITORS:</b>	Langmeads Chartered Accountants & Registered Auditors 137 Station Road Hampton Middlesex TW12 2AL
<b>SOLICITORS:</b>	Carter Bells Kingston House 12 High Street Kingston KT1 1HD

**FlexiInternational Software Limited**

**Report of the Director**  
**for the Year Ended 31 December 2002**

The director presents his report with the financial statements of the company for the year ended 31 December 2002.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the marketing of financial accounting software, the sale of licences and the installation of software.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

FlexiInternational Software Inc., a leading developer of financial software systems and related tools for multinational companies, is the ultimate parent company and controlling party of FlexiInternational Software Limited. They have agreed to provide such financial support as is necessary for the company to discharge its liabilities as they fall due for the foreseeable future, and at least the next 12 months from the date these accounts have been signed. Accordingly these accounts have been prepared on a going concern basis. The director believes the future prospects of the company are reasonable and is actively pursuing a policy of enhancing software and developing additional market places. The director is seeking Developing Partners to collaborate and invest in the development of FDW.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2002.

**DIRECTOR**

S Bothe was the sole director during the year under review.

The director holding office at 31 December 2002 did not hold any beneficial interest in the issued share capital of the company at 1 January 2002 or 31 December 2002.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

Company law requires the director to prepare 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 or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then 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.

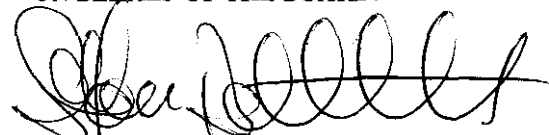
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The auditors, Langmeads, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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:**



S Bothe - DIRECTOR

Dated: 1/12/02

**FlexiInternational Software Limited**

**Report of the Independent Auditors to the Shareholders of**  
**FlexiInternational Software Limited**

We have audited the financial statements of FlexiInternational Software Limited for the year ended 31 December 2002 on pages four to nine. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

**Respective responsibilities of director and auditors**

As described on page two the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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 Report of the Director 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 director's remuneration and transactions with the company is not disclosed.

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 director 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.

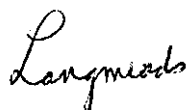
**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in the Report of the Director concerning the availability of financial support from the parent company to FlexiInternational Software limited, and in note 1 of the financial statements given there is a deficit of shareholders funds. We consider that this matter should be brought to your attention but our opinion is not qualified in this respect.

**Opinion**

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

Langmeads  
Chartered Accountants  
& Registered Auditors  
137 Station Road  
Hampton  
Middlesex  
TW12 2AL



Dated: 3/1/03

**FlexiInternational Software Limited**

**Profit and Loss Account**  
**for the Year Ended 31 December 2002**

		<u>31.12.02</u>	<u>31.12.01</u>
	Notes	£	£
<b>TURNOVER</b>		1,009,849	1,265,414
Cost of sales		<u>748,014</u>	<u>855,561</u>
<b>GROSS PROFIT</b>		261,835	409,853
Administrative expenses		<u>260,148</u>	<u>397,633</u>
<b>OPERATING PROFIT</b>	3	1,687	12,220
Interest receivable and similar income	4	<u>4,333</u>	<u>5,322</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,020	17,542
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		6,020	17,542
Deficit brought forward		<u>(5,820,934)</u>	<u>(5,838,476)</u>
<b>DEFICIT CARRIED FORWARD</b>		<u><u>£(5,814,914)</u></u>	<u><u>£(5,820,934)</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current and previous years.

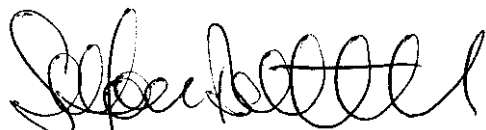
The notes form part of these financial statements

**FlexiInternational Software Limited**

**Balance Sheet**  
**31 December 2002**

		<u>31.12.02</u>		<u>31.12.01</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	6		20,029		23,027
<b>CURRENT ASSETS:</b>					
Debtors	7	2,887,906		2,923,858	
Cash at bank and in hand		<u>141,658</u>		<u>83,789</u>	
		3,029,564		3,007,647	
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>3,747,876</u>		<u>3,734,977</u>	
<b>NET CURRENT LIABILITIES:</b>			<u>(718,312)</u>		<u>(727,330)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>£(698,283)</u>		<u>£(704,303)</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	10		3,595,651		3,595,651
Other reserves	11		1,520,980		1,520,980
Profit and loss account			<u>(5,814,914)</u>		<u>(5,820,934)</u>
<b>SHAREHOLDERS' FUNDS:</b>	14		<u>£(698,283)</u>		<u>£(704,303)</u>

**ON BEHALF OF THE BOARD:**



S Bothe - DIRECTOR

Approved by the Board on 1/30/03

The notes form part of these financial statements

**FlexiInternational Software Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention and on a going concern basis, due to the continuing financial support of the parent company.

**Turnover**

Turnover represents licence fees, educational fees and consulting fees. The company bills portions of its software in advance of installation and defers the related revenue. Revenue from annual software licence contracts is deferred until work has been completed and accepted by the customer. Revenue from maintenance contracts is deferred and amortised over the period of the contract.

**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	- 33% on cost
Purchased software	- 33% on cost
Fixtures and fittings	- 33% on cost

**Deferred taxation**

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

**Foreign currencies**

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 of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pensions**

The company contributes towards personal pension schemes on behalf of certain employees. Pension costs are charged to the profit and loss account in the period in which they arise.

**Group Accounts and Cash Flow Statement**

Group accounts have not been prepared in accordance with Financial Reporting Standard 2 "Accounting for Subsidiary Undertakings", as section 248 of the Companies Act 1985 provides an exemption available to small companies. The financial statements present information about FlexiInternational Software Limited as a company and not as a group. A statement of cash flows has not been prepared as the company qualifies for exemptions taken in accordance with Financial Reporting Standard 1 "Cash Flow Statements".

**2. STAFF COSTS**

	31.12.02	31.12.01
	£	£
Wages and salaries	642,195	729,698
Social security costs	68,437	91,076
Other pension costs	37,382	34,787
	<u>748,014</u>	<u>855,561</u>

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

31.12.02	31.12.01
<u>12</u>	<u>12</u>



**FlexiInternational Software Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.12.02	31.12.01
	£	£
Hire of plant and machinery	5,981	3,212
Depreciation - owned assets	11,670	23,904
Profit on disposal of fixed assets	(190)	-
Auditors' remuneration	<u>11,671</u>	<u>5,900</u>

Director's emoluments	<u>-</u>	<u>-</u>
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**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	31.12.02	31.12.01
	£	£
Deposit account interest	<u>4,333</u>	<u>5,322</u>

**5. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2002 nor for the year ended 31 December 2001.

**6. TANGIBLE FIXED ASSETS**

	<u>Computer equipment</u>	<u>Purchased software</u>	<u>Fixtures and fittings</u>	<u>Totals</u>
	£	£	£	£
<b>COST:</b>				
At 1 January 2002	368,738	16,819	54,742	440,299
Additions	8,672	-	-	8,672
Disposals	<u>(13,480)</u>	<u>-</u>	<u>-</u>	<u>(13,480)</u>
At 31 December 2002	<u>363,930</u>	<u>16,819</u>	<u>54,742</u>	<u>435,491</u>
<b>DEPRECIATION:</b>				
At 1 January 2002	353,277	16,689	47,306	417,272
Charge for year	8,590	130	2,950	11,670
Eliminated on disposals	<u>(13,480)</u>	<u>-</u>	<u>-</u>	<u>(13,480)</u>
At 31 December 2002	<u>348,387</u>	<u>16,819</u>	<u>50,256</u>	<u>415,462</u>
<b>NET BOOK VALUE:</b>				
At 31 December 2002	<u>15,543</u>	<u>-</u>	<u>4,486</u>	<u>20,029</u>
At 31 December 2001	<u>15,461</u>	<u>130</u>	<u>7,436</u>	<u>23,027</u>

**FlexiInternational Software Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

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

	31.12.02 £	31.12.01 £
V.A.T.	639	-
Trade debtors	66,747	111,650
Other debtors	27,134	22,842
Prepayments & accrued income	28,416	24,396
Amounts owed by group company	<u>2,764,970</u>	<u>2,764,970</u>
	<u>2,887,906</u>	<u>2,923,858</u>

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

	31.12.02 £	31.12.01 £
Bank loans and overdrafts (see note 9)	2,762	5,578
Trade creditors	9,151	20,546
Amounts owed to parent company	3,262,681	3,262,681
V.A.T.	-	14,612
Social security & other taxes	31,160	61,907
Corporation tax	1,114	1,114
Accruals & deferred income	<u>441,008</u>	<u>368,539</u>
	<u>3,747,876</u>	<u>3,734,977</u>

**9. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	31.12.02 £	31.12.01 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,762</u>	<u>5,578</u>

**10. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	31.12.02 £	31.12.01 £
4,000,000	Ordinary	£1	<u>4,000,000</u>	<u>4,000,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.02 £	31.12.01 £
3,595,651	Ordinary	£1	<u>3,595,651</u>	<u>3,595,651</u>

**FlexiInternational Software Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2002**

**11. OTHER RESERVES**

	31.12.02	31.12.01
	£	£
Capital contribution	<u>1,520,980</u>	<u>1,520,980</u>

**12. ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling party is FlexiInternational Software Inc., a company incorporated in the United States of America. The company prepares group accounts. Copies of the group financial statements for FlexiInternational Software Inc. are available from the following address: Two Enterprise Drive Shelton, Connecticut 06484 USA.

**13. RELATED PARTY DISCLOSURES**

FRS 8, "Related Party Disclosures", requires the disclosure of the details of material transactions between the reporting entity and related parties. In accordance with FRS 8, transactions with other group undertakings within, and investee related parties of, FlexiInternational Software group have been disclosed in these financial statements.

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.02	31.12.01
	£	£
Profit for the financial year	<u>6,020</u>	<u>17,542</u>
<b>Net addition to shareholders' funds</b>	6,020	17,542
Opening shareholders' funds	<u>(704,303)</u>	<u>(721,845)</u>
<b>Closing shareholders' funds</b>	<u>(698,283)</u>	<u>(704,303)</u>
Equity interests	<u>(698,283)</u>	<u>(704,303)</u>