

ASTEASERVICE & DISTRIBUTION SYSTEMS LTD

FINANCIAL STATEMENTS

31ST MAY 1993

DIRECTOR

John Keighley (appointed
1st February 1995)

BUSINESS ADDRESS AND
REGISTERED OFFICE

45 London Road
Reigate
Surrey
RH2 9PY

BANKERS

National Westminster Bank plc
66 High Street
Maidenhead
Berkshire
SL6 1PY

SOLICITORS

Leytons
Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0LS

AUDITORS

Haines Watts
Chartered Accountants
Sterling House
165-175 Farnham Road
Slough
Berkshire
SL1 4XP



ASTEASERVICE & DISTRIBUTION SYSTEMS LTD

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REPORT OF THE DIRECTOR TO THE SHAREHOLDERS OF

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

The director presents his report and the financial statements for the period from incorporation to 31st May 1993.

Incorporation

The company was incorporated on 18th May 1992 and commenced to trade on 1st April 1993.

Principal Activity

The company's principal activity is that of distribution of computer software, licences and services.

Directors

The directors who served during the period were:-

Evert Cornelis Veldhuizen	(appointed 12th June 1992, resigned 1st February 1995)
L & A Registrars Limited	(appointed 18th May 1992, resigned 12th June 1993)

L & A Registrars Limited acted as directors solely for the purpose of the formation of the company.

Since the balance sheet dated on 1st February 1995, John Keighley was appointed as director.

The company is a wholly owned subsidiary of Astea Service and Distribution Systems B.V., a company registered in the Netherlands. The ultimate holding company is Astea International Inc, a company registered in The United States of America. The interests of the director in the share capital of group undertakings do not require disclosure by virtue of the provisions of the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985.

REPORT OF THE DIRECTOR TO THE SHAREHOLDERS OF

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

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.

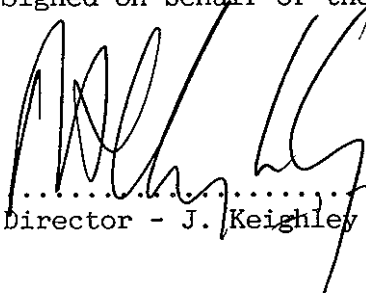
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets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

Auditors

Haines Watts were appointed by the director as first auditors and, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board on ...10/4/95....., taking advantage of special exemptions available to small companies.

Signed on behalf of the director,


.....
Director - J. Keighley

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

ASTEAS SERVICE & DISTRIBUTION SYSTEMS LTD

We have audited the financial statements on pages 4 to 8, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of director and auditors

As described on page 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

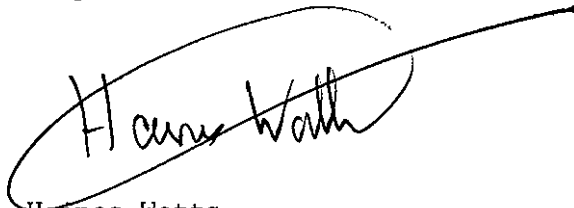
Basis of opinion

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 at 31st May 1993 and of its loss for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.

A handwritten signature in dark ink, appearing to read 'Haines Watts', is written over a large, loopy circular flourish.

Haines Watts
Registered Auditors and
Chartered Accountants

Slough, Berks.
20th April 1995

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 31ST MAY 1993

	<u>Notes</u>	<u>1993</u> £
Turnover		1,388
Cost of sales		<u>(1,485)</u>
Gross (loss)		(97)
Administrative expenses		<u>(26,309)</u>
OPERATING (LOSS)	2	(26,406)
Interest payable		<u>(154)</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(26,560)
Taxation	3	<u>-</u>
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD		<u>(26,560)</u>

There were no recognised gains and losses other than those recognised in the Profit and Loss Account.

Turnover and Operating (Loss) derive entirely from continuing operations.

The notes set out on pages 6 to 8 form part of these financial statements.

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

BALANCE SHEET AT 31ST MAY 1993

	<u>Notes</u>	<u>1993</u>
		£
 FIXED ASSETS		
Tangible assets	4	<u>6,159</u>
 CURRENT ASSETS		
Debtors	5	4,875
Cash at bank and in hand		<u>3,708</u>
		8,583
 CREDITORS - amounts falling due within one year	6	<u>(41,300)</u>
 NET CURRENT (LIABILITIES)		<u>(32,717)</u>
 NET (LIABILITIES)		<u>(26,558)</u>
 CAPITAL AND RESERVES		
Called up share capital	7	2
Profit and loss account		<u>(26,560)</u>
Shareholder's funds - equity interests	8	<u>(26,558)</u>

Approved by the director on 10/4/95..... In preparing the company's annual financial statements the director has taken advantage of special exemptions applicable to small companies conferred by Schedule 8 to the Companies Act 1985, and has done so on the grounds that, in his opinion, the company is entitled to the exemptions as a small company.

.....
Director - J. Keighley

The notes set out on pages 6 to 8 form part of these financial statements.

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31ST MAY 1993

1 ACCOUNTING POLICIES

(a) Accounting Convention

These financial statements have been prepared under the historical cost convention and incorporate the results of the principal activity which is described in the director's report and which is continuing. The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from producing a cashflow statement on the grounds that it is a small company.

(b) Depreciation

The cost of fixed assets is written off in annual instalments over their expected useful lives as follows:

Computer Equipment - 33 1/3% straight line

(c) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

(d) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, excluding value added tax.

2 OPERATING (LOSS)

Operating (loss) is stated after charging:	<u>1994</u>
	£
Depreciation of tangible fixed assets	269
Auditors' remuneration	<u>1,000</u>

3 TAX ON (LOSS) ON ORDINARY ACTIVITIES

No Corporation Tax charge arises on the results for the period due to the availability of losses.

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31ST MAY 1993

4	TANGIBLE ASSETS	
		<u>Computer</u>
		<u>Equipment</u>
	Cost	£
	Additions	6,428
	At 31st May 1993	<u>6,428</u>
	Depreciation	
	Charge for the period	269
	At 31st May 1993	<u>269</u>
	Net book values	
	At 31st May 1993	<u>6,159</u>
5	DEBTORS	<u>1993</u>
		£
	Other debtors	1,706
	Prepayments and accrued income	<u>3,169</u>
		<u>4,875</u>
6	CREDITORS - amounts falling due within one year	
		<u>1993</u>
		£
	Trade creditors	8,378
	Other taxation and social security	4,473
	Other creditors	10,000
	Accruals and deferred income	<u>18,449</u>
		<u>41,300</u>
7	CALLED UP SHARE CAPITAL	
		<u>1993</u>
	Authorised	£
	Allotted, called up and fully paid	
	Ordinary shares of £1 each	<u>2</u>

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31ST MAY 1993

8 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1993</u>
	£
(Loss) for the period	(26,560)
Shares issued in the period	<u>2</u>
Shareholder's funds at 31st May 1993	<u>(26,558)</u>

9 PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Astea Service and Distribution Systems B.V., a company registered in the Netherlands. The ultimate holding company is Astea International Inc, a company registered in the United States of America.

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

FINANCIAL STATEMENTS

31ST MAY 1994

DIRECTOR

John Keighley (appointed
1st February 1995)

BUSINESS ADDRESS AND
REGISTERED OFFICE

45 London Road
Reigate
Surrey
RH2 9PY

BANKERS

National Westminster Bank plc
66 High Street
Maidenhead
Berkshire
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Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0LS

AUDITORS

Haines Watts
Sterling House
165-175 Farnham Road
Slough
Berkshire
SL1 4XP



ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

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REPORT OF THE DIRECTOR TO THE SHAREHOLDERS OF
ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

The director presents his report and the financial statements for the year ended 31st May 1994.

Principal Activity

The company's principal activity is that of distribution of computer software, licences and services.

Director

The director who served during the period were:-

Evert Cornelis Veldhuizen (resigned 1st February 1995)

Since the balance sheet date, on 1st February 1995, John Keighley was appointed as director.

The company is a wholly owned subsidiary of Astea Service and Distribution Systems B.V., a company registered in the Netherlands. The ultimate holding company is Astea International Inc, a company registered in The United States of America. The interests of the director in the share capital of group undertakings do not require disclosure by virtue of the provisions of the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985.

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;
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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 them 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.

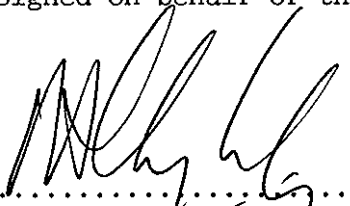
REPORT OF THE DIRECTOR TO THE SHAREHOLDERS OF
ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

Auditors

The auditors, Haines Watts, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board on ...10/4/95..., taking advantage of special exemptions available to small companies.

Signed on behalf of the director,


.....
Director - J. Keighley

REPORT OF THE AUDITORS TO THE MEMBERS OF
ASTEASERVICE & DISTRIBUTION SYSTEMS LTD

We have audited the financial statements on pages 4 to 8, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of director and auditors

As described on page 1 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

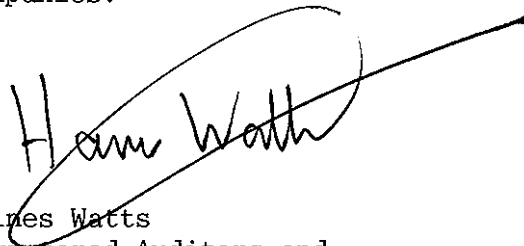
Basis of opinion

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 at 31st May 1994 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.

A handwritten signature in dark ink, appearing to read 'Haines Watts', is written over a large, loopy circular flourish.

Haines Watts
Registered Auditors and
Chartered Accountants

Slough, Berks.
20th April 1995

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MAY 1994

	<u>Notes</u>	<u>1994</u>	1st April 1992 to <u>31st May</u> <u>1993</u>
		£	£
Turnover		443,330	1,388
Cost of sales		(248,327)	(1,485)
Gross profit/(loss)		195,003	(97)
Net operating expenses		(167,048)	(26,309)
OPERATING PROFIT/(LOSS)	2	27,955	(26,406)
Interest payable	3	(236)	(154)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		27,719	(26,560)
Taxation	4	(172)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		27,547	(26,560)
Accumulated losses brought forward		(26,560)	-
Retained profits/accumulated (losses) carried forward		<u>987</u>	<u>(26,560)</u>

There were no recognised gains and losses other than those recognised in the Profit and Loss Account.

Turnover and Operating Profit/(Loss) derive entirely from continuing operations.

The notes set out on pages 6 to 8 form part of these financial statements.

ASTEASERVICE & DISTRIBUTION SYSTEMS LTD

BALANCE SHEET AT 31ST MAY 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
FIXED ASSETS			
Tangible assets	5	<u>5,175</u>	<u>6,159</u>
CURRENT ASSETS			
Debtors	6	154,029	4,875
Cash at bank and in hand		<u>196</u>	<u>3,708</u>
		154,225	8,583
CREDITORS - amounts falling due within one year	7	(158,411)	(41,300)
NET CURRENT (LIABILITIES)		<u>(4,186)</u>	<u>(32,717)</u>
NET ASSETS/(LIABILITIES)		<u>989</u>	<u>(26,558)</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account		<u>987</u>	<u>(26,560)</u>
Shareholder's funds - equity interests	9	<u>989</u>	<u>(26,558)</u>

Approved by the director on 10/4/95..... In preparing the company's annual financial statements the director has taken advantage of special exemptions applicable to small companies conferred by Schedule 8 to the Companies Act 1985, and has done so on the grounds that, in his opinion, the company is entitled to the exemptions as a small company.


.....
Director - J. Keighley

The notes set out on pages 6 to 8 form part of these financial statements.

ASTEASERVICE & DISTRIBUTION SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 1994

1 ACCOUNTING POLICIES

(a) Accounting Convention

These financial statements have been prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and which is continuing. The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from producing a cashflow statement on the grounds that it is a small company.

(b) Depreciation

The cost of fixed assets is written off in annual instalments over their expected useful lives as follows:

Computer Equipment	- 33 1/2% straight line basis
Office Equipment	- 20% straight line basis

(c) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

(d) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, excluding value added tax.

(e) Operating Leases

Payments made under operating leases have been charged against profits in accordance with Statement of Standard Accounting Practice Number 21.

2 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:	<u>1994</u>	<u>1993</u>
	£	£
Depreciation of tangible fixed assets	2,433	269
Auditor's remuneration	<u>3,000</u>	<u>1,000</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1994</u>	<u>1993</u>
	£	£
Bank overdraft interest	<u>236</u>	<u>154</u>

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 1994

4	TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES		
		<u>1994</u>	<u>1993</u>
		£	£
	U.K. Corporation tax at 25% (1993 - 25%)	<u>172</u>	<u>-</u>
5	TANGIBLE ASSETS		
		<u>Computer</u>	<u>Office</u>
		<u>Equipment</u>	<u>Equipment</u>
	Cost	£	£
	At 1st June 1993	6,428	-
	Additions	-	1,449
	At 31st May 1994	<u>6,428</u>	<u>1,449</u>
	Depreciation		
	At 1st June 1993	269	-
	Charge for the year	<u>2,143</u>	<u>290</u>
	At 31st May 1994	<u>2,412</u>	<u>290</u>
	Net book values		
	At 31st May 1994	<u>4,016</u>	<u>1,159</u>
	At 31st May 1993	<u>6,159</u>	<u>-</u>
6	DEBTORS	<u>1994</u>	<u>1993</u>
		£	£
	Trade debtors	85,394	-
	Other debtors	711	1,706
	Prepayments and accrued income	<u>67,924</u>	<u>3,169</u>
		<u>154,029</u>	<u>4,875</u>
7	CREDITORS - amounts falling due within one year		
		<u>1994</u>	<u>1993</u>
		£	£
	Bank overdraft	16,202	-
	Trade creditors	4,361	8,378
	Corporation tax	172	-
	Other taxation and social security	16,644	4,473
	Other creditors	53,598	10,000
	Accruals and deferred income	<u>66,434</u>	<u>18,449</u>
		<u>158,411</u>	<u>41,300</u>

ASTEA SERVICE & DISTRIBUTION SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 1994

8 CALLED UP SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Authorised		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Profit/(loss) for the year/period	27,547	(26,560)
New shares issued during the period	<u>-</u>	<u>2</u>
	27,547	(26,558)
Shareholder's funds at 1st June 1993	(26,558)	<u>-</u>
Shareholders' funds at 31st May 1994	<u>989</u>	<u>(26,558)</u>

10 PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Astea Service and Distribution Systems B.V., a company registered in the Netherlands. The ultimate holding company is Astea International Inc, a company registered in the United States of America.