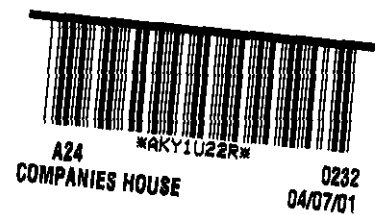


DATA INTEGRATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2001



DATA INTEGRATION LIMITED

COMPANY INFORMATION

Directors	S Crumplin J S W Grazebrook A R Brimson
Secretary	J S W Grazebrook
Company number	2767639
Registered office	18 Northfields London SW18 1DD
Auditors	Windsor Stebbing Marsh Pinnacle House 17-25 Hartfield Road Wimbledon London SW19 3SE

DATA INTEGRATION LIMITED

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DATA INTEGRATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2001

The directors present their report and the audited financial statements for the company for the year ended 31st March 2001.

Principal activities

The company's principal activity during the year was the supply, installation and support of data communication equipment.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st March 2001	At 1st April 2000
S Crumplin	Ordinary shares	120,677	120,677
J S W Grazebrook	Ordinary shares	30,830	30,830
A R Brimson	Ordinary shares	2,000	-

A R Brimson was appointed as a director of the company on 23 January 2001.

On 30 September 1999, S Crumplin and J S W Grazebrook were granted the option to acquire 25,000 ordinary £0.10 shares each for £1.50 per share. On 5 March 2001, A R Brimson was granted the option to acquire 8,000 ordinary £0.10 shares for £10.00 per share. These options are exercisable from 30 September 2002.

Statement of directors' responsibilities

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 of the profit or loss for that year. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

DATA INTEGRATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2001

Small company exemptions

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

By order of the Board

J S W Grazebrook Secretary
Date: _____

27/06/01

AUDITORS' REPORT TO THE SHAREHOLDERS OF DATA INTEGRATION LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

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

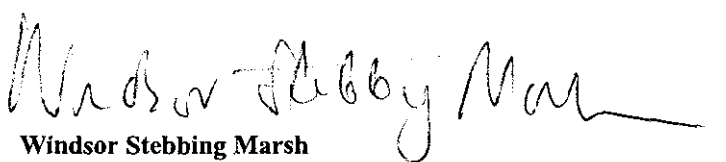
Basis of opinion

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 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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Windsor Stebbing Marsh
Chartered Accountants and Registered Auditors
Pinnacle House
17-25 Hartfield Road
Wimbledon
London
SW19 3SE

Date: 29/6/01

DATA INTEGRATION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2001

	Notes	2001 £	2000 £
Turnover	2	5,377,192	3,759,630
Cost of sales		(3,946,002)	(2,735,054)
Gross profit		1,431,190	1,024,576
Administrative expenses		(1,233,952)	(712,390)
Operating profit	3	197,238	312,186
Interest receivable		2,269	2,246
Interest payable and similar charges	4	(18,154)	(492)
Profit on ordinary activities before taxation		181,353	313,940
Tax on profit on ordinary activities	7	(36,695)	(62,783)
Profit for the financial year		144,658	251,157
Dividends	8	-	(99,900)
Retained profit for the year	17	144,658	151,257

All amounts relate to continuing activities.

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

DATA INTEGRATION LIMITED

BALANCE SHEET

AS AT 31ST MARCH 2001

	Notes	2001	2000
		£	£
Fixed assets			
Tangible assets	9	159,895	179,971
Investments	10	180	-
		<u>160,075</u>	<u>179,971</u>
Current assets			
Stocks		208,888	195,693
Debtors	11	1,054,662	800,756
Cash at bank and in hand		160,033	172,857
		<u>1,423,583</u>	<u>1,169,306</u>
Creditors: amounts falling due within one year	12	<u>(1,078,335)</u>	<u>(988,023)</u>
Net current assets		<u>345,248</u>	<u>181,283</u>
Total assets less current liabilities		<u>505,323</u>	<u>361,254</u>
Creditors: amounts falling due after more than one year	13	<u>(55,865)</u>	<u>(86,415)</u>
		<u>449,458</u>	<u>274,839</u>
Capital and reserves			
Share capital	15	16,850	5,790
Share premium account	17	38,170	19,269
Other reserves - equity	17	8,500	8,500
Profit and loss account	17	385,938	241,280
Shareholders' funds	16	<u>449,458</u>	<u>274,839</u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

These financial statements were approved by the board on 27 June 01 and signed on its behalf by:

S Crumplin
Director

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2001

1 Accounting policies

Basis of accounting

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

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, by equal annual instalments by straight line method over their expected useful lives:

Leasehold improvements	25% straight line basis per annum
Motor vehicles	25% straight line basis per annum
Fixtures and fittings	20% straight line basis per annum
Computer hardware and software	20% and 25% straight line basis per annum

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2001

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The turnover and operating profit for the year were derived from the company's principal activity which was carried out wholly in the UK.

3 Operating profit

The operating profit is stated after charging or crediting:

	2001	2000
	£	£
Depreciation of tangible fixed assets:		
-owned assets	26,356	10,359
-assets held under finance leases and hire purchase	27,425	5,401
Hire of equipment	23,999	15,871
Operating leases:		
-land and buildings	34,736	36,056
Auditors' remuneration	4,362	5,550

4 Interest Payable and Similar Charges

	2001	2000
	£	£
Interest payable includes:		
On finance lease and hire purchase contracts	17,094	-

5 Directors' remuneration

	2001	2000
	£	£
Aggregate emoluments	152,520	103,521

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2001

6 Pension scheme

The company operates a defined contribution pension scheme for the benefit of the employees/directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £5,347 (2000: £-).

7 Taxation

	2001 £	2000 £
Based on the profit for the year:		
UK corporation tax at 20% (2000: 20%)	40,000	62,783
	<hr/> 40,000	<hr/> 62,783
Prior periods		
UK corporation tax	(3,305)	-
	<hr/> 36,695	<hr/> 62,783

8 Dividends

	2001 £	2000 £
Ordinary dividends - paid	-	99,900
	<hr/> -	<hr/> 99,900
Total equity dividends	-	99,900
	<hr/> -	<hr/> 99,900

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2001

9 Tangible fixed assets

	Lease improve- ment £	Plant and machinery etc £	Total £
Cost			
At 1st April 2000	4,700	202,093	206,793
Additions	-	33,705	33,705
At 31st March 2001	4,700	235,798	240,498
Depreciation			
At 1st April 2000	715	26,107	26,822
Charge for the year	715	53,066	53,781
At 31st March 2001	1,430	79,173	80,603
Net book value			
At 31st March 2001	3,270	156,625	159,895
<i>At 31st March 2000</i>	<i>3,985</i>	<i>175,986</i>	<i>179,971</i>

Assets held under finance leases originally cost £119,661 (2000: £119,661) and have a net book value of £86,834 (2000: £114,260). Depreciation charged for the year was £27,425 (2000: £5,401).

10 Fixed asset investments

	Shares in group undertakings £	Total £
Cost		
Additions	180	180
At 31st March 2001	180	180
Net book value		
At 31st March 2001	180	180
<i>At 31st March 2000</i>	<i>-</i>	<i>-</i>

Data Integration Limited holds 80% of the ordinary share capital in Carrier Integration Limited. The company was incorporated in the UK.

Data integration Limited holds 33 1/3% of the ordinary share capital in Convergent CRM Limited. The company was incorporated in the UK.

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2001

11	Debtors	2001	2000
		£	£
	Trade debtors	1,016,754	791,985
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	288	-
	Other debtors	37,620	8,771
		<u>1,054,662</u>	<u>800,756</u>
12	Creditors: amounts falling due within one year	2001	2000
		£	£
	Obligations under hire purchase and finance lease (Note 14)	32,212	22,812
	Trade creditors	718,872	660,014
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	100	-
	Other creditors	327,151	305,197
		<u>1,078,335</u>	<u>988,023</u>
<p>'Other creditors' include £119,237 (2000: £116,096) in respect of taxation and social security.</p> <p>The bank overdraft is secured by a debenture over the company's assets and is joint and severally guaranteed by the directors of the company.</p>			
13	Creditors: amounts falling due after more than one year	2001	2000
		£	£
	Obligations under hire purchase and finance lease (Note 14)	55,865	86,415
		<u>55,865</u>	<u>86,415</u>
14	Obligations under hire purchase and finance leases	2001	2000
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	32,212	22,812
	In the second to fifth years inclusive	55,865	86,415
		<u>88,077</u>	<u>109,227</u>

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2001

15	Share capital	2001 £	2000 £
	Authorised		
	1,000,000 Ordinary shares of £0.10 each	100,000	100,000
		<u>100,000</u>	<u>100,000</u>
	Allotted		
	168,500 Allotted, called up and fully paid ordinary shares of £0.10 each	16,850	5,790
		<u>16,850</u>	<u>5,790</u>

120,670 partly paid ordinary shares of £0.01 each were fully paid up during the year and in addition 2,000 ordinary shares of £0.10 were issued to Mr A Brimson on 5 March 2001 at a value of £10.00 per share.

The company set up an unapproved share option scheme with an effective date of 30 September 1999. 61,000 ordinary shares were allocated at a strike price of £1.50. These options are exercisable from 30 September 2002.

Due to options that would lapse as a result of staff leaving the company, 14,000 additional share options were issued on 5 March 2001 at a strike price of £10.00 under the original terms.

16	Reconciliation of movement in shareholders' funds	2001 £	2000 £
	Profit for the financial year	144,658	251,157
	Dividends	-	(99,900)
	Issue of share capital	29,961	-
	Increase in the shareholders' funds	<u>174,619</u>	<u>151,257</u>
	Opening shareholders' funds	274,839	123,582
	Closing shareholders' funds	<u>449,458</u>	<u>274,839</u>

17	Reserves	Share premium account £	Capital redemption reserve £	Profit and loss account £
	At 1st April 2000	19,269	8,500	241,280
	Profit for the year	-	-	144,658
	Premium on fully paid shares	18,901	-	-
	At 31st March 2001	<u>38,170</u>	<u>8,500</u>	<u>385,938</u>