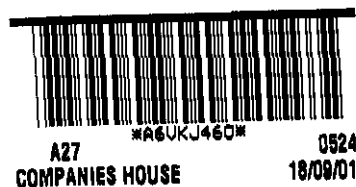


Fidelity CRM Limited

Financial Statements

28th February, 2001



Smailes, Goldie & Co.
Chartered Accountants

A member firm of

The UK 200 Group
PRACTISING CHARTERED ACCOUNTANTS

Fidelity CRM Limited

Contents

Page

Directors' report	1
Auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 11

Fidelity CRM Limited

Directors' report

for the year ended 28th February, 2001

1. Directors' responsibilities

Company law requires us as 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 of the company for that period. In preparing those financial statements we are 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

2. Review of business

The company's principal activity during the year was that of a computer and software house. The company has research and development programs established to improve its range of off-the-shelf loyalty reward software and Customer Relationship Management (CRM) systems. The future development of the company will be to build on the opportunities arising from its current activity.

3. Results and dividends

The loss for the year, after taxation, amounted to £232,469 (2000 profit £7,783). The directors do not recommend the payment of a dividend (2000 £11,000).

4. Directors and their interests

The directors at 28th February, 2001 and those who served during the year were as follows:

P. Lowsley
F. I. C. Logan
G. H. Cox (resigned 16.2.01)
R. J. Walker (resigned 30.11.00)

None of the directors had a beneficial interest in the share capital of the company.

Messrs. P. Lowsley and F. I. C. Logan are directors of the company's ultimate holding company, Fidelity Sytems PLC, in whose accounts their interests in that company are shown.

5. Auditors

During the year HLB Kidsons resigned as auditors of the company and Smailes, Goldie & Co. were appointed in their place.

Smailes, Goldie & Co. offer themselves for reappointment as auditors in accordance with Section 385(2) of the Companies Act 1985.

By order of the Board



E. Lowsley
Secretary

Registered office:
410 Wincolmlee,
Hull.
17th July, 2001

Fidelity CRM Limited

Auditors' report to the members of Fidelity CRM Limited

We have audited the financial statements on pages 3 to 11 which have been prepared in accordance with the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

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

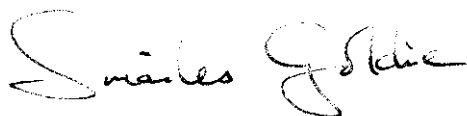
Basis of opinion

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 the company's affairs as at 28th February, 2001 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Smailes, Goldie & Co.

Chartered Accountants

Registered Auditors

Hull, HU1 3XL

17th July, 2001

Fidelity CRM Limited
Profit and Loss Account
for the year ended 28th February, 2001

	Note	Year ended 28th February, 2001 £	Eight months ended 29th February, 2000 £
Turnover	2	606,086	67,798
Cost of sales		168,733	6,634
Gross profit		437,353	61,164
Administrative expenses		669,375	51,019
Operating (loss)/profit		(232,022)	10,145
Interest receivable and investment income	5	342	94
Interest payable and similar charges	6	878	-
(Loss)/profit on ordinary activities before taxation		(232,558)	10,239
Tax on (loss)/profit on ordinary activities	7	(89)	2,456
(Loss)/profit for the financial year	16	(232,469)	7,783
Dividends paid		-	11,000
Transferred (from) reserves	15	(232,469)	(3,217)

There were no recognised gains or losses other than those disclosed above.

The annexed notes form part of these financial statements.

Fidelity CRM Limited


Balance Sheet

at 28th February, 2001

	Note	28th February, 2001		29th February, 2000	
		£	£	£	£
Fixed assets					
Intangible assets	8		90,000		100,000
Tangible assets	9		40,772		29,273
			<u>130,772</u>		<u>129,273</u>
Current assets					
Stock	10	23,396		6,631	
Debtors	11	126,984		72,979	
Cash at bank and in hand		16,925		3,831	
		<u>167,305</u>		<u>83,441</u>	
Creditors: amounts falling due within one year					
Creditors	12	520,075		170,569	
Corporation tax		-		2,546	
Finance debt	13	-		29,128	
		<u>520,075</u>		<u>202,243</u>	
Net current (liabilities)			(352,770)		(118,802)
Net (liabilities)/assets			<u>(221,998)</u>		<u>10,471</u>
Capital and reserves					
Share capital	14	1,000		1,000	
Share premium account	15	4,950		4,950	
Profit and loss account	15	(227,948)		4,521	
Shareholders' funds			<u>(221,998)</u>		<u>10,471</u>

Approved by the Board on 17th July, 2001.

P. Lowsley - Director



The annexed notes form part of these financial statements.

Fidelity CRM Limited

Notes to the Financial Statements

for the year ended 28th February, 2001

1. Accounting policies

The principal accounting policies have remained unchanged from the previous year and are set out below.

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The directors consider that it is appropriate for the financial statements to be prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continuation of support from the parent company.

b) Turnover

Turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year.

c) Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by the reducing balance method over their expected useful lives. The rates generally applicable are:

Furniture and equipment	25% per annum
Motor vehicles	25% per annum

d) Stock

Stocks are valued at the lower of cost and net realisable value. Cost represents that expenditure which has been incurred in the normal course of business in bringing the product or service to its present location and condition. Net realisable value means estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

e) Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the accounts. Provision is made for deferred taxation on the liability method, to the extent that the liability is expected to be payable in the foreseeable future.

f) Goodwill

Purchased goodwill representing the excess of consideration over the fair value of the net assets acquired is capitalised and amortised over its expected useful life of 10 years.

g) Leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are treated as fixed assets. The amount capitalised is the present value of the minimum lease payments payable during the lease term. Depreciation is charged to the profit and loss account in accordance with the normal depreciation policy over the shorter of the lease term and the useful lives of the assets.

The corresponding lease commitments are shown as liabilities. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account over the period of the lease on a straight line basis.

Fidelity CRM Limited

Notes to the Financial Statements

for the year ended 28th February, 2001

2. Turnover and operating costs

Turnover is attributable to the principal activity of the company. The geographical analysis of turnover is as follows:

	Year ended 28th February, 2001 £	Eight months ended 29th February, 2000 £
UK	597,715	67,122
Australia	6,326	676
Europe	1,145	-
Trinidad	900	-
	<u>606,086</u>	<u>67,798</u>

3. Operating profit

The operating profit is arrived at after charging:

Directors' remuneration – emoluments (see below)

Depreciation of owned assets

Amortisation of goodwill

Auditors' remuneration

(Profit) on disposal of fixed assets

Operating lease rentals:

Land and buildings

Other

	Year ended 28th February, 2001 £	Eight months ended 29th February, 2000 £
	87,712	23,520
	8,774	1,145
	10,000	-
	2,000	1,000
	(169)	(95)
	7,200	-
	<u>16,720</u>	<u>-</u>

The emoluments of the highest paid director were £47,452 (2000 £23,520).

4. Staff costs

The average number of staff (including directors) employed by the company during the period was 23 (2000 2).

The aggregate payroll costs of the above were:

	Year ended 28th February, 2001 £	Eight months ended 29th February, 2000 £
Wages and salaries	277,820	22,072
Social security costs	24,663	5,602
	<u>302,483</u>	<u>27,674</u>
Being:		
Continuing operations	302,483	23,938
Acquisition	-	3,736
	<u>302,483</u>	<u>27,674</u>

Fidelity CRM Limited
Notes to the Financial Statements
for the year ended 28th February, 2001

	Year ended 28th February, 2001 £	Eight months ended 29th February, 2000 £
5. Interest receivable and investment income		
Bank interest receivable	342	94

	Year ended 28th February, 2001 £	Eight months ended 29th February, 2000 £
6. Interest payable and similar charges		
Finance charges payable - Finance leases and hire purchase contracts	878	-

	Year ended 28th February, 2001 £	Eight months ended 29th February, 2000 £
7. Tax on profit on ordinary activities		
Current period		
Corporation tax (2000 20%)	-	2,456
Taxation (over) provided in previous period		
Corporation tax	(89)	-
	(89)	2,456

The movement on unprovided deferred taxation for the year was as follows:

	Year ended 28th February, 2001 £	Eight months ended 29th February, 2000 £
Accelerated capital allowances	4,006	-
Losses available to carry forward against future trading profits	(4,006)	-
	-	-

The company has tax losses of £193,458 which are available for offset against future taxable profits.

Fidelity CRM Limited

Notes to the Financial Statements

for the year ended 28th February, 2001

8. Intangible fixed assets

	Goodwill £
Cost:	
At 1st March, 2000 and 28th February, 2001	100,000
Amortisation:	
Provided during the year	10,000
At 28th February, 2001	10,000
Net book value:	
At 28th February, 2001	90,000
At 29th February, 2000	100,000

9. Tangible fixed assets

	Furniture and equipment £	Motor vehicles £	Total £
Cost:			
At 1st March, 2000	13,474	45,290	58,764
Additions	25,120	9,238	34,358
Disposals	(2,120)	(29,395)	(31,515)
At 28th February, 2001	36,474	25,133	61,607
Depreciation:			
At 1st March, 2000	6,557	22,934	29,491
Charge for the year	5,467	3,307	8,774
Disposals	(170)	(17,260)	(17,430)
At 28th February, 2001	11,854	8,981	20,835
Net book value:			
At 28th February, 2001	24,620	16,152	40,772
At 29th February, 2000	6,917	22,356	29,273

The net book value of tangible fixed assets includes an amount of £Nil (2000 £22,356) in respect of assets held under hire purchase contracts.

10. Stocks

	28th February, 2001 £	29th February, 2000 £
Finished goods	23,396	6,631

Fidelity CRM Limited
Notes to the Financial Statements
for the year ended 28th February, 2001

11. Debtors

Trade debtors
Other debtors
Prepayments

**28th February,
2001
£**

123,424
948
2,612

126,984

**29th February,
2000
£**

66,822
949
5,208

72,979

12. Creditors: amounts falling due within one year

Trade creditors
Other taxes and social security
Other creditors (Note 19)
Accruals and deferred income

**28th February,
2001
£**

14,091
21,217
477,593
7,174

520,075

**29th February,
2000
£**

20,744
16,435
131,810
1,580

170,569

13. Finance debt

Amounts falling due within one year:
Bank overdraft
Obligations under finance leases and hire
purchase contracts

**28th February,
2001
£**

-

-

-

**29th February,
2000
£**

10,396

18,732

29,128

14. Share capital

Authorised:
1,000 ordinary shares of £1 each

Allotted:
1,000 ordinary shares of £1 each

**28th February,
2001
£**

1,000

1,000

**29th February,
2000
£**

1,000

1,000

Fidelity CRM Limited

Notes to the Financial Statements

for the year ended 28th February, 2001

15. Reserves	Share premium account £	Profit and loss account £
At 1st March, 2000	4,950	4,521
Loss for the period	-	(232,469)
	<hr/>	<hr/>
At 28th February, 2001	4,950	(227,948)
	<hr/>	<hr/>

16. Reconciliation of equity shareholders' funds	28th February, 2001 £	29th February, 2000 £
(Loss)/profit for the financial year/period	(232,469)	7,783
Dividends	-	(11,000)
	<hr/>	<hr/>
Issue of share capital	(232,469)	(3,217)
	-	3,500
	<hr/>	<hr/>
Net increase in shareholders' funds	(232,469)	283
Opening shareholders' funds	10,471	10,188
	<hr/>	<hr/>
Closing shareholders' funds	(221,998)	10,471
	<hr/>	<hr/>

17. Holding company

The holding company of this company is Fidelity Systems PLC, which is incorporated in Great Britain. Copies of the financial statements of Fidelity Systems PLC may be obtained from 410 Wincolmlee, Hull, HU2 0QL.

18. Cash flow statement

As the company is a wholly owned subsidiary of Fidelity Systems PLC, a cash flow statement has not been included in these accounts. The parent company prepares consolidated accounts which include a consolidated cash flow statement dealing with the cash flows of the group.

19. Related party transactions

The company has taken advantage of the exemptions under Financial Reporting Standard No. 8 in respect of transactions and balances with its parent company and fellow subsidiary undertakings.

Included in other creditors is an amount of £120,643 at 28th February, 2001 due to P. Lowsley, a director, as the balance on his current account (2000 £131,810).

During the year £7,200 was paid to K. Lowsley (the wife of P. Lowsley, a director) for rent of the company's premises, at a commercial rate agreed by an independent consultant.

CRM Limited
Notes to the Financial Statements
for the year ended 28th February, 2001

20. Capital commitments

There were no capital commitments at either 28th February, 2001 or 29th February, 2000.

21. Contingent liabilities

There were no contingent liabilities at either 28th February, 2001 or 29th February, 2000.

22. Operating lease commitments

Anticipated payments under operating leases for the year ended 28th February, 2002 in respect of commitments that expire:

	Land and buildings £	Other £
Within one year	-	-
In the second to fifth years inclusive	-	15,667
Over five years	7,200	-
	<hr/>	<hr/>
	7,200	15,667
	<hr/>	<hr/>