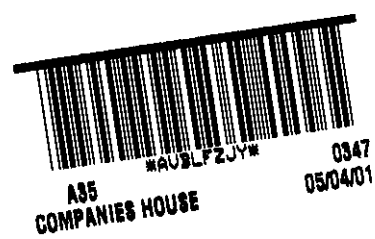


**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2000**



**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**REGISTERED NUMBER: 3054634**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2000**

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**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**DIRECTORS AND ADVISORS**

**31 DECEMBER 2000**

**CHAIRMAN** A Knox

**DIRECTORS** J T Mooney  
N W Powley  
D E Bookham  
J C Bell

**SECRETARY** J T Mooney

**REGISTERED OFFICE** Lapwing 440  
Frimley Business Park  
Frimley  
Surrey  
GU16 5SG

**AUDITORS** Menzies  
Ashby House  
64 High Street  
Walton on Thames  
Surrey  
KT12 1BW

**PRINCIPAL BANKER** National Westminster Bank Plc  
Heathrow Corporate Business Centre  
Benwell House  
Green Street  
Sunbury on Thames  
Middlesex TW16 6QT

## **BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

### **REPORT OF THE DIRECTORS**

#### **FINANCIAL STATEMENTS**

The directors submit their report and the audited financial statements of the group for the year ended 31 December 2000.

#### **DIVIDENDS**

In accordance with the company's Articles of Association, the directors paid interim dividends to the 'A' ordinary shareholders of £16,684, a dividend to the ordinary shareholders of £86,855 and a dividend of £15,754 to the 'C' preference shareholders. Furthermore, the directors propose a final dividend of £221,484 to the ordinary shareholders, a dividend of £14,354 to the 'A' ordinary shareholders, a dividend of £35,428 to the 'B' preference shareholders and a dividend of £34,011 to the 'C' preference shareholders.

#### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The group's principal activities during the year comprised the sale of communications products and solutions primarily focused upon wireless technologies with special regard to satellite technology.

The group's policy of extending its value added activities have resulted in further progress in the year 2000, with sales growing from £7.97 million to £9.68 million and pre-tax profits more than doubling to £0.831 million. The group had net cash of £0.437 million after deduction of borrowings and is in a strong position to further develop its business in 2001.

The two main operating companies each performed well: -

- L-TEQ, the group's distributor of satellite communications equipment and services to Europe, achieved a profit before taxation of £0.246 million. By providing a complete service it maintains its market position as one of the leading communications equipment providers in Europe to carriers, corporate users, governments and international agencies (e.g. NATO). The company continues to broaden its product portfolio as new digital communications products and technologies become available.
- Redwing Satellite Solutions provides satellite links and networks including complete turnkey solutions for corporate clients, carriers and Internet service providers. It continues its rapid growth, with orders running well ahead of its sales. From its North London location, Redwing is well placed to serve its global client base in areas such as India, Asia, Middle East, Europe, Africa and the Americas.

Increasing our focus on Internet applications the group has formed "Prism IP Solutions Ltd" a new trading division concentrating on delivering satellite based communications systems.

Our markets continue to be very buoyant, and the board anticipates further growth in 2001.

#### **FIXED ASSETS**

The directors do not consider that there is any significant difference between the market value and net book value of the tangible fixed assets.

#### **DIRECTORS**

The directors in office at the end of the year are listed on page 2, all of whom served on the board throughout the year under review.

## **BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **DIRECTORS' INTERESTS**

The directors' interests in the share capital of the company at 1 January 2000 and at 31 December 2000 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

##### **1 January 2000**

	<b>Ordinary Shares £0.01</b>	<b>'B' Preference Shares £1.00</b>
J T Mooney	90,221	180,952
N W Powley	90,221	180,952
D E Bookham	40,363	80,952
A Knox	37,367	-
J C Bell	-	-

##### **31 December 2000**

	<b>Ordinary Shares £0.01</b>	<b>'B' Preference Shares £1.00</b>
J T Mooney	90,221	180,952
N W Powley	90,221	180,952
D E Bookham	40,363	80,952
A Knox	37,367	-
J C Bell	-	-

All 50,000 of the 'C' preference shares at £0.01 each are held by J C Bell.

#### **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 the group and of the profit or loss of the group 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 group will continue in business.

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

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**AUDITORS**

Menzies have expressed their willingness to continue in office as auditors and in accordance with Section 385(2) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'N W Powley', written over a horizontal line.

N W Powley  
Director

Date 19 March 2001

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

We have audited the financial statements on pages 7 to 24, which have been prepared under the historical cost convention and the accounting policies set out on pages 13 and 14.

**Respective responsibilities of the directors and auditors**

As described on page 4, 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 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 group'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 the 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 and of the group at 31 December 2000 and of the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ashby House  
64 High Street  
Walton on Thames  
Surrey KT12 1BW

*Menzies*

**Menzies  
Chartered Accountants  
and Registered Auditor**

Date *29 March 2001*

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2000**

		<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	<b>Note</b>		
<b>TURNOVER</b>	<b>2</b>	9,682,072	7,973,241
Cost of sales		6,624,880	5,776,448
<b>GROSS PROFIT</b>		3,057,192	2,196,793
Administrative expenses		2,183,843	1,873,015
		873,349	323,778
Other operating income		33,097	24,628
<b>OPERATING PROFIT</b>		906,446	348,406
Interest receivable		8,045	1,210
		914,491	349,616
Interest payable	<b>3</b>	83,064	68,827
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2</b>	831,427	280,789
Tax on profit on ordinary activities	<b>4</b>	182,207	79,442
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		649,220	201,347
Dividends	<b>5</b>	424,570	16,684
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	<b>19</b>	224,650	184,663

All amounts above are derived from continuing operations and the group has no recognised gains or losses other than the profit for the financial years detailed above.

*The notes on pages 13 to 24 form part of these financial statements.*



**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**CONSOLIDATED BALANCE SHEET**

**31 DECEMBER 2000**

		2000	1999
	Note	£	£
<b>FIXED ASSETS</b>			
Intangible assets	7	1,708,988	1,818,072
Tangible assets	8	994,444	507,575
Investments	9	228,981	130,045
		<u>2,932,413</u>	<u>2,455,692</u>
<b>CURRENT ASSETS</b>			
Stock	10	635,936	270,057
Debtors	11	2,367,153	2,023,803
Cash at bank and in hand		835,801	15,733
		<u>3,838,890</u>	<u>2,309,593</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>4,556,927</u>	<u>2,769,037</u>
<b>NET CURRENT LIABILITIES</b>		<u>(718,037)</u>	<u>(459,444)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,214,376</u>	<u>1,996,248</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	<u>209,684</u>	<u>216,206</u>
		<u>2,004,692</u>	<u>1,780,042</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	446,505	446,505
Share premium	17	1,162,872	1,162,872
Capital redemption reserve	18	6,248	6,248
Profit and loss account	19	389,067	164,417
		<u>2,004,692</u>	<u>1,780,042</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>1,303,299</u>	<u>1,078,649</u>
<b>NON-EQUITY SHAREHOLDERS' FUNDS</b>			
'A' Ordinary shareholders		208,537	208,537
'B' Preference shareholders		442,856	442,856
'C' Preference shareholders		50,000	50,000
		<u>2,004,692</u>	<u>1,780,042</u>

The financial statements were approved by the Board of Directors on

**DIRECTORS**

N W Powley

A Knox

The notes on pages 13 to 24 form part of these financial statements.

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**COMPANY BALANCE SHEET**

**31 DECEMBER 2000**

		2000		1999	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Investments	9		2,982,672		2,982,672
<b>CURRENT ASSETS</b>					
Debtors	11	17,530		107,375	
Cash at bank in hand		-		-	
		<u>17,530</u>		<u>107,375</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>988,529</u>		<u>920,421</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(970,999)</u>		<u>(813,046)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,011,673</u>		<u>2,169,626</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		446,505		446,505
Share premium	17		1,162,872		1,162,872
Capital redemption reserve	18		6,248		6,248
Profit and loss account	19		396,048		554,001
			<u>2,011,673</u>		<u>2,169,626</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			1,310,280		1,468,233
<b>NON-EQUITY SHAREHOLDERS' FUNDS</b>					
'A' Ordinary shareholders			208,537		208,537
'B' Preference shareholders			442,856		442,856
'C' Preference shareholders			50,000		50,000
			<u>2,011,673</u>		<u>2,169,626</u>

The financial statements were approved by the Board of Directors on *19 March 2001*

**DIRECTORS**

N W Powley

A Knox

*The notes on pages 13 to 24 form part of these financial statements.*

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**

**YEAR ENDED 31 DECEMBER 2000**

		2000 £	1999 £
	Note		
<b>Reconciliation of operating loss to net cash inflow from operating activities</b>			
Operating profit		906,446	348,406
Depreciation charges		170,022	135,575
Loss/(profit) on sale of tangible fixed assets		(4,343)	(8,406)
Amortisation of intangibles		109,084	109,084
(Increase)/decrease in stock		(365,879)	168,046
(Increase) in debtors		(343,350)	(853,563)
Increase in creditors		1,670,790	600,031
Net cash inflow from operating activities		<u>2,142,770</u>	<u>499,173</u>
<b>CASH FLOW STATEMENT</b>			
Net cash inflow from operating activities		2,142,770	499,173
Returns on investments and servicing of finance	a	(75,019)	(67,617)
Taxation		(98,975)	(2,172)
Capital expenditure	a	(751,484)	(276,758)
Acquisitions and disposals	a	-	(11,886)
Equity dividends paid		(119,303)	(16,684)
		<u>1,097,989</u>	<u>124,056</u>
Financing	a	(124,284)	(88,355)
Increase in cash		<u>973,705</u>	<u>35,701</u>
<b>Reconciliation of net cash flow to movement in net funds/(debt)</b>			
	b		
Increase in cash in the year		973,705	35,701
Cash inflow from increase in debt and lease financing		124,284	88,355
Net debt at 1 January 2000		<u>(660,683)</u>	<u>(784,739)</u>
Net funds/(debt) at 31 December 2000		<u>437,306</u>	<u>(660,683)</u>

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**NOTES TO THE CASHFLOW STATEMENT**

**YEAR ENDED 31 DECEMBER 2000**

**a. GROSS CASH FLOWS**

	2000		1999	
	£	£	£	£
<b>Returns on investment and servicing of finance</b>				
Interest received	8,045		1,210	
Interest paid	(71,732)		(47,186)	
Interest element of finance lease rental payments	(11,332)		(21,641)	
		(75,019)		(67,617)
<b>Capital expenditure</b>				
Payments to acquire investments	(98,936)		(130,045)	
Payments to acquire tangible fixed assets	(663,748)		(171,002)	
Receipts from the sale of tangible fixed assets	11,200		24,289	
		(751,484)		(276,758)
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertaking		-		(11,886)
<b>Financing</b>				
Debt due beyond a year:				
New secured loan repayable 2002		160,000		175,000
Repayment of secured loan repayable 2000		(135,555)		(174,157)
Repayment of secured loan repayable 2002		(85,688)		-
Capital element of finance lease		(63,041)		(89,198)
		(124,284)		(88,355)

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED****NOTES TO THE CASHFLOW STATEMENT****YEAR ENDED 31 DECEMBER 2000****b. ANALYSIS OF CHANGES IN NET FUNDS/DEBT**

	<b>At 1 January 2000 £</b>	<b>Cash flows £</b>	<b>31 December 2000 £</b>
Cash at bank and in hand	15,733	820,068	835,801
Bank overdrafts	(192,986)	153,637	(39,349)
	<u>(177,253)</u>	<u>973,705</u>	<u>796,452</u>
Debt due after 1 year	(147,500)	(39,228)	(186,728)
Debt due within 1 year	(198,055)	100,471	(97,584)
Finance leases	(137,875)	63,041	(74,834)
	<u>(660,683)</u>	<u>1,097,989</u>	<u>437,306</u>
<b>TOTAL</b>	<u>(660,683)</u>	<u>1,097,989</u>	<u>437,306</u>

# **BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2000**

### **1 ACCOUNTING POLICIES**

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

#### **Accounting convention**

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

#### **Basis of consolidation**

All subsidiary companies are consolidated and all companies in the group make up their financial statements to 31 December. No profit and loss account is presented for the holding company as permitted by Section 230(3) of the Companies Act 1985.

#### **Turnover**

Turnover is the total amount receivable by the company for goods supplied, services provided and commissions received in the normal course of business, excluding VAT and trade discounts.

#### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated at the rate 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 the transaction. All exchange differences are dealt with through the profit and loss account.

#### **Pension fund arrangements**

Contributions paid in respect of the defined contribution scheme are charged to the profit and loss account as incurred.

#### **Stock**

Stock is stated at the lower of cost and net realisable value. In the case of raw materials and consumable stores, cost means purchase price calculated on a first in, first out basis. Net realisable value means the estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, labour and attributable overheads. Net realisable value is based on the estimated contract value or selling price, less any further costs to completion and realisation.

#### **Deferred taxation**

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 DECEMBER 2000**

**1 ACCOUNTING POLICIES (continued)**

**Depreciation**

Depreciation is charged on the following bases to reduce the cost or valuation of tangible fixed assets to their net realisable values over their estimated useful lives at the following rates:

Furniture, computer and office equipment	- 15% or 25% per annum
Motor vehicles	- 20% per annum
Test equipment	- 20% per annum

**Fixed asset investments**

Fixed asset investments are included in the balance sheet at cost after provision for any permanent diminution in value.

**Goodwill**

Goodwill arising on consolidation is written off to the profit and loss account over a period of twenty years which is the directors' estimate of its useful economic life.

**Income from investment**

Investment income comprises dividends declared during the accounting period in respect of listed and unlisted investments, interest receivable on term deposits and fixed interest securities and rents receivable.

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2000****2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The turnover and profit on ordinary activities before taxation are attributable to the principal activities of the group.

The profit is stated after charging:

	2000 £	1999 £
Operating lease rentals - plant and machinery	4,600	4,600
- other	134,015	138,847
Depreciation	170,022	135,575
Loss/(profit) on disposal of tangible fixed assets	(4,343)	(8,406)
Aggregate directors' emoluments	337,069	263,853
Directors pension contributions	29,500	16,853
Sums paid to third parties for director's services	38,902	29,324
Emoluments of the highest paid director	90,651	64,167
Company pension contributions in respect of the highest paid director	8,000	6,179
Auditors' remuneration	19,000	16,750
Goodwill amortisation	109,084	109,084

Group turnover has not been analysed by geographical location as in the opinion of the directors, this would be seriously prejudicial to the group's interests.

**3 INTEREST PAYABLE**

	2000 £	1999 £
Bank overdraft interest	68,160	46,753
Hire purchase and finance lease interest	11,332	21,641
Other interest	3,572	433
	<u>83,064</u>	<u>68,827</u>

**4 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2000 £	1999 £
UK corporation tax at 26.98% (1999 - 22.51%)	170,210	146,522
Under/(over) provision in respect of prior years	11,997	(1,998)
Group relief	-	(65,082)
	<u>182,207</u>	<u>79,442</u>



# BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2000

### 5 DIVIDENDS

	2000 £	1999 £
<b>Paid interim dividends</b>		
<i>Equity share dividends</i>		
Ordinary share dividend of £0.337 per share	86,855	-
<i>Non equity share dividends</i>		
'A' ordinary share dividend of £0.294 per share (1999 - £0.147)	16,684	8,342
'B' 8% preference share dividend	-	-
'C' 8% preference share dividend of £0.315 per share (1999 - £Nil)	15,754	-
<b>Proposed final dividends</b>		
<i>Equity share dividends</i>		
Ordinary share dividend of £0.858 per share (1999 - £Nil)	221,484	-
<i>Non equity share dividends</i>		
'A' ordinary share dividend of £0.253 per share (1999 - £0.147)	14,354	8,342
'B' 8% preference share dividend of £0.0799 per share (1999 - £Nil)	35,428	-
'C' 8% preference share dividend £0.68 per share (1999 - £Nil)	34,011	-
	<u>424,570</u>	<u>16,684</u>

### 6 STAFF COSTS

Staff costs, including the directors, were as follows:

	2000 £	1999 £
Wages and salaries	1,308,332	1,083,838
Social security costs	148,818	116,568
Pension costs	62,225	58,548
	<u>1,519,375</u>	<u>1,258,954</u>

Pension costs include amounts in relation to 4 directors (1999 - 4).

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

	2000 £	1999 £
Directors	5	5
Technical	10	10
Administration	7	8
Selling and marketing	9	9
	<u>31</u>	<u>32</u>

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 DECEMBER 2000**

**7 INTANGIBLE ASSETS**

	<b>Goodwill £</b>
<b>GROUP</b>	
<b>COST</b>	
At 1 January 2000 and at 31 December 2000	2,181,685
	<hr/>
<b>AMORTISATION</b>	
At 1 January 2000	363,613
Charge for the period	109,084
	<hr/>
At 31 December 2000	472,697
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 1999	1,818,072
	<hr/>
At 31 December 2000	1,708,988
	<hr/>

The company had no intangible assets.

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 DECEMBER 2000**

**8 TANGIBLE FIXED ASSETS**

	Furniture, computer & office equipment £	Motor vehicles £	Test & project equipment £	Total £
<b>GROUP</b>				
<b>COST OR VALUATION</b>				
At 1 January 2000	895,078	188,603	256,449	1,340,130
Additions	640,972	-	22,776	663,748
Disposals	-	(47,163)	-	(47,163)
At 31 December 2000	1,536,050	141,440	279,225	1,956,715
<b>DEPRECIATION</b>				
At 1 January 2000	488,892	102,024	241,639	832,555
Charge for the period	129,151	32,379	8,492	170,022
Released on disposal	-	(40,306)	-	(40,306)
At 31 December 2000	618,043	94,097	250,131	962,271
<b>NET BOOK VALUE</b>				
At 31 December 1999	406,186	86,579	14,810	507,575
At 31 December 2000	918,007	47,343	29,094	994,444

**Financing**

Details of fixed assets held under finance leases and hire purchase contracts, which are included above are as follows:

	2000 £	1999 £
Net book value at 31 December 2000	167,898	223,339
Depreciation charge for the period	49,864	54,727

The company has no tangible fixed assets.

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 DECEMBER 2000**

**9. INVESTMENTS**

**GROUP**

**COST**

	<b>2000 £</b>
At 1 January 2000	130,045
Additions	98,936
	<hr/>
At 31 December 2000	228,981
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 1999	130,045
	<hr/>
At 31 December 2000	228,981
	<hr/>

The investment represents a share in an unincorporated business, Intelsat. The directors do not believe the value of the investment to be less than the carrying value in the accounts.

**COMPANY**

**2000  
£**

**Shares in subsidiary undertaking**

Cost at 1 January 2000 and at 31 December 2000	2,982,672
--	-----------

The wholly owned subsidiaries of the group are as follows:

<b>Name</b>	<b>Description and amount of shares held</b>	<b>Activity</b>
<b>Directly owned</b>		
L-Teq Limited	100% Ordinary £1 Shares	Sale of microwave components and equipment
Prism IP Solutions Limited	100% Ordinary £1 shares	Dormant
Redwing Satellite Solutions Limited	100% Ordinary £1 shares	Provision of one and two way satellite data transmission services
<b>Indirectly owned</b>		
E-Teq Limited	100% Ordinary £1 Shares	Dormant

The subsidiary undertakings are all registered in England and Wales.

Prism IP Solutions Limited was previously known as C-Teq Limited. It changed its name to Prism IP Solutions Limited on 26 July 2000.

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 DECEMBER 2000**

**10 STOCK**

	<b>GROUP 2000 £</b>	<b>COMPANY 2000 £</b>	<b>GROUP 1999 £</b>	<b>COMPANY 1999 £</b>
Work in progress	60,715	-	-	-
Finished goods for resale	575,221	-	270,057	-
	<u>635,936</u>	<u>-</u>	<u>270,057</u>	<u>-</u>

There were no significant differences between the replacement cost and the values disclosed for all categories of stock.

**11 DEBTORS**

	<b>GROUP 2000 £</b>	<b>COMPANY 2000 £</b>	<b>GROUP 1999 £</b>	<b>COMPANY 1999 £</b>
Trade debtors	2,194,257	-	1,926,608	-
Amounts due from subsidiary undertakings	-	17,530	-	100,463
Other debtors	62,922	-	45,674	5,565
Prepayments and accrued income	109,974	-	51,521	1,347
	<u>2,367,153</u>	<u>17,530</u>	<u>2,023,803</u>	<u>107,375</u>

All amounts included above are considered receivable within one year of the balance sheet date.

**12 CREDITORS: amounts falling due within one year**

	<b>GROUP 2000 £</b>	<b>COMPANY 2000 £</b>	<b>GROUP 1999 £</b>	<b>COMPANY 1999 £</b>
Bank loan (see note 14)	97,584	-	198,055	135,555
Bank overdraft	39,349	39,349	192,986	1,117
Net obligations under finance leases and hire purchase contracts	51,878	-	69,169	-
Trade creditors	1,936,796	396	1,551,754	841
Amounts due to subsidiary undertakings	-	563,236	-	681,530
Social security and other taxes	67,673	10,515	54,944	7,729
Current corporation tax	170,210	29,168	81,440	42,954
ACT on proposed dividends	27	27	5,565	5,565
Other creditors	89,430	8,342	14,342	8,342
Proposed dividends	327,530	327,530	22,263	22,263
Accruals and deferred income	1,776,450	9,966	578,519	14,525
	<u>4,556,927</u>	<u>988,529</u>	<u>2,769,037</u>	<u>920,421</u>

The loan is secured by fixed and floating charges on all the assets of the group.

# **BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 DECEMBER 2000**

### **13 CREDITORS: amounts falling due after more than one year**

	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	<b>COMPANY</b>
	<b>2000</b>	<b>2000</b>	<b>1999</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan (see note 14)	151,728	-	112,500	-
Net obligations under finance leases	22,956	-	68,706	-
Other creditors	35,000	-	35,000	-
	<u>209,684</u>	<u>-</u>	<u>216,206</u>	<u>-</u>

The loan is secured by fixed and floating charges on all the assets of the group.

### **14 LOANS**

The loan due after more than one year is repayable by instalments as follows

	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	<b>COMPANY</b>
	<b>2000</b>	<b>2000</b>	<b>1999</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wholly repayable within five years	249,312	-	310,555	135,555
Amounts repayable by instalments within five years	249,312	-	310,555	135,555
Included in current liabilities	(97,584)	-	(198,055)	(135,555)
	<u>151,728</u>	<u>-</u>	<u>112,500</u>	<u>-</u>

The loan is repayable in quarterly instalments. Interest is payable quarterly at a rate of 2.25% above the relevant LIBOR rate.

### **15 LEASE COMMITMENTS AND HIRE PURCHASE CONTRACTS**

Net obligations under finance leases and hire purchase contracts:

	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	<b>COMPANY</b>
	<b>2000</b>	<b>2000</b>	<b>1999</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	51,878	-	69,169	-
Between two to five years	22,956	-	68,706	-
	<u>74,834</u>	<u>-</u>	<u>137,875</u>	<u>-</u>

# BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2000

16 CALLED UP SHARE CAPITAL	2000 £	1999 £
<b>Authorised</b>		
258,172 ordinary shares of £0.01 each	2,582	2,582
81,528 'A' ordinary shares of £0.01 each	815	815
600,000 'A' preference shares of £0.01 each	6,000	6,000
442,856 'B' preference shares of £1 each	442,856	442,856
50,000 'C' preference shares of £0.01 each	500	500
	<hr/>	<hr/>
	452,753	452,753
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
258,172 ordinary shares of £0.01 each	2,582	2,582
56,672 'A' ordinary shares of £0.01 each	567	567
442,856 'B' preference shares of £1 each	442,856	442,856
50,000 'C' preference shares of £0.01 each	500	500
	<hr/>	<hr/>
	446,505	446,505
	<hr/>	<hr/>

The rights attaching to the respective classes of shares are as follows:

**Dividends:** Each year payable in the following order:

- (i) 'A' preference shares cumulative net cash fixed dividend at 8% of the subscription price.
- (ii) 'A' ordinary shares cumulative net cash fixed dividend 8% of the subscription price.
- (iii) 'B' preference shares net cash fixed dividend at 8% of the subscription price.
- (iv) 'A' ordinary shares cumulative net cash participating dividend based on a predetermined calculation and cumulative net cash compensatory dividend, both of which are to be paid at the same time.
- (v) 'C' preference shares net cash fixed dividend at 8% of the subscription price.

**Capital repayment:** Capital shall be repaid on liquidation or capital reduction in the following order:

- (i) 'A' preference shares: subscription price paid and all arrears and accruals of dividend.
- (ii) 'A' ordinary shares: subscription price paid and all arrears and accruals of dividend.
- (iii) 'B' preference shares: £1 per share and all arrears and accruals of dividend.
- (iv) 'C' preference shares: £1 per share and all arrears and accruals of dividend.
- (v) Ordinary share: subscription price paid on each ordinary share.
- (vi) 'A' ordinary shares and ordinary shares: surplus payable to both classes as if they were all shares of the same class.

**Conversion of shares:**

- (i) 'A' ordinary shares: one for one into ordinary shares at any time when decided by the holders of 75% of the 'A' ordinary shares.
- (ii) 'C' preference shares: into such number of ordinary shares that represents 10% of the ordinary and 'A' ordinary shares.

**Voting:**

- (i) 'A' ordinary shares and ordinary shares: one vote per share.
- (ii) 'B' preference shares and 'C' preference shares: no voting rights.

**BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 DECEMBER 2000**

**17 SHARE PREMIUM**

	<b>GROUP 2000 £</b>	<b>COMPANY 2000 £</b>
At 1 January 2000 and at 31 December 2000	1,162,872	1,162,872

**18 CAPITAL REDEMPTION RESERVE**

	<b>GROUP 2000 £</b>	<b>COMPANY 2000 £</b>
At 1 January 2000 and at 31 December 2000	6,248	6,248

**19 PROFIT AND LOSS ACCOUNT**

	<b>GROUP 2000 £</b>	<b>COMPANY 2000 £</b>
At 1 January 2000	164,417	554,001
Profit/(loss) for the financial year	224,650	(157,953)
At 31 December 2000	389,067	396,048

**20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>GROUP 2000 £</b>	<b>GROUP 1999 £</b>
Profit for the financial year	649,220	201,347
Dividends	(424,570)	(16,684)
Opening shareholders' funds	224,650	184,663
	1,780,042	1,595,379
Closing shareholders' funds	2,004,692	1,780,042

**21 COMMITMENTS UNDER OPERATING LEASES**

	<b>Land and buildings £</b>	<b>Other assets £</b>
Contracts to expire:		
- within one year	-	2,300
- after five years	123,876	-

During the year £138,615 (1999 - £143,447) was charged to the profit and loss account in respect of operating leases.



# **BANDWIDTH TECHNOLOGIES INTERNATIONAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 DECEMBER 2000**

### **22 CAPITAL COMMITMENTS**

At 31 December 2000 the group had no material capital commitments (1999 - nil).

### **23 PENSION COMMITMENTS**

The group operates a defined contribution scheme for certain of its employees. Contributions are charged to the profit and loss account as they are paid. There were no prepaid contributions at the year end.

### **24 CONTINGENT LIABILITIES**

At 31 December 2000 the company's bankers held a composite guarantee between Bandwidth Technologies International Group Limited and its subsidiaries L-Teq Limited and Redwing Satellite Solutions Limited. At 31 December 2000 the bank indebtedness of Bandwidth Technologies International Group Limited and of its subsidiaries was £288,661 (1999 - £503,541).

Included in other creditors (note13) are £35,000 of loan notes which are redeemable at a maximum value of 10% of the disposal proceeds of Redwing Satellite Solutions Limited. As the market value of Redwing Satellite Solutions Limited is not readily ascertainable and there are no current intentions to dispose of the company no provision has been made for the premium that would be payable on redemption.

### **25 RELATED PARTY TRANSACTIONS**

A sum of £38,902 (1999 - £29,324) was paid to Chess International Limited in respect of directors' services. A Knox, a director of Bandwidth Technologies International Group Limited, has an interest in Chess International Limited.

No related party transactions have been disclosed between this company and its subsidiaries as permitted by Section 17 of Financial Reporting Standard 8 - Related Party Disclosures.

### **26 CONTROLLING PARTIES**

The directors consider the controlling parties to be J T Mooney and N W Powley.