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MUTEK UK LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER
2001



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Registered No. 3911095

MuTek UK Limited
Report and accounts
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MuTek UK Limited
Company Information

Directors

Yochi Slonim
D Stzern

Secretary

Y Tsadik

Auditors

H W Fisher & Company
Acre House
11-15 William Road
London NW1 3ER

Bankers

Bank Hapoalim
London Branch
8/12 Brook Street
London W1K 5BU

Registered office

Acre House
11/15 William Road
London NW1 3ER

Registered number

03911095

MuTek UK Limited

Directors' Report

The directors present their report and accounts for the year ended 31 December 2001.

Principal activities

The principal activity of the company is that of the sale and marketing of computer software.

Review of business

Both the level of business and the year end financial position were as expected in the light of current trading conditions.

Results and dividends

The loss for the period after taxation amounted to £144,450.

Directors

The directors at 31 December 2001 and their beneficial interests in the shares of the company were:

	£1 Ordinary shares of £1 each	
	31 December 2001	1 January 2001
Y. Slonim	-	-
D Stzern	-	-

L Zaidenberg resigned as a director on 12 November 2001. D Stzern was appointed as a director on 12 November 2001.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.


The directors are responsible for maintaining 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 accounts 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.

MuTek UK Limited
Directors' Report

Auditors

H.W Fisher & Company were appointed auditors to the company and a resolution proposing that they be re-appointed will be put to the members at the next Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Y. Slonim', written over a horizontal line.

Y. Slonim

Director

Dated: 18/3/2002

MuTek UK Limited
Auditors' Report

Report of the auditors
to the shareholders of MuTek UK Limited

We have audited the accounts on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

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



H W Fisher & Company
Chartered Accountants and Registered Auditors

Acre House
11-15 William Road
London NW1 3ER

3/4/02

MuTek UK Limited
Profit and Loss Account
For the year ended 31 December 2001

	Notes	Year ended 31 December 2001 £	2000 £
Turnover		88,998	105,050
Cost of sales		(54,071)	(89,968)
Gross profit		<u>34,927</u>	<u>15,082</u>
Administrative expenses		(180,186)	(87,417)
Operating profit	2	<u>(145,259)</u>	<u>(72,335)</u>
Interest receivable		817	-
Interest payable		(8)	-
Loss on ordinary activities before taxation		<u>(144,450)</u>	<u>(72,335)</u>
Tax on loss on ordinary activities		-	-
Loss for financial period		<u>(144,450)</u>	<u>(72,335)</u>
Retained loss brought forward		(72,335)	-
Retained loss carried forward		<u><u>(216,785)</u></u>	<u><u>(72,335)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

MuTek UK Limited
Balance Sheet
as at 31 December 2001

		2001	2000
		£	£
Fixed assets			
Tangible assets	3	1,951	1,374
Current assets			
Debtors	4	1,468	11,673
Cash at bank and in hand		<u>3,831</u>	<u>106,491</u>
		5,299	118,164
Creditors: amounts falling due within one year	5	<u>(6,113)</u>	<u>(33,872)</u>
Net current (liabilities)/assets		(814)	84,292
Total assets less current liabilities		<u>1,137</u>	<u>85,666</u>
Creditors: amounts falling due after more than one year	6	(216,922)	(157,001)
Net liabilities		<u>(215,785)</u>	<u>(71,335)</u>
Capital and reserves			
Called up share capital	7	1,000	1,000
Profit and loss account		(216,785)	(72,335)
Shareholders' funds	8	<u>(215,785)</u>	<u>(71,335)</u>

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

Y. Slonim

Director

Approved by the board on 18/3/2002

MuTek UK Limited
Notes to the Accounts
For the year ended 31 December 2001

1

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

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

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to disclose related party transactions with group companies.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Fixtures, fittings and equipment	33% straight line
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Deferred tax

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2	Operating loss	2000
		£
	This is stated after charging:	
	Depreciation of owned fixed assets	815
	Auditors' remuneration	<u>2,500</u>

3 Taxation

There is no corporation tax charge in the period due to the availability of losses.

MuTek UK Limited
Notes to the Accounts
For the year ended 31 December 2001

3 Tangible fixed assets

	Fixtures, fittings and equipment
	£
Cost	
At 1 January 2001	2,061
Additions	<u>1,392</u>
At 31 December 2001	<u><u>3,453</u></u>
Depreciation	
At 1 January 2001	687
Charge for the year	<u>815</u>
At 31 December 2001	<u><u>1,502</u></u>
Net book value	
At 31 December 2001	<u><u>1,951</u></u>
At 31 December 2000	<u><u>1,374</u></u>

4 Debtors	2001	2000
	£	£
Trade debtors	800	10,209
Other debtors	<u>668</u>	<u>1,464</u>
	<u><u>1,468</u></u>	<u><u>11,673</u></u>

5 Creditors: amounts falling due within one year	2001	2000
	£	£
Trade creditors	1,039	15,123
Other taxes and social security costs	1,902	-
Accruals and deferred income	3,000	14,357
Other creditors	<u>172</u>	<u>4,392</u>
	<u><u>6,113</u></u>	<u><u>33,872</u></u>

6 Creditors: amounts falling due after one year	2001	2000
	£	£
Amounts owed to group undertakings	<u><u>216,922</u></u>	<u><u>157,001</u></u>

MuTek UK Limited
Notes to the Accounts
For the year ended 31 December 2001

7 Share capital	2001	2000
	£	£
Authorised:		
1000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2001	2000
	£	£
Allotted, called up and fully paid:		
1000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
 Movement in share capital	 2001	 2000
	£	£
At 1 January	1,000	-
Shares issued in period	-	1,000
	<u>1,000</u>	<u>1,000</u>
 8 Reconciliation of movement in shareholders' funds	 2001	 2000
	£	£
Loss for the financial year	(144,450)	(72,335)
New share capital subscribed	-	1,000
Opening shareholders' funds	(71,335)	-
Closing shareholders' funds	<u>(215,785)</u>	<u>(71,335)</u>

11 Controlling Parties

The ultimate parent company is Mutek Solutions Limited