MONDAS PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

Company registration number: 2662978

THE WELLS PARTNERSHIP
Chartered Accountants and Registered Auditors
The Old Rectory
Church Street
Weybridge
Surrey

A02
COMPANIES HOUSE
0076
29/09/00

MONDAS PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

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Directors and Advisers

Directors	David Timothy Andrew Simon (Chairman & Chief Executive) Ian Robert Selby ACA (Finance Director) Matthew Crook (Sales & Marketing Director) Kenneth Roy Barnes (Non-executive Director) all of Rosemount House, Rosemount Avenue, West Byfleet, Surrey KT14 6LB
Secretary and Registered Office	Sally Anne Johnson Rosemount House, Rosemount Avenue, West Byfleet, Surrey KT14 6LB Company number 2662978
Nominated Adviser	John East & Partners Limited Crystal Gate 28-30 Worship Street London EC2A 2AH
Nominated Broker	Teather & Greenwood Limited Beaufort House 15 St. Botolph Street London EC3A 7QR
Auditors	The Wells Partnership The Old Rectory Church Street Weybridge Surrey KT13 8DE
Solicitors to the Company	Garretts 180 Strand London WC2R 2NN
Principal Bankers	Samuel Montagu & Co Ltd 31 Hill Street London W1X 7FD
Registrars and Transfer Office	IRG plc Balfour House 390-398 High Road Ilford Essex IG1 1NQ

MONDAS PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 APRIL 2000

RESULTS

I am pleased to report the results of the Company for the year ended 30th April, 2000. Revenues for the year grew by 42% to £1,358,811 (1999: £955,301), with a loss after taxation of £857,573 (1999: £520,078) after charging amortisation of goodwill of £503,797 (1999: £289,687). Sales were constrained marginally during the third quarter of the period ahead of the Year 2000 date change and the extended millennium holiday. Nevertheless, we closed the fiscal year with April being our strongest month to date, billing nearly £200,000. At 30th April 2000 licence income of £126,683 (1999: £nil), arising from our Norwegian business, was deferred.

SALES & MARKETING

During the period under review the Company refocused its sales and marketing strategy to apply its workflow and Internet technologies and resources to best effect. Our technologies can deliver a range of solutions encouraging collaboration within the business and online trading with customers and suppliers anywhere in the world. We have decided to focus our attention on the e-Business, and securities and banking markets, where we believe we have a competitive edge in skills and experience, speed of deployment and price. We have recruited specialist sales and consulting professionals, which led to increased business in these core markets.

The Company's most significant individual client in the securities sector, Brewin Dolphin Securities Limited, continued to implement Mondas' application solutions, to migrate legacy systems and increase efficiency. Mondas' front office solutions provide stockbrokers with information which can be viewed by individual client, portfolio, stock or market segment, giving comprehensive client holding information, to improve private client services. More recently, we have added multi-currency client risk management and integrated analysis of client life assurance investment positions. We have also developed a system to automate corporate events and actions, triggering faster response times and managing compliance issues.

New software licence contracts for our enterprise intranet portal product, have been won in the UK and Norway. Ingersoll Rand, the multinational industrial and components manufacturer, is deploying our document management solution, storing compressor design specification information to improve field engineering services worldwide. To improve their global communications and collaboration, we have deployed an intranet for Added Value Group, one of Europe's largest marketing agencies, whose customers include major corporations in transport, retail, communications and financial services.

More recently, CIA Medianetwork UK, the ninth largest media buyer globally, launched 'CIA Extra', a series of customer relationship management extranets based upon our software. These will enable CIA to provide services which are personalised and add value to individual relationships with clients such as the new telephone and internet banking arm from a FTSE 100 company and the UK market leader for baby milk.

Larvik kommune, a Norwegian local authority, launched the country's first integrated intranet and Internet 'service kommune', using our new Internet publishing content management application. In the future, citizens will be able to submit service applications online, automatically routed to the relevant department for processing. This solution is the culmination of two years' co-operative development between Mondas, Larvik and Ephorma (our Norwegian channel partner), which is now marketing this product to kommunes in the region.

The complete Mondas e-Business product range including e-Commerce, secure credit card payments, intranet portals and workflow was first presented at the Webcom 2000 Exhibition in London during April. This exhibition generated over 200 sales leads, some of which have now progressed to quotation stage. We believe that this is an encouraging endorsement of our approach.

PRODUCTS

The Company has developed important new enhancements to Radica, IntraLink ST and our front office stockbroking applications.

We released Radica Version 4.0, providing improved performance and enhancements to the modeller application, to enable managers in larger businesses to design very complex hierarchical business processes in easy to use, flexible graphics. New workflow routing tools and ease of use features such as tree-views and wizards help create and maintain advanced workflow systems that are quick to change.

IntraLink ST Version 3.5, first released in Norway, now includes workflow technology and advanced publishing applications to improve content management of web sites, corporate intranets and/or extranets. Feature enhancements have been made to core modules and a new 'MyIntraLink' module has been developed, which provides users with a personalised 'virtual desktop'.

These enhancements strengthen Mondas' proposition to medium and large organisations.

MANAGEMENT CHANGES

Matthew Crook, our Sales & Marketing Director, joined the Company in March 1999 and was appointed to the Board on 14th September 1999. He has now successfully established the newly focussed sales team, the recruitment of which was complete in November 1999.

Graham Ross joined as Director of Technical Operations on 1st March 2000. He is responsible for the further development and integration of products, customer support and services and technical sales support. Further technical personnel have been recruited to work on customer projects.

Tony Marienthal resigned from the Board and left the Company on 8th November 1999. Stephen Lord resigned from the Board and left the Company on 17th March 2000.

YEAR 2000 AND EURO INTRODUCTION ISSUES

As expected, the Millennium bug did not strike our products and we do not expect to be affected by any material issues associated with the year 2000 in the future. Equally, we envisage that there will be no impact on the group and the accounts as a result of the introduction of the Euro.

REALITY ACQUISITION

The London operations of Reality Communications Scandinavia AS ("Reality"), acquired in November 1998, were consolidated into Mondas Information Technology Limited, its office in Highgate was closed at the end of May 2000 and its staff relocated to our West Byfleet office. This created a more streamlined organisation and reduced costs. The benefits of these changes should be realised during subsequent reporting periods.

On 4th May 2000 the Company issued a Notice of Claim against Stephen Lord, Tony Marienthal and Nigel Harte, the principal vendors of Reality, alleging breach of certain warranties given by them in the acquisition agreement dated 20th October 1998 as to the financial position of the Reality group.

DIVIDEND

The Directors are not recommending the payment of a dividend in respect of the financial year under review (1999: nil).

FUTURE PROSPECTS

The Directors are confident that the "ground work" carried out during this reporting period leaves the Company well placed to take advantage of the many opportunities it faces. We believe that e-Business is forcing the pace of understanding and acceptance of workflow. The Directors consider that workflow technology is experiencing rapid growth. Equally, we believe that intranets and extranets are becoming increasingly important to organisations to speed up the process of collaboration and communication.

The Directors' believe that the securities and banking industry must invest substantial amounts in replacing its legacy systems and manual processes to remain viable. As a consequence, the Directors believe this represents a significant opportunity for Mondas's Client Fund Management, Corporate Events and Internet Content Management solutions.

We shall continue to develop our routes to market and explore alliances with application service providers, information providers and channel partners to extend our coverage. Geographically our prime focus remains on the UK.

In addition to organic growth, we shall continue to explore the acquisition of companies with complementary technologies, skills and clients.

D T A Simon
Chairman

4/8/2000

MONDAS PLC

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2000

The directors present their report and the group's financial statements for the year ended 30 April 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was that of computer consultancy and the development of computer software.

In the opinion of the directors the company and the group were in a satisfactory position at the 30 April 2000.

The group's results for the year and financial position at the balance sheet date are shown in the attached financial statements.

DIVIDENDS

The directors have not recommended a dividend.

TRANSFERS TO RESERVES

The loss retained for the year amounting to £857,573 will be taken to the profit and loss account and carried forward to next year.

DIRECTORS

The directors who served in office during the year and their interests in the company's shares were as follows:

Ordinary shares held at:		**30 April 2000**		**30 April 1999**	
		Number	**%**	**Number**	**%**
D T A Simon		4,643,719	36.82	4,643,719	36.92
M Crook	(appointed 14 September 1999)	-	-	-	-
K R Barnes		9,067	0.07	9,067	0.07
I R Selby		-	-	-	-
A W Marienthal	(resigned 8 November 1999)	-	-	975,756	7.76
S W Lord	(resigned 17 March 2000)	-	-	871,111	6.93

D T A Simon's interests include a non-beneficial interest in 102,750ordinary shares.

I R Selby and M Crook hold share options, and details of those options are shown in note 23.

SIGNIFICANT SHAREHOLDINGS

The company has been notified of the following holdings that are 3% or more of the company's ordinary share capital, at the date of this report:

Ordinary shares held at:	**30 April 2000**		**30 April 1999**	
	Number	**%**	**Number**	**%**
Swan Alley (Nominees) Limited	696,111	5.52	-	-
Pershing Keen Nominees Limited	990,957	7.86	-	-
Sharelink Nominees Limited	687,874	5.45	396,057	3.15
Max Data AS	396,299	3.14	396,299	3.15

MONDAS PLC

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2000

CORPORATE GOVERNANCE ISSUES

Following the listing of the Company on the Alternative Investment Market in October 1996, the Board resolved to comply with the Combined Code of Best Practice issued by the Committee on Corporate Governance. The Board supports the principles of the Code, and confirms that, except for provisions A3.1, B2.4, D2.1, D3.1, and D3.2, the group complied throughout the year ended 30 April 2000 with its provisions.

Provision A3.1 recommends that non-executive directors are of sufficient calibre and should comprise not less than one third of the Board. It is the intention of the Board to appoint a further non-executive director in due course. K R Barnes is currently the sole independent non-executive director.

Provision B2.4 recommends that shareholders should determine the salary of the non-executive director. Currently the Chairman and Chief executive determines the non-executive director's salary.

Provision D2.1 recommends that the Directors should carry out a review of the effectiveness of the groups system of internal controls and should report to shareholders that they have done so. This review should cover all controls including financial, operational and compliance controls and risk management. The Board considers that their daily involvement in the company combined with its small size provides sufficient knowledge of the effectiveness of the internal controls without the need for a formalised review process

Provision D3.1 and D3.2 recommend appointing an audit committee made up of at least three non-executive directors. The Board will consider this in due course when further non-executive directors are appointed.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the group as a whole has adequate resources to continue in operational existence for the foreseeable future. For this reason and those stated in note 1 of the financial statements, they continue to adopt the going concern basis in the financial statements.

INTERNAL CONTROL

The Group has adopted the transitional approach for the Combined Code set out in the letter from the London Stock Exchange to listed companies at the end of September 1999 and reports as follows:

Wider aspects of Internal Control
The Board expects to have the procedures in place by 31 December 2000 necessary to implement the guidance 'Internal Control: Guidance for Directors on the Combined Code.' This takes account of the time needed to put in place the procedures, which the Board has agreed should be established. Risk management and internal control will be considered on a regular basis and there will be a full risk and control assessment before reporting on the year ending 30 April 2001.

Internal Financial Control
The directors acknowledge that they have overall responsibility for the group's system of internal financial control, the main components of which are summarised below:

There is a comprehensive budgeting system for all items of expenditure, with the annual budget approved by the Board. Actual results are compared to budget on a monthly basis and reported to the Board. Whilst the system can provide only reasonable, not absolute, assurance against material misstatement or loss, the system is designed to ensure that the group's assets are safeguarded against material loss.

The Board's close daily involvement of the company enables the effectiveness of the system of internal financial control to be reviewed on a continual informal basis during the year.

MONDAS PLC

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2000

REMUNERATION COMMITTEE REPORT

The non-executive director is the remuneration committee.

In determining the remuneration policy for the executive directors, the committee has given due consideration to the provisions in the Combined Code on directors' remuneration. The remuneration packages are designed to attract, retain and motivate executive directors of the right calibre. An element of their package is performance related so that the directors' incentives are aligned to those of the shareholders.

All of the executive directors have rolling service contracts. The Chairman and Chief Executive, D T A Simon, has a one year notice period. The other two executive directors have six month notice periods. Pension provision is only made for the Chairman and Chief Executive at a rate of 15% of basic salary. This is paid to a personal pension plan
Details of remuneration and share options are given in notes 6 and 23 of the financial statements.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company and group's state of affairs at the end of the year and the profit or loss of the group for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 15, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 responsible for keeping proper accounting records which disclose at any time the financial position of the company and group, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GROUP POLICY ON PAYMENT OF CREDITORS

It is the group's policy to agree the terms of payment with suppliers when entering into each transaction, and to abide by them. The creditor payment period at 30 April 2000 was 26 days (1999 30 days).

CLOSE COMPANY

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint The Wells Partnership as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

S A Johnson

Mrs. S A Johnson
Company secretary

Approved by the directors on ..4/Aug/........2000.

AUDITORS' REPORT TO THE

SHAREHOLDERS OF MONDAS PLC

FOR THE YEAR ENDED 30 APRIL 2000

We have audited the financial statements on pages 10 to 23, which have been prepared under the historical cost convention and the accounting policies set out on page 15.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on page 7 to the financial statements, the directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guide.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statements on pages 6 to 7 reflect the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 and 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 information in the financial statements.

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the trading position of the group. In view of the uncertainty regarding the trading position, we consider that this matter should be drawn to your attention, but our opinion is not qualified in this respect.

AUDITORS' REPORT TO THE

SHAREHOLDERS OF MONDAS PLC (continued)

FOR THE YEAR ENDED 30 APRIL 2000

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 30 April 2000 and of the loss and cash flows of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

The Wells Partnership

THE WELLS PARTNERSHIP
Chartered Accountants and Registered Auditors
Weybridge
Surrey

Date: 4 August 2000

MONDAS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2000

		2000		1999
	Note	£	£	£
Turnover	2			
Continuing operations		1,358,811		730,805
Acquisitions		-		224,496
			1,358,811	955,301
Cost of sales	3		(499,281)	(244,056)
Gross profit			859,530	711,245
Net operating expenses	3		(1,725,309)	(1,242,004)
Operating loss	4			
Continuing operations		(865,779)		(405,510)
Acquisitions		-		(125,249)
			(865,779)	(530,759)
Interest receivable and similar income	7		8,206	9,989
Loss on ordinary activities before taxation			(857,573)	(520,770)
Tax on loss on ordinary activities	8		-	692
Loss for the financial year	9		(857,573)	(520,078)
Basic and diluted loss per share	10		(6.8p)	(5.7p)

PROFIT AND LOSS ACCOUNT	£	£
At 1 May 1999	(1,425,592)	(905,514)
Loss for the financial year	(857,573)	(520,078)
At 30 April 2000	(2,283,165)	(1,425,592)

Total recognised gains and losses
The group had no recognised gains and losses other than the loss for the above financial years.

The notes on pages 15 to 23 form part of these financial statements.

MONDAS PLC

CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2000

		2000		1999	
	Note	**£**	**£**	**£**	**£**
Fixed assets					
Intangible assets	11		1,536,684		2,040,481
Tangible assets	12		25,741		60,961
			1,562,425		2,101,442
Current assets					
Stocks	14	1,810		1,177	
Debtors	15	318,166		242,721	
Cash at bank and in hand		8,742		245,286	
		328,718		489,184	
Creditors: Amounts falling due within one year	16	(382,275)		(225,218)	
Net current (liabilities)/assets			(53,557)		263,966
Net assets			1,508,868		2,365,408
			£		**£**
Capital and reserves					
Equity called up share capital	17		1,261,185		1,257,740
Share premium account	18		2,530,848		2,533,260
Profit and loss account			(2,283,165)		(1,425,592)
Shareholders' funds	19		1,508,868		2,365,408

These financial statements were approved by the Board of directors on 4/August/2000 and signed on their behalf

D T A Simon
Director

The notes on pages 15 to 23 form part of these financial statements.

MONDAS PLC

BALANCE SHEET AS AT 30 APRIL 2000

		2000		1999	
	Note	**£**	**£**	**£**	**£**
Fixed assets					
Investments	13		2,241,127		2,241,127
			2,241,127		2,241,127
Current assets					
Debtors (due after more than one year)	15	1,299,007		1,128,307	
Other debtors	15	115,926		120,428	
Cash at bank and in hand		832		209,640	
		1,415,765		1,458,375	
Creditors: Amounts falling due within one year	16	(1,143)		(963)	
Net current assets			1,414,622		1,457,412
Net assets			3,655,749		3,698,539
			£		**£**
Capital and reserves					
Equity called up share capital	17		1,261,185		1,257,740
Share premium account	18		2,530,848		2,533,260
Profit and loss account			(136,284)		(92,461)
Shareholders' funds	19		3,655,749		3,698,539

These financial statements were approved by the Board of directors on 4 / August / 2000 and signed on their behalf

D T A Simon
Director

The notes on pages 15 to 23 form part of these financial statements.

MONDAS PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2000

	Note	2000 £	1999 £
RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES			
Operating loss		(865,779)	(530,759)
Depreciation		31,799	27,451
Amortisation		503,797	289,687
Increase in stocks		(633)	(1,121)
Increase in debtors		(77,591)	(150,135)
Decrease in creditors		103,670	(40,319)
Net cash outflow from operating activities		(304,737)	(405,196)

CASH FLOW STATEMENT

	Note	2000 £	1999 £
Net cash outflow from operating activities		(304,737)	(405,196)
Returns on investments and servicing of finance	1	8,206	9,989
Taxation	1	2,146	-
Capital expenditure	1	3,421	(34,651)
Acquisitions and disposals	1	-	13,267
Cash outflow before financing		(290,964)	(416,591)
Financing	1	1033	476,653
(Decrease)/increase in cash	2	(289,931)	60,062

MONDAS PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2000

1. GROSS CASH FLOWS	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	8,206	9,989
Capital expenditure		
Payments to acquire tangible fixed assets	(5,524)	(34,651)
Receipts from sale of fixed assets	8,945	-
	3,421	(34,651)
Taxation		
Corporation tax recovered	2,146	-
Acquisitions and disposals		
Cash acquired on purchase of subsidiary undertaking	-	13,267
Financing		
Issue of ordinary share capital including premium	1,033	682,084
Expenses paid in connection with share issue	-	(204,542)
Other	-	(889)
	1,033	476,653

2. ANALYSIS OF MOVEMENT IN CASH AT BANK AND IN HAND	£	£
At 1 May 1999	245,286	185,224
Cash flows	(289,931)	60,062
At 30 April 2000	(44,645)	245,286
Cash at bank and in hand	8,742	245,286
Bank overdraft	(53,387)	-
	(44,645)	245,286

3. PURCHASE OF SUBSIDIARY UNDERTAKING - MAJOR NON-CASH TRANSACTION	£	£
Fair value of net assets acquired		
Tangible fixed assets	-	13,184
Current assets other than cash	-	28,393
Bank balances	-	13,267
Other current liabilities	-	(201,600)
Deferred tax provision	-	(692)
	-	(147,448)
Goodwill	-	1,977,950
Satisfied by shares allotted	-	1,830,502

The above acquisition represents the purchase of 100% of the issued share capital of Reality Communications Scandinavia AS, which took place on 18 November 1998.

MONDAS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards, using the following accounting policies:

GOING CONCERN BASIS
The subsidiary undertaking, Mondas Information Technology Limited, has made a significant loss during the year ended 30 April 2000, and has net liabilities amounting to £1,286,884 at the balance sheet date.

The Directors have reviewed the sales pipeline in conjunction with a review of working capital and sources of available funds and are satisfied that sufficient funds are available for the Group's operations for the next accounting period. The financial statements have therefore been prepared on the going concern basis.

CONSOLIDATION
The group financial statements consolidate the financial statements of the parent company and its principal subsidiary undertaking for the year ended 30 April 2000. The excess of the cost of subsidiary undertakings purchased over the fair values of the net assets at the date of acquisition has been capitalised as goodwill and is to be amortised over its expected useful life of five years.

TURNOVER
The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of value added tax. Licence fee revenue is recognised as delivered under a signed contract and once the software has been accepted, according to the terms of each agreement. Training and Consultancy revenue is recognised as delivered. Support is recognised over the life of the contract.

DEPRECIATION
Depreciation is calculated so as to write off the cost or value of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Computer software	2 to 6 years, straight line
Leasehold improvements	5 years, straight line
Computer hardware	4 to 6 years, straight line
Fixtures and fittings	6 years, straight line
Office equipment	5 to 6 years, straight line

WORK IN PROGRESS
Work in progress is valued at the cost of direct materials and expenditure incurred in that work in progress, less a provision for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

OPERATING LEASE AGREEMENTS
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the profit and loss account as incurred.

PENSION SCHEME
The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions are charged to the profit and loss account when payable.

DEVELOPMENT EXPENDITURE
The group charges development expenditure to the profit and loss account as it is incurred.

MONDAS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group, and arise mainly within the United Kingdom.

3. CONTINUING/ACQUIRED OPERATIONS

	Continuing	Acquired	Total
Cost of sales	**£**	**£**	**£**
Year ended 30 April 2000	499,281	-	499,281
Year ended 30 April 1999	186,703	57,353	244,056

Net operating expenses

	Continuing	Acquired	Total
Year ended 30 April 2000			
Distribution costs	327,517	-	327,517
Administrative expenses	1,397,792	-	1,397,792
	1,725,309	-	1,725,309
Year ended 30 April 1999			
Distribution costs	97,610	29,985	127,595
Administrative expenses	854,217	262,407	1,116,624
Other operating income	(2,215)	-	(2,215)
	949,612	292,392	1,242,004

4. OPERATING LOSS

Operating loss is stated after charging:	2000 £	1999 £
Operating lease rentals in respect of buildings	48,055	34,250
Operating lease rentals in respect of equipment	12,124	-
Directors' remuneration	253,301	158,608
Contributions to director's pension fund	10,050	7,200
Amortisation of goodwill	503,797	289,687
Depreciation	31,799	27,451
Auditors' fees	16,041	13,600

The auditors' fees are in respect of the following services provided to the group during the year:

	2000 £	1999 £
Audit fees	11,200	9,000
Accountancy fees	4,841	4,600
	16,041	13,600

MONDAS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

5. PARTICULARS OF EMPLOYEES

The average number of staff employed in administration and technical capacity by the group during the year amounted to 23 (1999 - 12).

EMPLOYMENT COSTS

The aggregate costs of the group's employees including directors were:

	2000 £	1999 £
Wages and salaries	917,692	492,062
Social security costs	88,888	37,704
Other pension costs	21,370	16,964
	1,027,950	546,730

6. DIRECTORS EMOLUMENTS

The emoluments of the Chairman and executive directors, and fees payable to a company, Royce Cook Associates Limited, for the services of the non-executive director are as follows:-

Executive	Salary and fees £	Benefits £	Pension £	2000 £	1999 £
D T A Simon	66,145	1,625	10,050	77,820	69,304
D B Whitehouse	-	-	-	-	13,499
I R Selby	62,839	475	-	63,314	25,005
A W Marienthal	24,923	486	-	25,409	24,000
S W Lord	41,316	-	-	41,316	24,000
M Crook	45,115	377	-	45,492	-
Non-Executive					
K R Barnes	10,000	-	-	10,000	10,000
	250,338	2,963	10,050	263,351	165,808

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £	1999 £
Bank interest receivable	8,206	9,989

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Overseas taxation credit	-	692

The company and group have no corporation tax liability due to the availability of corporation tax losses both in the United Kingdom and Norway. There is no potential liability for deferred taxation.

9. LOSS FOR THE FINANCIAL YEAR

The company has taken advantage of section 230 of the Companies Act 1985, and has not included a profit and loss account in these financial statements. Loss attributable to the members of the parent company amounted to £43,823 (1999 £38,395).

10. LOSS PER SHARE

Basic loss per share is based on a weighted average number of shares outstanding of 12,594,814 (1999 9,088,624), and loss after taxation of £857,573 (1999 £520,078). No material dilution of loss per share would arise if all outstanding share options were exercised.

11. INTANGIBLE FIXED ASSETS

The Group	**Goodwill**
Cost or valuation:	**£**
At 1 May 1999 and 30 April 2000	2,519,823
Amortisation:	**£**
At 1 May 1999	479,342
Charge for the year	503,797
At 30 April 2000	983,139
Net book value:	**£**
At 30 April 2000	1,536,684
At 1 May 1999	2,040,481

The company has no intangible assets.

MONDAS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

12. TANGIBLE FIXED ASSETS

The Group	Computer software	Computer hardware	Fixtures & fittings	Office equipment	Leasehold improvements	TOTAL
Cost:	£	£	£	£	£	£
At 1 May 1999	43,340	181,515	47,501	27,339	25,197	324,892
Additions	-	1,368	-	4,156	-	5,524
Disposal	-	(8,945)	-	-	-	(8,945)
At 30 April 2000	43,340	173,938	47,501	31,495	25,197	321,471
Depreciation:	£	£	£	£	£	£
At 1 May 1999	42,266	138,174	39,937	18,594	24,960	263,931
Charge	1,074	18,127	4,060	8,301	237	31,799
At 30 April 2000	43,340	156,301	43,997	26,895	25,197	295,730
Net book value:	£	£	£	£	£	£
At 30 April 2000	-	17,637	3,504	4,600	-	25,741
At 1 May 1999	1,074	43,341	7,564	8,745	237	60,961

The company has no tangible fixed assets.

13. FIXED ASSET INVESTMENT

The Company

	Investment In Subsidiary Undertaking
Cost:	£
At 1 May 1999 and 30 April 2000	2,241,127

The investment in subsidiary undertakings represents the acquisition of 100% of the issued equity share capital of Mondas Information Technology Limited, a company registered in England and Wales, whose principal activities are that of computer consultancy and the development of computer software, and the cost of acquisition of 100% of the issued share capital of Reality Communications Scandinavia AS, a company registered in Norway, whose principal activities are the development and marketing of Internet, intranet and extranet software solutions. The group has used acquisition accounting to account for both acquisitions.

The group has no investments.

MONDAS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

14. STOCKS

	2000		1999	
	The Group £	The Company £	The Group £	The Company £
Work in progress	1,810	-	1,177	-

15. DEBTORS

	2000		1999	
	The Group £	The Company £	The Group £	The Company £
Trade debtors	262,007	-	170,911	-
Amounts due by group undertakings	-	1,409,007	-	1,238,307
Other debtors	25,539	-	20,522	-
Prepayments and accrued income	30,620	5,926	49,142	10,428
Corporation tax recoverable	-	-	2,146	-
	318,166	1,414,933	242,721	1,248,735

Amounts due by group undertakings of £1,299,007 are recoverable after more than one year from the balance sheet date.

16. CREDITORS: Amounts falling due within one year

	2000		1999	
	The Group £	The Company £	The Group £	The Company £
Bank overdraft (secured)	53,387	-	-	-
Trade creditors	76,919	-	64,506	-
Other taxation and social security	86,705	-	50,193	-
Accruals and deferred income	165,264	1,143	110,519	963
	382,275	1,143	225,218	963

17. SHARE CAPITAL

Authorised share capital:

	2000 £	1999 £
20,000,000 ordinary shares of £0.10 each	2,000,000	2,000,000

Allotted, called up and fully paid:

	2000 £	1999 £
Equity share capital:		
Ordinary share capital brought forward	1,257,740	611,175
Issue of ordinary shares	3,445	646,565
Ordinary share capital carried forward	1,261,185	1,257,740

On 29 October 1999, 34,450 10p ordinary shares were issued under a share option for a total cash consideration of £1,033 (3p per share) with the balance of the share price of £2,412 (7p per share) being debited to the share premium reserve.

18. SHARE PREMIUM ACCOUNT

	2000 £	1999 £
Balance brought forward	2,533,260	872,670
Premium on new shares issued	-	1,866,021
Expenses of share issue	-	(204,542)
Employee share options	(2,412)	(889)
Balance carried forward	2,530,848	2,533,260

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000		1999	
	The Group £	The Company £	The Group £	The Company £
Loss for the financial year	(857,573)	(43,823)	(520,078)	(38,395)
Issue of ordinary shares at par	3,445	3,445	646,565	646,565
Premium on new shares issued (net of expenses and option scheme)	(2,412)	(2,412)	1,660,590	1,660,590
Net (reduction)/addition to funds	(856,540)	(42,790)	1,787,077	2,268,760
Opening shareholders' funds	2,365,408	3,698,539	578,331	1,429,779
Closing shareholders' funds	1,508,868	3,655,749	2,365,408	3,698,539

MONDAS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

20. COMMITMENTS UNDER OPERATING LEASES

The group has commitments under non-cancellable operating leases to make payments totalling £46,896 in the year to 30 April 2001 as follows:

Land and building agreements expiring:	**2000 £**	**1999 £**
Within two to five years	-	15,000
After more than five years	32,000	32,000
	32,000	47,000

Office equipment agreements expiring:	**2000 £**	**1999 £**
Within one year	1,459	-
Within two to five years	10,487	-
After more than five years	2,950	-
	14,896	-

21. RELATED PARTIES AND TRANSACTIONS

D T A Simon, the chief executive, has provided personal guarantees and security against the bank overdraft facility. There were no other transactions or contracts of significance with related parties.

22. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party as defined in Financial Reporting Standard No. 8.

MONDAS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2000

23. SHARE OPTIONS

The company has a share option scheme for employees, which has been approved by the Inland Revenue. Options are granted on similar terms to substantially all of the employees, but at the discretion of the Board, and are exercisable after three years from grant of option.

Share options at 30 April 2000 were as follows:

Approved Schemes

Option Holders	Number	Date Granted	Exercise price	Expiry date
Directors				
I R Selby	61,500	January 1999	45.5p	January 2009
M Crook	45,112	August 1999	66.5p	August 2009
Other holders	28,000	January 1999	45.5p	January 2009
	52,000	August 1999	66.5p	August 2009
	114,000	December 1999	88.5p	December 2009

Unapproved Schemes

Option Holders	Number	Date Granted	Exercise price	Expiry date
Directors				
I R Selby	13,500	January 1999	45.5p	January 2009
M Crook	4,888	August 1999	66.5p	August 2009
M Crook	25,000	December 1999	88.5p	December 2009
Other holders	14,000	January 1999	45.5p	January 2009
	43,500	August 1999	66.5p	August 2009
	50,000	March 2000	116.5p	March 2010
	61,950		10.0p	21 October 2003
	90,000		10.0p	21 October 2003

None of the directors at the balance sheet date exercised options during the year. Mr. Marienthal and Mr. Lord, directors who resigned during the year, each had 17,316 options lapse during the year following their resignation.

During the year, 107,352 share options with an exercise price of 82.5p and 88,000 share options with an exercise price of 66.5p lapsed due to the employee leaving. A further 17,316 share options expired during the year.

The share price on 30 April 2000 was 86.5p (1999 68.5p), and ranged between 138.5p and 51.5p during the year.