

Company No: 01367328

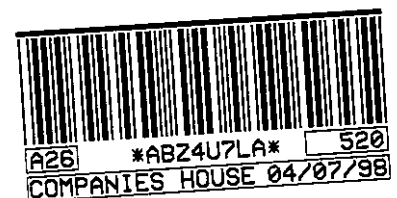
COMTREX SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

SIGNED COPY

Clareville House
26/27 Oxendon Street
London
SW1Y 4EP

ROTHMAN PANTALL & CO.
Chartered Accountants

\\SBRMGBUJFKMW\12 June 1998



COMTREX SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

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COMTREX SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
COMPANY INFORMATION
AS AT 31 MARCH 1998

DIRECTORS: N D Roberts
S J Roberts
S D Roberts
J C Rice (USA) - appointed 2/10/97

SECRETARY: S J Roberts

REGISTERED NUMBER: 01367328

AUDITORS: Rothman Pantall & Co
Clareville House
26/27 Oxendon Street
London
SW1Y 4EP

COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
DIRECTORS' REPORT

The directors present their report with the financial statements of the company for the period ended 31 March 1998.

On 2 October 1997, the entire share capital of the company was acquired by Comtrex Systsems Corporation, a company incorporated in the United States of America. In accordance with a resolution dated 10 October 1997 the company's name was changed to Comtrex Systems Corporation Limited. The accounting reference date of the company has been amended to 31 March to agree with the parent company.

PRINCIPAL ACTIVITIES

The principal activities of the company in the period under review continued to be that of suppliers of point of sale equipment and related stationery.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £14,236.

In the opinion of the directors, the company was in a satisfactory position at the period end.

DIVIDENDS

No dividends were paid during the period and no recommendation is made as to dividends.

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES

The directors in office in the period and their beneficial interests in the share capital of the company were as follows:

		Number of Shares	
		1998	1997
N D Roberts	Ordinary shares of £1 each	-	2,600
S J Roberts	Ordinary shares of £1 each	-	1,000
S D Roberts	Ordinary shares of £1 each	-	2,400
J C Rice (USA) - appointed 2/10/97		-	-

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue its business.

COMTREX SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES (Contd)

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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

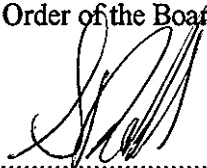
AUDITORS

The auditors, Rothman Pantall & Co will be proposed for re-appointment in accordance with Section 285 of the Companies Act 1985.

Registered Office

2 Gatwick Metro Centre
Balcombe Road
Horley
Surrey
RH6 9GA

By Order of the Board


.....
S D Roberts
Director

Dated: 24-06-98.....

AUDITORS' REPORT TO THE MEMBERS OF
COMTREX SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
FOR THE PERIOD ENDED 31 MARCH

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report, 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 statements and to report our opinion to you.

BASIS OF OPINION

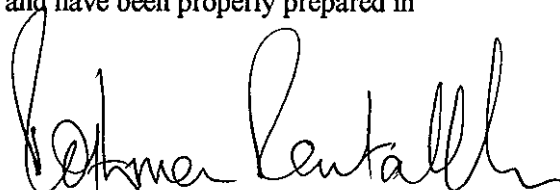
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 as to whether 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 affairs of the company as at 31 March 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Date 24 June 1998



ROTHMAN PANTALL & CO
Chartered Accountants &
Registered Auditors
Clareville House
26/27 Oxendon Street
London SW1Y 4EP

COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 1998

	Note	Nine Months Ended 31 March 1998 £	Year ended 30 June 1997 £
TURNOVER	2	1,668,275	1,882,022
Cost of sales		(1,069,416)	(1,158,129)
		<hr/>	<hr/>
GROSS PROFIT		598,859	723,893
Distribution costs		(76,942)	(71,620)
Administrative expenses		(457,930)	(519,966)
		<hr/>	<hr/>
OPERATING PROFIT	3	63,987	132,307
Interest payable and similar charges	4	(34,580)	(35,164)
Interest receivable		2,076	-
Loss on sale of fixed assets		(2,910)	(15,438)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		28,573	81,705
Tax on profit on ordinary activities	6	(14,337)	(26,253)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL PERIOD		14,236	55,452
Diminution in freehold property values		-	(6,001)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		14,236	49,451
Retained profits brought forward		116,908	67,457
		<hr/>	<hr/>
RETAINED PROFITS CARRIED FORWARD	15	£ 131,144	£ 116,908
		<hr/>	<hr/>

The company had no recognised gains or losses other than the results shown above.

None of the above activities were acquired or discontinued during the period.

The notes on pages 7 to 14 form part of these accounts.

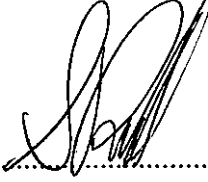
COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)

BALANCE SHEET

AT 31 MARCH 1998

	Note	31 March 1998		30 June 1997	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		301,916		366,982
CURRENT ASSETS					
Stocks	8	226,135		158,533	
Debtors	9	551,076		491,207	
Cash at bank and in hand		1,094		6,214	
		778,305		655,954	
CREDITORS: Amounts falling due within one year	10	(759,761)		(704,523)	
NET CURRENT ASSETS/(LIABILITIES)			18,544		(48,569)
TOTAL ASSETS LESS CURRENT LIABILITIES			320,460		318,413
CREDITORS: Amounts falling due after more than one year	11		(177,095)		(195,505)
PROVISIONS FOR LIABILITIES AND CHARGES	13		(6,221)		-
NET ASSETS			£ 137,144		£ 122,908
CAPITAL AND RESERVES					
Called up share capital	14		6,000		6,000
Profit and loss account			131,144		116,908
TOTAL SHAREHOLDERS' FUNDS	16		£ 137,144		£ 122,908

The Accounts were approved by the Board of Directors on 24th JUNE 1998 and signed on their behalf by:


 Director
 S D Roberts

The notes on pages 7 to 14 form part of these Accounts.

COMTREX SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

1. **STATEMENT OF ACCOUNTING POLICIES**

ACCOUNTING CONVENTION AND BASIS OF PREPARATION

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

DEPRECIATION

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

Freehold property	Over 50 years
Motor vehicles	25% reducing balance
Equipment, fixtures and tools	15% reducing balance

STOCKS

Stock has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Costs include all direct expenditure and an appropriate proportion of fixed and variable overheads.

DEFERRED TAXATION

Provision is made for deferred taxation on the liability basis in respect of all material timing differences.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates 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. Exchange differences are taken into the profit and loss account for the period.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

PENSION COSTS

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

COMTREX SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. **OPERATING PROFIT**

Operating profit is stated after charging:

	1998 £	1997 £
Depreciation of fixed assets	15,741	16,673
Auditors' remuneration	4,500	4,500
Operating lease rentals - plant, machinery and vehicles	73,550	73,518
	<hr/>	<hr/>

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	1998 £	1997 £
On bank loans and overdrafts	14,129	17,129
Factoring interest	17,490	16,314
On overdue tax	134	-
Lease finance charges and hire purchase interest	2,827	1,721
	<hr/>	<hr/>
	£ 34,580	£ 35,164
	<hr/>	<hr/>

COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

5. INFORMATION ON DIRECTORS AND EMPLOYEES

Staff costs, including directors' remuneration were:

	1998 £	1997 £
Wages and salaries	372,069	412,833
Social security costs	36,218	40,785
Other pension costs	18,238	25,572
	<hr/> £ 426,525	<hr/> £ 479,190
Directors' remuneration:	£	£
Emoluments for services as directors, including benefits	71,392	92,959
Pension contributions	11,870	12,593
	<hr/>	<hr/>
Average number of employees:	No	No
Administration and management	6	6
Sales and support services	19	17
	<hr/>	<hr/>
	25	23
	<hr/>	<hr/>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge in the profit and loss account comprises:

	1998 £	1997 £
UK Corporation tax at 21% (1996 - 25%/24%)	8,116	21,638
Underprovision from previous years	-	4,615
Deferred taxation (note 12)	6,221	-
	<hr/> £ 14,337	<hr/> £ 26,253
	<hr/>	<hr/>

COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

7. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Fixtures and Equipment £	Motor Vehicles £	Total £
Cost:				
At 1 July 1997	247,571	181,785	42,556	471,912
Additions	-	2,085	-	2,085
Disposals	(44,000)	(2,189)	(20,990)	(67,179)
Diminution in value				
At 31 March 1998	203,571	181,681	21,566	406,818
Depreciation:				
At 1 July 1997	-	80,225	24,705	104,930
Charge for period	3,054	10,096	2,591	15,741
On disposals	-	(855)	(14,914)	(15,769)
At 31 March 1998	3,054	89,466	12,382	104,902
Net Book Value:				
At 31 March 1998	£ 200,517	£ 92,215	£ 9,184	£ 301,916
At 30 June 1997	£ 247,571	£ 101,560	£ 17,851	£ 366,982

Included above are assets held under finance leases or hire purchase contracts as follows:

	1998 £	1997 £
Net book values:		
Fixtures and fittings	31,890	48,015
Motor vehicles	-	10,688
	£ 31,890	£ 58,703
Depreciation charge for the year:		
Fixtures and fittings	3,840	3,154
Motor vehicles	-	2,172
	£ 3,840	£ 5,326

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired

8. STOCKS

	1998 £	1997 £
Goods for resale	£ 226,135	£ 158,533

COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

9. DEBTORS

	1998 £	1997 £
Trade debtors	81,131	26,471
Factored debts	427,843	423,975
Directors' loans	10,464	-
Other debtors	18,089	18,739
Prepayments and accrued income	13,549	22,022
	<hr/> £ 551,076	<hr/> £ 491,207
	<hr/>	<hr/>

The net amount of factored debts after amounts received on account (see note 10) at 31 March 1998 was £401,899 (1997: £210,136).

The maximum amount outstanding on directors' loans throughout the period was £10,464.

10. CREDITORS: Amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts (secured)	21,981	30,890
Net obligations under finance leases and hire purchase contracts	11,541	17,645
Payments received on account of factoring	25,844	213,839
Trade creditors	144,197	260,504
Amounts owed to parent undertaking	322,496	-
Corporation tax	8,116	21,638
Other taxes and social security costs	50,273	41,970
Accruals and deferred income	175,313	118,037
	<hr/> £ 759,761	<hr/> £ 704,523
	<hr/>	<hr/>

BANK SECURITY

As security for bank loans and overdrafts advanced, the company's bankers hold a legal charge over the freehold properties and a debenture giving a fixed and floating charge over the assets of the company.

11. CREDITORS: Amounts falling due after more than one year

	1998 £	1997 £
Bank loans (secured - note 10)	164,179	174,244
Net obligations under finance leases and hire purchase contracts	12,916	21,261
	<hr/> £ 177,095	<hr/> £ 195,505
	<hr/>	<hr/>

COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

12. BORROWINGS

	1998 £	1997 £
The company's borrowings are repayable as follows:		
Up to one year and on demand	33,523	48,535
Between one and two years	34,425	37,379
Between two and five years	66,417	158,126
After five years	76,252	-
	<hr/> £ 210,617	<hr/> £ 244,040

13. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

The full potential liability for deferred taxation, together with the amount provided was as follows:

	Full Potential Liability		Amount Provided	
	1998 £	1997 £	1998 £	1997 £
Accelerated Capital Allowances	£ 6,221	£ 5,917	£ 6,221	£ -
	<hr/>	<hr/>	<hr/>	<hr/>

In accordance with the requirements of US GAAP, the company has amended its accounting policy to make full provision for deferred tax on all material timing differences. The current period charge against profits of £6,221 includes £5,917 which relates to deferred tax on accumulated timing differences at 30 June 1997.

14. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid:		
6,000 ordinary shares of £1 each	6,000	6,000

COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

15. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Retained profit at 1 July 1997	116,908	67,457
Profit for the year	14,236	55,452
Permanent diminution in freehold property	-	(6,001)
	<hr/>	<hr/>
Retained profits at 31 March 1998	£ 131,144	£ 116,908
	<hr/>	<hr/>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	14,236	55,452
Movement on revaluation of properties	-	(6,001)
	<hr/>	<hr/>
Net movement in shareholders' funds	14,236	49,451
Opening shareholders' funds	122,908	73,457
	<hr/>	<hr/>
Closing shareholders' funds	£ 137,144	£ 122,908
	<hr/>	<hr/>

17. CAPITAL COMMITMENTS

At 31 March 1998 the company had no material capital expenditure commitments (1997 - Nil).

OTHER FINANCIAL COMMITMENTS

The company has annual commitments under operating leases as follows:

	1998 £	1997 £
Leases expiring in:		
Up to one year	8,876	33,220
Between one and two years	25,434	16,897
Between two and five years	51,700	33,362
	<hr/>	<hr/>

18. CONTINGENT LIABILITIES

At 31 March 1998 the company had no material contingent liabilities (1997 - Nil).

COMTrex SYSTEMS CORPORATION LIMITED
(FORMERLY DATA SYSTEMS TERMINALS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 1998

19. **RELATED PARTY DISCLOSURES**

On 2 October 1997, the entire issued share capital of the company was acquired by Comtrex Systems Corporation, a company incorporated in the United States of America and quoted on the Nasdaq Stock Market.

During the period under review, the company purchased goods and services from its parent company at open market value of £540,765. The amount due to the parent company at 31 March 1998, is disclosed in the notes above.