

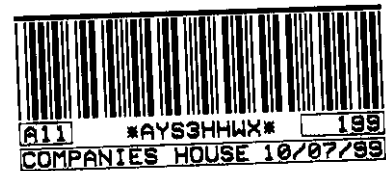
Company No: 01367328

COMTREX SYSTEMS CORPORATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

COMTREX

Clareville House
26/27 Oxendon Street
London
SW1Y 4EP

SBR\MGB\SE\MN\17 June 1999



ROTHMAN PANTALL & CO
Chartered Accountants

COMTREX SYSTEMS CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

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COMTREX SYSTEMS CORPORATION LIMITED
COMPANY INFORMATION
AS AT 31 MARCH 1999

DIRECTORS: N D Roberts
S J Roberts
S D Roberts
J C Rice (USA)

SECRETARY: S J Roberts

REGISTERED NUMBER: 01367328

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

COMTREX SYSTEMS CORPORATION LIMITED
DIRECTORS' REPORT

The directors present their report with the financial statements of the company for the year ended 31 March 1999.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

The net profit for the year after providing for taxation amounted to £75,192, compared with a profit of £14,236 for the nine month comparative period to 31 March 1998.

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

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends (1998 £NIL).

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES

The directors of the company are as follows:

N D Roberts
S J Roberts
S D Roberts
J C Rice (USA)

The company's entire share capital is held by Comtrex Systems Corporation a company incorporated in the United States of America. Director's interests in share capital of the parent company are disclosed in the accounts of that company.

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.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

COMTREX SYSTEMS CORPORATION LIMITED
DIRECTORS' REPORT (Continued)

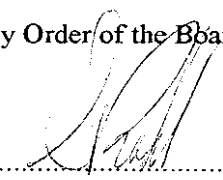
AUDITORS

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 25th JUNE 1999

AUDITORS' REPORT TO THE MEMBERS OF
COMTREX SYSTEMS CORPORATION LIMITED
FOR THE YEAR ENDED 31 MARCH 1999

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

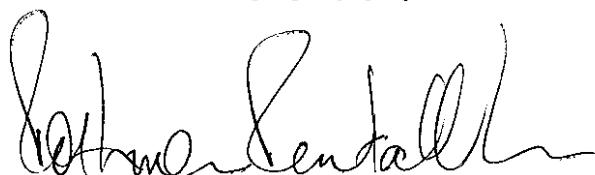
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Date 25 June 1999



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

COMTREX SYSTEMS CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999

	Note	Year Ended 31 March 1999 £	Nine Months Ended 31 March 1998 £
TURNOVER	2	2,239,409	1,668,275
Cost of sales		(1,399,430)	(1,069,416)
		<hr/>	<hr/>
GROSS PROFIT		839,979	598,859
Distribution costs		(75,399)	(76,942)
Administrative expenses		(618,750)	(457,930)
		<hr/>	<hr/>
OPERATING PROFIT	3	145,830	63,987
Interest payable and similar charges	4	(45,992)	(34,580)
Interest receivable		145	2,076
Loss on sale of fixed assets		(2,122)	(2,910)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		97,861	28,573
Tax on profit on ordinary activities	6	(22,669)	(14,337)
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR/PERIOD		75,192	14,236
Retained profits brought forward		131,144	116,908
		<hr/>	<hr/>
RETAINED PROFITS CARRIED FORWARD	15	£ 206,336	£ 131,144
		<hr/>	<hr/>

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

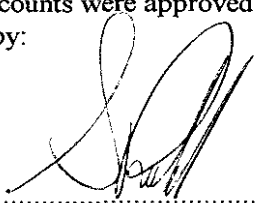
None of the above activities were acquired or discontinued during the period.

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

COMTREX SYSTEMS CORPORATION LIMITED
BALANCE SHEET
AT 31 MARCH 1999

	Note	31 March 1999 £	31 March 1998 £
FIXED ASSETS			
Tangible assets	7	292,161	301,916
CURRENT ASSETS			
Stocks	8	194,493	226,135
Debtors	9	547,375	551,076
Cash at bank and in hand		61,506	1,094
		<hr/>	<hr/>
		803,374	778,305
CREDITORS: Amounts falling due within one year	10	(712,999)	(759,761)
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		90,375	18,544
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		382,536	320,460
CREDITORS: Amounts falling due after more than one year	11	(164,634)	(177,095)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(5,566)	(6,221)
		<hr/>	<hr/>
NET ASSETS		£ 212,336	£ 137,144
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	14	6,000	6,000
Profit and loss account		206,336	131,144
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS	16	£ 212,336	£ 137,144
		<hr/>	<hr/>

The Accounts were approved by the Board of Directors on 25th JUNE 1999 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

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% - 25% reducing balance/straight line

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

2. TURNOVER

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

3. OPERATING PROFIT

Operating profit is stated after charging:

	1999 £	1998 £
Depreciation of fixed assets	29,500	15,741
Auditors' remuneration	4,500	4,500
Operating lease rentals - plant, machinery and vehicles	87,415	73,550
	<u> </u>	<u> </u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
On bank loans and overdrafts	21,723	14,129
Factoring interest	240	17,490
On overdue tax	-	134
Lease finance charges and hire purchase interest	3,102	2,827
Interest on inter company balances	20,927	-
	<u> </u>	<u> </u>
	£ 45,992	£ 34,580
	<u> </u>	<u> </u>

COMTrex SYSTEMS CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

5. INFORMATION ON DIRECTORS AND EMPLOYEES

Staff costs, including directors' remuneration were:

	1999 £	1998 £
Wages and salaries	528,892	372,069
Social security costs	58,673	36,218
Other pension costs	24,611	18,238
	<hr/>	<hr/>
	£ 612,176	£ 426,525
	<hr/>	<hr/>
Directors' remuneration:	£	£
Emoluments for services as directors, including benefits	116,508	71,392
Pension contributions	16,015	11,870
	<hr/>	<hr/>
Average number of employees:	No	No
Administration and management	5	6
Sales and support services	21	19
	<hr/>	<hr/>
	26	25
	<hr/>	<hr/>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge in the profit and loss account comprises:

	1999 £	1998 £
UK Corporation tax at 21% (1998 - 21%)	23,324	8,116
Deferred taxation (note 13)	(655)	6,221
	<hr/>	<hr/>
	£ 22,669	£ 14,337
	<hr/>	<hr/>

COMTrex SYSTEMS CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

7. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Fixtures and Equipment £	Motor Vehicles £	Total £
Cost:				
At 1 April 1998	203,571	181,681	21,566	406,818
Additions	-	17,616	4,850	22,466
Disposals	-	(4,915)	-	(4,915)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	203,571	194,382	26,416	424,369
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 April 1998	3,054	89,466	12,382	104,902
Charge for period	4,071	20,717	4,712	29,500
On disposals	-	(2,194)	-	(2,194)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	7,125	107,989	17,094	132,208
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value:				
At 31 March 1999	£ 196,446	£ 86,393	£ 9,322	£ 292,161
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1998	£ 200,517	£ 92,215	£ 9,184	£ 301,916
	<hr/>	<hr/>	<hr/>	<hr/>

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

	1999 £	1998 £
Net book values:		
Fixtures and equipment	£ 35,004	£ 31,890
	<hr/>	<hr/>
Depreciation charge for the year:		
Fixtures and equipment	£ 7,068	£ 3,840
	<hr/>	<hr/>

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

8. STOCKS

	1999 £	1998 £
Goods for resale	£ 194,493	£ 226,135
	<hr/>	<hr/>

COMTREX SYSTEMS CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

9. DEBTORS

	1999 £	1998 £
Trade debtors	521,911	81,131
Factored debts	-	427,843
Directors' loans	-	10,464
Other debtors	15,930	18,089
Prepayments and accrued income	9,534	13,549
	<hr/>	<hr/>
	£ 547,375	£ 551,076
	<hr/>	<hr/>

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

10. CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts (secured)	22,396	21,981
Net obligations under finance leases and hire purchase contracts	15,875	11,541
Payments received on account of factoring	-	25,844
Trade creditors	130,657	144,197
Amounts owed to parent undertaking	224,838	322,496
Corporation tax	23,327	8,116
Other taxes and social security costs	63,824	50,273
Accruals and deferred income	232,082	175,313
	<hr/>	<hr/>
	£ 712,999	£ 759,761
	<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

	1999 £	1998 £
Bank loans (secured - note 10)	159,738	164,179
Net obligations under finance leases and hire purchase contracts	4,896	12,916
	<hr/>	<hr/>
	£ 164,634	£ 177,095
	<hr/>	<hr/>

COMTrex SYSTEMS CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

12. BORROWINGS

	1999 £	1998 £
The company's borrowings are repayable as follows:		
Up to one year and on demand	38,271	33,522
Between one and two years	25,396	34,426
Between two and five years	69,084	66,417
After five years	70,154	76,252
	<hr/>	<hr/>
	£ 202,905	£ 210,617
	<hr/>	<hr/>

13. PROVISIONS FOR LIABILITIES AND CHARGES**DEFERRED TAXATION**

The full potential liability for deferred taxation provided for in the accounts is as follows:

	1999 £	1998 £
Accelerated Capital Allowances	£ 5,566	£ 6,221
	<hr/>	<hr/>

In accordance with the requirements of US GAAP, the company amended its accounting policy in 1998 to make full provision for deferred tax on all material timing differences. The charge against profits in 1998 includes £5,917 which relates to deferred tax on accumulated timing differences at 30 June 1997.

14. SHARE CAPITAL

	1999 £	1998 £
Authorised:		
10,000 ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
6,000 ordinary shares of £1 each	6,000	6,000
	<hr/>	<hr/>

COMTrex SYSTEMS CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

15. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
Retained profit at 1 April 1998	131,144	116,908
Profit for the period	75,192	14,236
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Retained profits at 31 March 1999	£ 206,336	£ 131,144
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16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the period	75,192	14,236
	<hr/>	<hr/>
Net movement in shareholders' funds	75,192	14,236
Opening shareholders' funds	137,144	122,908
	<hr/>	<hr/>
Closing shareholders' funds	£ 212,336	£ 137,144
	<hr/>	<hr/>

17. CAPITAL COMMITMENTS

At 31 March 1999 the company had no material capital expenditure commitments (1998-£Nil).

OTHER FINANCIAL COMMITMENTS

The company has annual commitments under operating leases as follows:

	1999 £	1998 £
Leases expiring in:		
Up to one year	5,539	8,876
Between one and two years	31,212	25,434
Between two and five years	43,290	51,700
	<hr/>	<hr/>

18. CONTINGENT LIABILITIES

At 31 March 1999 the company had no material contingent liabilities (1998-£Nil).

COMTrex SYSTEMS CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

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 year under review, the company purchased goods and services from its parent company at open market value of £807,082 (1998 £540,765). The amount due to the parent company at the year end, is disclosed in the notes above.