

Company Registration No. 1458176 (England and Wales)

MPSI SYSTEMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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MPSI SYSTEMS LIMITED

COMPANY INFORMATION

Directors	B D Porto R Harper
Secretary	L K Wells
Company number	1458176
Registered office	19B Osprey Court Hawkfield Business Park Whitchurch Bristol BS14 0BB
Auditors	Houghton Stone The Conifers Filton Road Hambrook Bristol BS16 1QG

MPSI SYSTEMS LIMITED

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MPSI SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company continued to be consultancy services and marketing decision support systems

Directors

The following directors have held office since 1 January 2006

B D Porto

R Harper

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £1 each	
	31 December 2006	1 January 2006
B D Porto	-	-
R Harper	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Houghton Stone be reappointed as auditors of the company will be put to the Annual General Meeting

MPSI SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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 in business

The directors are responsible for keeping 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

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice


Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the board


L K Wells
Secretary

MPSI SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MPSI SYSTEMS LIMITED

We have audited the financial statements of MPSI Systems Limited for the year ended 31 December 2006 set out on pages 5 to 11. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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.

MPSI SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF MPSI SYSTEMS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements
-

Houghton Stone

Houghton Stone

10/4/07

Registered Auditor

The Conifers
Filton Road
Hambrook
Bristol
BS16 1QG

MPSI SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

		2006	2005
	Notes	£	£
Turnover	2	953,228	445,783
Cost of sales		(479,806)	(157,711)
Gross profit		473,422	288,072
Administrative expenses		(357,219)	(342,814)
Operating profit/(loss)	3	116,203	(54,742)
Other interest receivable and similar income		1,062	147
Interest payable and similar charges		-	87
Profit/(loss) on ordinary activities before taxation		117,265	(54,508)
Tax on profit/(loss) on ordinary activities	4	(152)	-
Profit/(loss) for the year	10	117,113	(54,508)

MPSI SYSTEMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	5		15,425		11,409
Current assets					
Debtors	6	472,343		413,055	
Cash at bank and in hand		45,067		185	
		<u>517,410</u>		<u>413,240</u>	
Creditors: amounts falling due within one year	7	<u>(62,074)</u>		<u>(71,001)</u>	
Net current assets			455,336		342,239
Total assets less current liabilities			<u>470,761</u>		<u>353,648</u>
Capital and reserves					
Called up share capital	9	4,061,973		4,061,973	
Profit and loss account	10	(3,591,212)		(3,708,325)	
Shareholders' funds			<u>470,761</u>		<u>353,648</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Approved by the Board for issue on 26 MARCH 2007

B D Porto
Director

MPSI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2005)

These accounts have been prepared on a going concern basis. The suitability of this depends upon the continued financial support of the parent undertaking, MPSI Systems Inc

1.2 Turnover

Revenue on survey projects is recognised on a percentage completion basis using sites surveyed as the key variable. The amounts recoverable on the long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvement	Over the term of the lease
Plant and machinery	2 to 5 years
Fixtures, fittings & equipment	2 to 5 years

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with the Financial Reporting Standard for Smaller Entities.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

In the year to 31 December 2006 97.00% (2005 - 95.00%) of the company's turnover was to markets outside the United Kingdom.

3 Operating profit/(loss)	2006 £	2005 £
Operating profit/(loss) is stated after charging		
Depreciation of tangible assets	5,874	1,659
Auditors' remuneration	8,000	8,000

MPSI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

4	Taxation	2006 £	2005 £
	Domestic current year tax		
	U K corporation tax	152	-
	Current tax charge	152	-

The company has estimated losses of £ 3,831,313 (2005 - £ 3,933,403) available for carry forward against future trading profits

The company also has estimated capital losses of £12,488 (2005 - £12,488) available for carry forward against future capital gains

Tax losses of £102,090 were utilised in the year

5	Tangible fixed assets	Leasehold improvement	Plant and machinery etc	Total
		£	£	£
	Cost			
	At 1 January 2006	-	61,369	61,369
	Additions	5,641	4,249	9,890
	Disposals	-	(29,640)	(29,640)
	At 31 December 2006	5,641	35,978	41,619
	Depreciation			
	At 1 January 2006	-	49,960	49,960
	On disposals	-	(29,640)	(29,640)
	Charge for the year	1,917	3,957	5,874
	At 31 December 2006	1,917	24,277	26,194
	Net book value			
	At 31 December 2006	3,724	11,701	15,425
	At 31 December 2005	-	11,409	11,409

MPSI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

6 Debtors	2006 £	2005 £
Trade debtors	247,738	106,812
Amounts owed by group undertakings and undertakings in which the company has a participating interest	211,921	221,356
Amounts recoverable on long term contracts	-	73,194
Other debtors	12,684	11,693
	<u>472,343</u>	<u>413,055</u>

7 Creditors: amounts falling due within one year	2006 £	2005 £
Bank loans and overdrafts	-	9,506
Trade creditors	1,817	2,318
Taxation and social security	7,173	6,821
Other creditors	53,084	52,356
	<u>62,074</u>	<u>71,001</u>

8 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,606 (2005- £9,172). Contributions totalling £851 (2005- £773) were payable to the fund at the year end and are included in creditors.

Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	<u>10,606</u>	<u>9,172</u>

MPSI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

9	Share capital	2006 £	2005 £
	Authorised		
	10,000,000 Ordinary shares of £1 each	10,000,000	10,000,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	4,061,973 Ordinary shares of £1 each	4,061,973	4,061,973
		<u> </u>	<u> </u>

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2006	(3,708,325)
Profit for the year	117,113
	<u> </u>
Balance at 31 December 2006	(3,591,212)
	<u> </u>

11 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007

	2006 £	2005 £
Operating leases which expire		
Within one year	605	2,440
Between two and five years	20,358	18,427
	<u> </u>	<u> </u>
	20,963	20,867
	<u> </u>	<u> </u>

12 Control

The ultimate parent company is MPSI Systems Inc , a company which is incorporated in the USA

MPSI Systems Inc prepares group financial statements and copies can be obtained from - 4343 South 118 East Avenue, Tulsa, Oklahoma 74146, USA

MPSI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2006**

13 Related party transactions

The company has taken advantage of the exemption in the Financial Reporting Standard for Smaller Entities from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company