

02844385 (England and Wales)

DYNAMICAL SYSTEMS RESEARCH LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1999

FINLAY PONTIKIS & ASSOCIATES
(in association with G Finlay FCA)
CHARTERED ACCOUNTANT



DYNAMICAL SYSTEMS RESEARCH LTD
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FOR THE PERIOD ENDED 31ST AUGUST 1999

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DYNAMICAL SYSTEMS RESEARCH LTD

Company Information

Directors	Dr Janko Masic-Flogel Mr Mungo Amyatt-Leir
Secretary	Dr Janko Masic-Flogel
Company Number	02844385 (England and Wales)
Registered Office	325 Bowes Road London N11 1BA
Accountants	Finlay Pontikis & Associates 325 Bowes Road London N11 1BA
Business Address	The Glass Mill 1 Buttersea Bridge Road London, SW11 3BZ
Bankers	HSBC Bank Plc 88 The Broadway Muswell Hill London N10 3RX

DYNAMICAL SYSTEMS RESEARCH LTD

REPORT OF THE DIRECTORS

The directors present their Report and the Financial Statements for the year ended 31st August 1999.

Principal Activities

The principal activity of the company is that of Research and Development of Software and Software Consultancy and Mobile Communication Services.

Dividends

The Directors have recommended that a final dividend of £135680 be paid for the year ended 31st August 1999.

Directors and their Interests

The directors who served during the period and their interests in the shares of the company were as stated below:

	Class of Share	Number of Shares	
		1999	1998
Dr Janko Masic-Flogel	Ordinary shares	15100	17767
Mr Mungo Amyatt-Leir	Ordinary shares	100	100

Directors' Responsibilities

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 as at the end of the financial year 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 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 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.

Year 2000 Issues

The directors are aware of the potential technological and business problems associated with the Year 2000 and taking the necessary steps to identify pitfalls and to mitigate as far as possible their impact on the company's future operation.

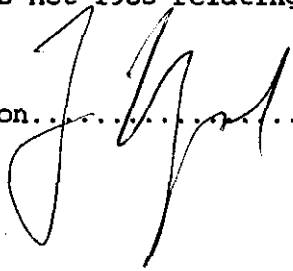
DYNAMICAL SYSTEMS RESEARCH LTD
REPORT OF THE DIRECTORS - CONT'D

Auditors

The auditors, Achilleas Christou FCA, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

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

This report was approved by the Board on.....



Janko Mrsic-Flogel
Director

DYNAMICAL SYSTEMS RESEARCH LTD

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements of pages 5 to 9 which have been prepared under the historical convention and on the basis of accounting policies set out on page 8.

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

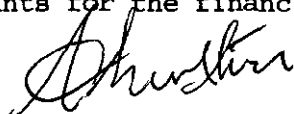
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made 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 31st August 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In our opinion the company is entitled to the exemption conferred by section 24B of the Companies Act 1985 from the requirement to prepare group accounts for the financial year ended 31st August 1999.



Achilleas Christou FCA

325 Bowes Road
London
N11 1BA

Date: -----

DYNAMICAL SYSTEMS RESEARCH LTD
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31ST AUGUST 1999

	Notes	1999 £	1998 £
Turnover		887,115	259,263
Cost of Sales		(26,203)	(10,226)
Gross Profit		860,912	249,037
Administrative Expenses		(563,180)	(240,308)
Operating Profit	2	297,732	8,729
Investment Income and Interest Receivable		1,740	--
Profit (Loss) on ordinary Activities			
Before Taxation		299,472	8,729
Taxation		(61,091)	(1,300)
Profit on Ordinary Activities after Taxation		238,381	7,429
Dividends		135,680	--
Retained Profit For The Year		102,701	7,429

Continuing Operation

None of the company's activities were acquired or discontinued during the above two financial periods.

Total recognised gains and losses

The Company has no recognised gains and losses other than the Profit for the above two financial periods.

DYNAMICAL SYSTEMS RESEARCH LTD
BALANCE SHEET AS AT 31ST AUGUST 1999

	Notes	1999	1998
		£	£
Fixed Assets			
Tangible Assets	3	19,654	9,696
Current Assets			
Debtors		65,663	13,846
Cash at bank		273,999	14,545
Other Debtors		5,184	925
		<u>344,846</u>	<u>29,316</u>
Creditors:			
Amounts falling due within one year	4	(249,108)	(26,321)
Net Current Assets/(Liabilities)		<u>95,738</u>	<u>2,995</u>
Total Assets less Current Liabilities		<u>£ 115,392</u>	<u>£12,691</u>
Capital and Reserves			
Called Up Share Capital	5	320	320
Profit and Loss Account	6	115,072	12,371
Shareholders Funds	7	<u>£ 115,392</u>	<u>£ 12,691</u>

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

Approved by the board of directors on ----- and signed on its behalf by:

.....
 Dr Janko Masic-Flogel
 Director

DYNAMICAL SYSTEMS RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 1999

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

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.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of trade discounts.

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:

Fixtures, fittings and Equipment	-	15% Straight line
-------------------------------------	---	-------------------

1.4 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

2. Operating Loss

	1999	1998
	£	£
Operating loss stated after charging:		
Depreciation of tangible assets	<u>3468</u>	<u>1711</u>

DYNAMICAL SYSTEMS RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST AUGUST 1999 - CONT'D

3. Tangible Assets		Plant and Machinery etc.	
Cost		11,966	
Additions at Cost		13,426	
		<u>-----</u>	
At 31 August 1999		25,392	
		<u>=====</u>	
Depreciation			
Balance Brought Forward		2,270	
Charges for the Year		3,468	
		<u>-----</u>	
At 31 August 1999		5,738	
		<u>=====</u>	
Net Book Value			
At 31st August 1999		19,654	
		<u>=====</u>	
At 31st August 1998		9,696	
		<u>=====</u>	
4. Creditors: Amounts Falling Due Within One Year		1999	1998
Trade Creditors		13,125	--
Deposits in Advance		--	18,575
Directors loan Account		1,315	1,315
Other creditors		35,954	3,700
Corporation Tax		63,034	2,731
Proposed Dividends		135,680	--
		<u>-----</u>	<u>-----</u>
		<u>£ 249,108</u>	<u>£ 26,321</u>
5. Share Capital		1999	1998
Authorised			
100,000 Ordinary Shares of 1P Each		100,000	100,000
		<u>=====</u>	<u>=====</u>
Allotted, called up and Fully Paid			
32,000 Ordinary Shares of 1P Each		32,000	32,000
		<u>=====</u>	<u>=====</u>

DYNAMICAL SYSTEMS RESEARCH LTD
NOTES TO THE FINANCIAL STATEMENTS
AT 31ST AUGUST 1999

6. Profit and Loss Account	1999 £	1998 £
Retained Profit (loss) for the year	102,701	7,429
Accumulated profit B/Fwd	12,371	4,942
	<u>-----</u>	<u>-----</u>
Accumulated Profit (losses) at 31st August 1998	<u>115,072</u>	<u>12,371</u>
7. Reconciliation of Movements in Shareholders' Funds	1999 £	1998 £
Profit (Loss) for the financial year	102,701	7,429
Proceeds of issue of equity shares	--	--
	<u>-----</u>	<u>-----</u>
Shareholders' funds brought forward	102,701	7,429
	12,691	5,262
	<u>-----</u>	<u>-----</u>
Closing shareholders' funds	<u>115,392</u>	<u>12,691</u>

8. Contingent Liabilities

As at 31st August 1999 there were no contingent liabilities.