

**EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER
(IBIS) LIMITED)**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999



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EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

COMPANY INFORMATION

Directors	C H Bainbridge C D Hensher
Secretary	C D Hensher
Company number	3396173
Registered office	33 St Peters Street South Croydon Surrey CR2 7DG
Auditors	Bryden Johnson & Co Kings Parade, Lower Coombe Street Croydon Surrey CR0 1AA

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

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EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1999

The directors present their report and financial statements for the year ended 30 September 1999.

Principal activities and review of the business

The principal activity of the company continued to be that of developing software for exporters.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 October 1998:

F Brown	(Resigned 26 January 1999)
C H Bainbridge	
C D Hensher	
R King	(Resigned 26 January 1999)

Directors' interests

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

	Ordinary shares of £ 1 each	
	30 September 1999	1 October 1998
C H Bainbridge	50	10
C D Hensher	50	10

	Preference shares of £ 1 each	
	30 September 1999	1 October 1998
C H Bainbridge	95,000	-
C D Hensher	95,000	-

Auditors

Bryden Johnson & Co were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1999

Directors' responsibilities

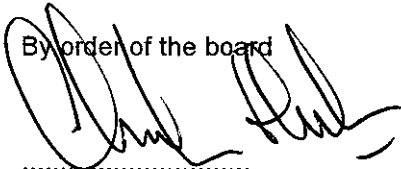
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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 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.

By order of the board



.....

C D Hensher

Director

14/8/00

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

AUDITORS' REPORT

TO THE SHAREHOLDERS OF EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 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.

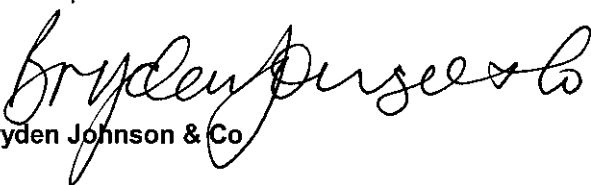
Basis of opinion

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bryden Johnson & Co

Chartered Accountants

Registered Auditor

14 August 2000

Kings Parade, Lower Coombe Street
Croydon
Surrey
CR0 1AA

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1999

		1999	1998
	Notes	£	as restated £
Turnover	2	392,754	433,567
Cost of sales		(33,980)	(66,970)
Gross profit		358,774	366,597
Distribution costs		(30,939)	(14,434)
Administrative expenses		(360,975)	(623,608)
Operating loss	3	(33,140)	(271,445)
Other interest receivable and similar income	4	348	405
Interest payable and similar charges	5	(844)	-
Loss on ordinary activities before taxation		(33,636)	(271,040)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation	13	(33,636)	(271,040)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

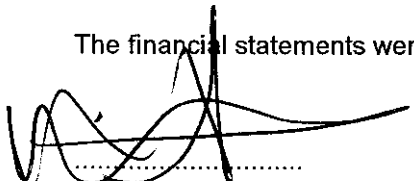
	1999	1998
	£	£
Loss for the financial year	(33,636)	(271,040)
Prior year adjustment	(80,612)	-
Total gains and losses recognised since last financial statements	(114,248)	(271,040)

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

BALANCE SHEET AS AT 30 SEPTEMBER 1999

		1999		1998 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	7		11,625		13,125
Tangible assets	8		34,034		34,255
			<u>45,659</u>		<u>47,380</u>
Current assets					
Debtors	9	183,974		102,569	
Cash at bank and in hand		-		4,373	
		<u>183,974</u>		<u>106,942</u>	
Creditors: amounts falling due within one year	10	(227,884)		(425,262)	
Net current liabilities			<u>(43,910)</u>		<u>(318,320)</u>
Total assets less current liabilities			1,749		(270,940)
Creditors: amounts falling due after more than one year	11		<u>(116,325)</u>		-
			<u>(114,576)</u>		<u>(270,940)</u>
Capital and reserves					
Called up share capital	12		190,100		100
Profit and loss account	13		(304,676)		(271,040)
Shareholders' funds	14		<u>(114,576)</u>		<u>(270,940)</u>
Equity interests			(304,576)		(270,940)
Non-equity interests			190,000		-
			<u>(114,576)</u>		<u>(270,940)</u>

The financial statements were approved by the Board on 14.8.00


C H Bainbridge
Director

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over a period of ten years.

1.5 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:

Plant and machinery	25% Straight Line
Motor vehicles	25% Straight Line

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 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

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

3	Operating loss	1999 £	1998 £
	Operating loss is stated after charging:		
	Amortisation of intangible assets	1,500	1,875
	Depreciation of tangible assets	12,064	11,713
	Auditors' remuneration	3,400	2,800

4	Other interest receivable and similar income	1999 £	1998 £
	Bank interest	348	405

5	Interest payable	1999 £	1998 £
	On bank loans and overdrafts	22	-
	Hire purchase interest	822	-
		844	-

6 Taxation

The company has estimated losses of £101,603 (1998 - £80,612) available for carry forward against future trading profits.

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 1998 & at 30 September 1999	15,000
Amortisation	
At 1 October 1998	1,875
Charge for year	1,500
At 30 September 1999	3,375
Net book value	
At 30 September 1999	11,625
At 30 September 1998	13,125

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 October 1998	27,641	18,327	45,968
Additions	-	16,410	16,410
Disposals	(750)	(7,327)	(8,077)
At 30 September 1999	26,891	27,410	54,301
Depreciation			
At 1 October 1998	7,131	4,582	11,713
On disposals	-	(3,511)	(3,511)
Charge for the year	7,294	4,771	12,065
At 30 September 1999	14,425	5,842	20,267
Net book value			
At 30 September 1999	12,466	21,568	34,034
At 30 September 1998	20,510	13,745	34,255

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

	Motor vehicles £
Net book values	
At 30 September 1999	16,068
At 30 September 1998	6,245
Depreciation charge for the year	
30 September 1999	342
30 September 1998	2,082

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

9 Debtors	1999	1998
	£	£
Trade debtors	176,485	87,696
Other debtors	2,498	3,766
Prepayments and accrued income	4,991	11,107
	<u>183,974</u>	<u>102,569</u>
10 Creditors: amounts falling due within one year	1999	1998
	£	£
Bank loans and overdrafts	10,412	-
Net obligations under finance lease and hire purchase contracts	3,803	3,593
Trade creditors	14,240	17,312
Taxes and social security costs	30,462	9,727
Directors' current accounts	1,173	1,173
Other creditors	41,476	303,276
Accruals and deferred income	126,318	90,181
	<u>227,884</u>	<u>425,262</u>

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

11 Creditors: amounts falling due after more than one year	1999 £	1998 £
Other loans	108,718	-
Net obligations under finance leases and hire purchase agreements	7,607	-
	<u>116,325</u>	<u>-</u>
Analysis of loans		
Wholly repayable within five years	149,836	-
	<u>149,836</u>	<u>-</u>
Included in current liabilities	(41,118)	-
	<u>108,718</u>	<u>-</u>
Loan maturity analysis		
Between one and two years	41,118	-
Between two and five years	67,600	-
	<u></u>	<u></u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	3,803	3,593
Repayable between one and five years	7,607	-
	<u>11,410</u>	<u>3,593</u>
Included in liabilities falling due within one year	(3,803)	(3,593)
	<u>7,607</u>	<u>-</u>

Included in other loans is a loan of £119,836 which is secured in the form of a charge over all intellectual property rights in all software developed by the company either in the past or in the future by way of an assignment until such time as the loan is repaid in full, at which time, the rights would revert to the company.

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

12 Share capital	1999 £	1998 £
Authorised		
10,000 Ordinary shares of £ 1 each	10,000	1,000
190,000 Preference shares of £ 1 each	190,000	-
	<u>200,000</u>	<u>1,000</u>
 Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100
190,000 Preference shares of £ 1 each	190,000	-
	<u>190,100</u>	<u>100</u>

The preference shares hold the right to be paid cumulative fixed net cash dividends in preference to all dividends. Holders have the right to attend and speak at any annual general meeting in respect of the preference shares but not to vote thereat. On a winding up the preference shares, out of any surplus assets of the company remaining after payment of its liabilities, are entitled to be paid any deficiency or accruals of dividends in preference to any other share capital.

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 1998 as previously reported	(190,428)
Prior year adjustment	(80,612)
Balance at 1 October 1998 as restated	(271,040)
Retained loss for the year	(33,636)
Balance at 30 September 1999	<u>(304,676)</u>

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

14 Reconciliation of movements in shareholders' funds	1999 £	1998 £
Loss for the financial year	(33,636)	(271,040)
Proceeds from issue of shares	190,000	-
Net addition to/(depletion in) shareholders' funds	156,364	(271,040)
Opening shareholders' funds	(270,940)	100
Closing shareholders' funds	(114,576)	(270,940)

Opening shareholders' funds were originally £190,328 before deducting prior year adjustments of £80,612.

The prior year adjustment has arisen as a result of a change in the accounting policy for maintenance contracts provided. In prior years revenue in respect of these contracts has been recognised on an invoice basis. This policy changed during the year, such that, revenue for these contracts are now spread over the period of the contract.

15 Directors' emoluments	1999 £	1998 £
Emoluments for qualifying services	74,000	113,670

16 Transactions with directors

Included in other loans are loans of £15,000 each owed to the directors C Hensher and C Bainbridge.

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Technical / Administration	10	11

Employment costs

	£	£
Wages and salaries	248,558	266,034
Social security costs	27,980	27,025
	<u>276,538</u>	<u>293,059</u>

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1999

	1999		1998	
	£	£	£	£
Turnover				
Software sales		92,707		173,797
Training & consultancy		79,647		38,516
Software support		173,146		163,220
Software upgrades		-		20,460
Bespoke software		24,292		27,506
Rental sales		22,962		10,068
		<u>392,754</u>		<u>433,567</u>
Cost of sales				
Software	-		4,537	
Loadsolve software	-		1,920	
Sitpro	3,150		4,775	
Commissions payable	30,126		48,598	
Staff training costs	-		235	
Consumables	229		318	
Carriage inwards and import duty	475		6,587	
		<u>(33,980)</u>		<u>(66,970)</u>
Gross profit	91.35%	358,774	84.55%	366,597
Distribution costs	30,939		14,434	
Administrative expenses	360,975		623,608	
		<u>(391,914)</u>		<u>(638,042)</u>
Operating loss		(33,140)		(271,445)
Other interest receivable and similar income				
Bank interest received		348		405
Interest payable				
Bank interest paid	22		-	
Hire purchase interest paid	822		-	
		<u>(844)</u>		<u>-</u>
Loss before taxation	8.56%	(33,636)	62.51%	(271,040)

EXPORTMASTER SYSTEMS LIMITED (FORMERLY EXPORTMASTER (IBIS) LIMITED)

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 30 SEPTEMBER 1999

	1999 £	1998 £
Distribution costs		
Carriage outwards	-	323
Motor running expenses	30,939	14,111
	<u>30,939</u>	<u>14,434</u>
Administrative expenses		
Wages and salaries (excl. N.I.)	174,558	152,364
Directors' remuneration	74,000	113,670
Employer's N.I. contributions	27,980	27,025
Staff training	907	2,985
Rent re licences and other	16,000	26,092
Rates	5,344	5,310
Management charges	-	179,565
Insurance	2,286	1,739
Light and heat	1,171	1,616
Cleaning	1,153	-
Repairs and maintenance	1,431	1,295
Printing, postage and stationery	5,790	8,796
Advertising	18,558	32,199
Telephone	8,111	7,869
Hire of equipment	1,836	-
Travelling expenses	10,688	16,982
Entertaining - non allowable	264	-
Legal and prof fees - allowable	5,889	12,864
Accountancy	-	700
Audit fees	3,400	2,800
Bank charges	282	75
Credit card charges	58	-
Bad and doubtful debts	(12,427)	12,230
Profit/loss on foreign currency	9	-
Staff welfare	122	-
Sundry expenses - allowable	1,005	2,399
Subscriptions - allowable	180	1,471
Depreciation on intangible assets	1,500	1,875
Depreciation on plant and machinery	7,293	7,131
Depreciation on motor vehicles	4,771	4,582
Profits/losses on disp of tangibles	(1,184)	(26)
	<u>360,975</u>	<u>623,608</u>