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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549  
-----

FORM 8-K/A

AMENDMENT NO. 1

TO

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

-----  
October 15, 1999 (August 13, 1999)  
-----

Date of Report (Date of earliest event reported)

NetSol International, Inc.  
-----

(Exact name of registrant as specified in its charter)

Nevada  
-----

(State or other jurisdiction of incorporation)

333-28861

95-4627685

-----  
(Commission File Number)

-----  
(IRS Employer Identification No.)

233 Wilshire Boulevard, Suite 350, Santa Monica, CA 90401  
-----

(310) 395-4073  
-----

(Address of principal executive offices)

Not Applicable  
-----

(Former name or former address, if changed since last report)

NetSol International, Inc., hereby files this Amendment No. 1 to its Current Report on Form 8-K, filed with the Commission on August 17, 1999, to submit the financial information required to be set forth in Item 7(a), which information is attached hereto as Exhibits 99.1, 99.2 and 99.3.

ITEM 7. Financial Statements and Exhibits

(a) The financial statements required to be set forth herein are attached hereto as Exhibit 99.1, 99.2 and 99.3 and incorporated herein by reference.

(c) Exhibits

99.1 Audited Financial Statements of Network Solutions Group Limited for the fiscal year ended January 31, 1999.

99.2 Audited Financial Statements of Network Solutions (Northern) Limited for the fiscal year ended January 31, 1999.

99.3 Audited Financial Statements of Network Solutions Limited for the fiscal year ended January 31, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: October 14, 1999

NetSol International, Inc.

By: /s/ Najeeb Ghauri

-----  
Najeeb Ghauri

Its: President

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

EXHIBIT TO

FORM 8-K/A

AMENDMENT NO. 1 TO

CURRENT REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

-----  
NetSol International, Inc.  
-----

October 14, 1999

INDEX TO EXHIBITS

<TABLE>

<CAPTION>

Exhibit Number	Description
-----	-----
<C>	<S>
99.1	Audited Financial Statements of Network Solutions Group Limited for the fiscal year ended January 31, 1999.
99.2	Audited Financial Statements of Network Solutions (Northern) Limited for the fiscal year ended January 31, 1999.
99.3	Audited Financial Statements of Network Solutions Limited for the fiscal year ended January 31, 1999.

</TABLE>

NETWORK SOLUTIONS GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st JANUARY 1999

ASHFORD READ  
Chartered Accountants & Registered Auditors  
40 Alexandra Road  
Freemantle  
Southampton  
Hampshire  
SO15 5DG

NETWORK SOLUTIONS GROUP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

<TABLE>

<CAPTION>

CONTENTS

<S>

Officers and professional advisers

PAGES

<C>

1

The directors' report

2 to 3

Auditors' report to the shareholders

4

Profit and loss account

5

Balance sheet

6

Notes to the financial statements

7 to 9

THE FOLLOWING PAGES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

Detailed profit and loss account

11

Notes to the detailed profit and loss account

12

</TABLE>

NETWORK SOLUTIONS GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

<TABLE>

<S>

THE BOARD OF DIRECTORS

<C>

Mr A. P. Cowler

Mr W. Bridgen

Mr S. Sutton

COMPANY SECRETARY

Mr A. P. Cowler

REGISTERED OFFICE

12 Acorn Business Centre

Northharbour Road  
Cosham  
Portsmouth  
Hampshire  
PO6 3TH

AUDITORS

Ashford Read  
Chartered Accountants  
& Registered Auditors  
40 Alexandra Road  
Freemantle  
Southampton  
Hampshire  
SO15 5DG

BANKERS

Barclays Bank Plc  
Soho Square Business Centre  
8-9 Hanover Square  
London  
W1A 4ZW

SOLICITORS

Gurney-Champion & Co  
12 Edinburgh Road  
Portsmouth  
Hampshire  
PO1 1DJ

</TABLE>

-1-

NETWORK SOLUTIONS GROUP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st JANUARY 1999

The directors present their report and the financial statements of the company for the year ended 31st January 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

<TABLE>  
<CAPTION>

		ORDINARY SHARES OF L1 EACH	
		AT 31 JANUARY 1999	AT 1 FEBRUARY 1998 OR LATER DATE OF APPOINTMENT
<S>	<C>	<C>	<C>
Mr A. P. Cowler		78	40
Mr W. Bridgen		-	10
Mr S. Sutton		-	10
Mr J. C. Beckett	(Appointed 2 June 1998)	22	-
Mr I. C. Cocks	(Retired 2 June 1998)	-	40
		-----	-----

</TABLE>

Mr A. P. Cowler's beneficial interest arises from his position as a Trustee of the Surrey Design Partnership Limited Pension Scheme.

Mr J. C. Beckett's beneficial interest arises from his position as a Trustee of the J Beckett Funded Unapproved Retirement Benefit Scheme.

Mr J. C. Beckett resigned as a director of Network Solutions Group Limited,

*Network Solutions Limited and Network Solutions (Northern) Limited on 9th July 1999.*

*On 9th July 1999 the 22 shares held by the J. Beckett FURBS were transferred to the Surrey Design Partnership Limited Pension Scheme.*

#### *YEAR 2000 ISSUES*

*The directors have considered the risks and uncertainties associated with the year 2000 problem. During the year the companies within the group have taken steps to ensure that their internal computer systems are millennium compliant.*

*The directors have also assessed the possibility of year 2000 related failures in significant suppliers, all of whom have indicated that they are already dealing with the problem. Whilst it is impossible to guarantee that no year 2000 problems will remain, the directors are confident that the companies within the group will be able to deal promptly with any failures that may occur.*

#### *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 at the end of the year and of the profit or loss for the year then ended.*

*-2-*

#### *NETWORK SOLUTIONS GROUP LIMITED*

#### *THE DIRECTORS' REPORT (CONTINUED)*

*YEAR ENDED 31st JANUARY 1999*

#### *DIRECTORS' RESPONSIBILITIES (CONTINUED)*

*In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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*

*A resolution to re-appoint Ashford Read as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.*

#### *SMALL COMPANY PROVISIONS*

*This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.*

*Registered office:  
12 Acorn Business Centre  
Northarbour Road  
Cosham  
Portsmouth  
Hampshire  
PO6 3TH*

*Signed by order of the directors*

*/s/ A. P. Cowler*

*MR A. P. COWLER  
Company Secretary*

Approved by the directors on 12 August 1999

-3-

NETWORK SOLUTIONS GROUP LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31st JANUARY 1999

We have audited the financial statements on pages 5 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, the company's directors are responsible for the preparation of the 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 company's state of affairs as at 31st January 1999 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

/s/ Ashford Read

40 Alexandra Road  
Freemantle  
Southampton  
Hampshire  
SO15 5DG

Chartered Accountants  
& Registered Auditors

12 AUG 1999

-4-

NETWORK SOLUTIONS GROUP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st JANUARY 1999

<TABLE>

<CAPTION>

Note

1999

1998

		L	L
<S>	<C>	<C>	<C>
TURNOVER		-	-
Administrative expenses		(697)	(560)
		-----	-----
OPERATING LOSS	3	(697)	(560)
Tax on loss on ordinary activities		-	-
		-----	-----
LOSS FOR THE FINANCIAL YEAR		(697)	(560)
Balance brought forward		(560)	-
		-----	-----
Balance carried forward		(1,257)	(560)
		-----	-----

</TABLE>

The notes on pages 7 to 9 form part of these financial statements.

-5-

NETWORK SOLUTIONS GROUP LIMITED

BALANCE SHEET

31st JANUARY 1999

<TABLE>

<CAPTION>

	Note	1999		1998	
<S>	<C>	L	L	L	L
		<C>	<C>	<C>	<C>
FIXED ASSETS					
Investments	4		10,100		10,100
CREDITORS: Amounts falling due within one year	5		(11,257)		(10,560)
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,157)		(460)
			-----		-----
CAPITAL AND RESERVES					
Called-up equity share capital	9		100		100
Profit and loss account			(1,257)		(560)
			-----		-----
DEFICIENCY			(1,157)		(460)
			-----		-----

</TABLE>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

These financial statements were approved by the directors on the 12 AUGUST 1999, and are signed on their behalf by:

/s/ A. P. Cowler

-----  
MR A. P. COWLER

NETWORK SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

1. ACCOUNTING POLICIES

**BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

**CONSOLIDATION**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

**DEFERRED TAXATION**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. GOING CONCERN

At the balance sheet date the combined liabilities of the group exceeded its assets by L242,750. The day to day operation of the group is dependent upon support from its directors, associated companies, bankers and trade creditors. The support of the directors and associated companies has been confirmed for the foreseeable future. Subsequent to the year end increased banking facilities have been arranged by the principal trading subsidiary and significant measures have been taken to ensure improved management control and trading performance. These steps, together with the assumed continued support of the trade creditors, provide the directors with the opinion that it is appropriate to prepare the financial statements on the going concern basis.

3. OPERATING LOSS

Operating loss is stated after charging:

<TABLE>

<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
Directors' emoluments	-	-
Auditors' fees	650	550
	-----	-----

</TABLE>

4. INVESTMENTS

<TABLE>

<CAPTION>

	L
<S>	<C>
COST	
At 1st February 1998 and 31st January 1999	10,100
	-----
NET BOOK VALUE	
At 31st January 1999	10,100
	-----
	-----

At 31st January 1998

10,100  
-----  
-----

</TABLE>

-7-

NETWORK SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

4. INVESTMENTS (CONTINUED)

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

The company has investments at par in two subsidiary companies as follows:

NETWORK SOLUTIONS LIMITED (company number 3134838)

100 ordinary shares of L1 each (100%); Nil ordinary "A" shares of L1 each (0%)

Capital and reserves deficiency at balance sheet date: L212,745

Retained loss for the year: L173,415

NETWORK SOLUTIONS (NORTHERN) LIMITED (company number 3294807)

10,000 ordinary shares of L1 each (100%)

Capital and reserves deficiency at balance sheet date: L28,848

Retained profit for the year: L10,988

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<TABLE>

<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
Bank loans and overdrafts	44	2
Amounts owned to group undertakings	563	8
Other creditors including:		
Other creditors	10,000	10,000
Accruals and deferred income	650	550
	-----	-----
	11,257	10,560
	-----	-----

</TABLE>

6. CONTINGENCIES

A subsidiary, Network Solutions Limited, paid interim dividends of L35,600 (1998 - L42,000) to the holders of the Ordinary "A" shares in excess of distributable reserves. In the event of a winding up these dividends would be repayable to the subsidiary.

Full details of this matter are disclosed within the financial statements of Network Solutions Limited.

7. TRANSACTIONS WITH THE DIRECTORS

Two directors had overdrawn loan accounts with Network Solutions Limited at the balance sheet date. The closing balances (and maximum amount

outstanding during the year) were as follows: Mr W. Bridgen L7,326 (L7,326); and Mr. S. Sutton L3,383 (L3,383).

-8-

NETWORK SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY, 1999

8. RELATED PARTY TRANSACTIONS

The company was under the control of the directors (Mr. A. P. Cowler, Mr. W. Bridgen, Mr. S. Sutton and Mr. J. C. Beckett) throughout the year. The four directors are also the sole directors of both subsidiary companies, Network Solutions Limited and Network Solutions (Northern) Limited.

At the balance sheet date L563 (1998 - L8) was owed by the company to Network Solutions Limited.

Mr. A. P. Cowler is a director of and has a controlling interest in The Surrey Design Partnership Limited. At the balance sheet date the company owed L10,000 (1998 - L10,000) to The Surrey Design Partnership Limited. This amount is shown under "Creditors: amounts falling due within one year".

Detailed disclosure of all related party transactions are made in the individual financial statements of each subsidiary.

9. SHARE CAPITAL

<TABLE>

<CAPTION>

AUTHORISED SHARE CAPITAL:

	1999	1998
<S>	<C>	<C>
	L	L
10,000 Ordinary shares of L1 each	100,000	100,000
	-----	-----
	-----	-----

<CAPTION>

ALLOTTED, CALLED UP AND FULLY PAID:

	1999	1998
<S>	<C>	<C>
	L	L
Ordinary share capital	100	100
	-----	-----
	-----	-----

</TABLE>

-9-

NETWORK SOLUTIONS GROUP LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31st JANUARY 1999

The following pages do not form part of the statutory financial statements which are the subject of the auditors' report on page 4.

NETWORK SOLUTIONS GROUP LIMITED  
DETAILED PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31st JANUARY 1999

<TABLE>  
<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
TURNOVER	-	-
OVERHEADS		
Administrative expenses	697	560
	-----	-----
LOSS ON ORDINARY ACTIVITIES	(697)	(560)
	-----	-----

</TABLE>

NETWORK SOLUTIONS GROUP LIMITED  
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31st JANUARY 1999

<TABLE>  
<CAPTION>

	1999		1998	
	L	L	L	L
ADMINISTRATIVE EXPENSES				
<S>	<C>	<C>	<C>	<C>
GENERAL EXPENSES:				
Sundry expenses	15		-	
Auditors remuneration	650		550	
	-----		-----	
		665		550
FINANCIAL COSTS:				
Bank charges		32		10
		-----		-----
		697		560
		-----		-----

</TABLE>

NETWORK SOLUTIONS (NORTHERN) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st JANUARY 1999

ASHFORD READ  
Chartered Accountants & Registered Auditors  
40 Alexandra Road  
Freemantle  
Southampton  
Hampshire  
SO15 5DG

NETWORK SOLUTIONS (NORTHERN) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

<TABLE>

<CAPTION>

CONTENTS

<S>

Officers and professional advisers

PAGES

<C>

1

The directors' report

2 to 3

Auditors' report to the shareholders

4

Profit and loss account

5

Balance sheet

6

Notes to the financial statements

7 to 10

THE FOLLOWING PAGES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

Detailed profit and loss account

12

Notes to the detailed profit and loss account

13

</TABLE>

NETWORK SOLUTIONS (NORTHERN) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

<TABLE>

<S>

THE BOARD OF DIRECTORS

<C>

Mr A.P. Cowler

Mr W. Bridgen

Mr S. Sutton

COMPANY SECRETARY

Mr A.P. Cowler

REGISTERED OFFICE

12 Acorn Business Centre

Northharbour Road  
Cosham  
Portsmouth  
Hampshire  
PO6 3TH

**AUDITORS**

Ashford Read  
Chartered Accountants  
& Registered Auditors  
40 Alexandra Road  
Freemantle  
Southampton  
Hampshire  
SO15 5DG

**BANKERS**

Barclays Bank Plc  
Soho Square Business Centre  
8-9 Hanover Square  
London  
W1A 4ZW

**SOLICITORS**

Gurney-Champion & Co  
12 Edinburgh Road  
Portsmouth  
Hampshire  
PO1 1DJ

</TABLE>

-1-

**NETWORK SOLUTIONS (NORTHERN) LIMITED**

**THE DIRECTORS' REPORT**

**YEAR ENDED 31st JANUARY 1999**

The directors present their report and the financial statements of the company for the year ended 31st January 1999.

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was computer network installations.

**THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company during the year were as follows:

Mr A.P. Cowler	
Mr W. Bridgen	
Mr S. Sutton	
Mr J.C. Beckett	(Appointed 2 Jun 98)
Mr I.C. Cocks	(Retired 2 Jun 98)

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the accounts of the parent company.

Mr J. C. Beckett resigned as a director of Network Solutions Group Limited, Network Solutions Limited and Network Solutions (Northern) Limited on 9th July 1999.

**YEAR 2000 ISSUES**

The directors have considered the risks and uncertainties associated with the year 2000 problem. During the year the company has taken steps to ensure that its internal computer systems are millennium compliant.

The directors have also assessed the possibility of year 2000 related failures in significant suppliers, all of whom have indicated that they are already dealing with the problem. Whilst it is impossible to guarantee that no year 2000 problems will remain, the directors are confident that the

company will be able to deal promptly with any failures that may occur.

#### 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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

-2-

#### NETWORK SOLUTIONS (NORTHERN) LIMITED

##### THE DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31st JANUARY 1999

#### AUDITORS

A resolution to re-appoint Ashford Read as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

#### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
12 Acorn Business Centre  
Northharbour Road  
Cosham  
Portsmouth  
Hampshire  
PO6 3TH

Signed by order of the directors

/s/ A. P. Cowler

MR A. P. COWLER  
Company Secretary

Approved by the directors on 12 AUG 1999

-3-

#### NETWORK SOLUTIONS (NORTHERN) LIMITED

##### AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31st JANUARY 1999

We have audited the financial statements on pages 5 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the 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 company's state of affairs as at 31st January 1999 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

/s/ Ashford Read

40 Alexandra Road  
Freemantle  
Southampton  
Hampshire  
SO15 5DG

Chartered Accountants  
& Registered Auditors

12 AUG 1999

-4-

NETWORK SOLUTIONS (NORTHERN) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st JANUARY 1999

<TABLE>

<CAPTION>

	Note	1999 L	1998 L
<S>	<C>	<C>	<C>
TURNOVER		681,504	546,049
Cost of sales		(551,023)	(443,831)
GROSS PROFIT		130,481	102,218
Distribution costs		(13,006)	(21,486)
Administrative expenses		(104,231)	(130,453)
Other operating income		344	-
OPERATING PROFIT/(LOSS)	3	13,588	(49,721)
Interest payable and similar charges		(2,600)	(115)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES		10,998	(49,836)

BEFORE TAXATION

Tax on profit/(loss) on ordinary activities	-	-
	-----	-----
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	10,988	(49,836)
Balance brought forward	(49,836)	-
	-----	-----
Balance carried forward	(38,848)	(49,836)
	-----	-----

</TABLE>

The notes on pages 7 to 10 form part of these financial statements.

-5-

NETWORK SOLUTIONS (NORTHERN) LIMITED

BALANCE SHEET

31st JANUARY 1999

<TABLE>

<CAPTION>

	Note	1999		1999	
		L	L	L	L
<S>	<C>	<C>	<C>	<C>	<C>
<b>FIXED ASSETS</b>					
Tangible assets	4		3,711		5,725
<b>CURRENT ASSETS</b>					
Stocks		-		2,364	
Debtors	5	100,705		133,666	
Cash at bank and in hand		82		-	
		-----		-----	
<b>CREDITORS: Amounts falling due within one year</b>	6	(133,346)		(181,591)	
		-----		-----	
<b>NET CURRENT LIABILITIES</b>			(32,559)		(45,561)
			-----		-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(28,848)		(39,836)
			-----		-----
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	9		10,000		10,000
Profit and loss account			(38,848)		(49,836)
			-----		-----
<b>DEFICIENCY</b>			(28,848)		(39,836)
			-----		-----

</TABLE>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

These financial statements were approved by the directors on the 12 AUGUST 1999, and are signed on their behalf by:

/s/ A.P. Cowler

-----

The notes on pages 7 to 10 form part of these financial statements.

-6-

NETWORK SOLUTIONS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

1. ACCOUNTING POLICIES

**BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

**TURNOVER**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**DEPRECIATION**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

<TABLE>

<S>	<C>
Fixtures & Fittings	- 15% reducing balance basis
Equipment	- 33% reducing balance basis

</TABLE>

**STOCKS**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**OPERATING LEASE AGREEMENTS**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

**DEFERRED TAXATION**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. GOING CONCERN

At the balance sheet date the company's liabilities exceeded its assets by L28,848. The day to day operation of the company is dependent upon support from its directors, associated companies, bankers and trade creditors. The support of the directors and associated companies has been confirmed for the foreseeable future. Subsequent to the year end the company has taken significant measures to ensure improved management control and trading performance. These steps, together with the assumed continued support of the company's bankers and trade creditors, provide the directors with the opinion that it is appropriate to prepare the financial statements on the going concern basis.

-7-

NETWORK SOLUTIONS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

3. OPERATING PROFIT/LOSS

Operating profit/(loss) is stated after charging/(crediting):

<TABLE>

<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
Directors' emoluments	-	-
Depreciation	1,380	1,011
Profit on disposal of fixed assets	(344)	-
Auditors' fees	1,200	1,050
	-----	-----
	-----	-----

</TABLE>

4. TANGIBLE FIXED ASSETS

<TABLE>

<CAPTION>

	FIXTURES & FITTINGS	EQUIPMENT	TOTAL
	L	L	L
<S>	<C>	<C>	<C>
<b>COST</b>			
At 1st February 1998	1,025	5,711	6,736
Additions	795	3,425	4,220
Disposals	-	(5,711)	(5,711)
	-----	-----	-----
At 31st January 1999	1,820	3,425	5,245
	-----	-----	-----
	-----	-----	-----
<b>DEPRECIATION</b>			
At 1st February 1998	154	857	1,011
Charge for the year	250	1,130	1,380
On disposals	-	(857)	(857)
	-----	-----	-----
At 31st January 1999	404	1,130	1,534
	-----	-----	-----
	-----	-----	-----
<b>NET BOOK VALUE</b>			
At 31st January 1999	1,416	2,295	3,711
	-----	-----	-----
	-----	-----	-----
At 31st January 1998	871	4,854	5,725
	-----	-----	-----
	-----	-----	-----

</TABLE>

5. DEBTORS

<TABLE>

<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
Trade debtors	92,238	-
Other debtors	1,375	1,375
Prepayments and accrued income	7,092	2,380
	-----	-----
	100,705	135,666
	-----	-----
	-----	-----

</TABLE>

NETWORK SOLUTIONS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

6. CREDITORS: Amounts falling due within one year

<TABLE>

<CAPTION>

<S>	1999		1998	
	L	L	L	L
<C>	<C>	<C>	<C>	<C>
Bank loans and overdrafts		3,506		8,158
Trade creditors		50,135		110,916
Amounts owed to group undertakings		69,364		38,501
Other creditors including:				
PAYE and social security	3,696		10,844	
VAT	3,390		5,688	
	-----		-----	
		7,086		16,532
Accruals and deferred income		3,255		7,484
	-----		-----	
	133,346		181,591	
	-----		-----	

</TABLE>

7. COMMITMENTS UNDER OPERATING LEASES

At 31st January 1999 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

<TABLE>

<CAPTION>

<S>	1999	1998
	L	L
<C>	<C>	<C>
Operating leases which expire:		
Within 1 year	12,116	5,500
Within 2 to 5 years	5,083	10,925
	-----	-----
	17,199	16,425
	-----	-----

</TABLE>

8. RELATED PARTY TRANSACTIONS

The company was under the control of the directors (Mr. A. P. Cowler, Mr. W. Bridgen, Mr. S. Sutton and Mr. J. C. Beckett) and Network Solutions Group Limited throughout the year. The four directors are also the sole directors of Network Solutions Group Limited as well as Network Solutions Limited.

During the year the company purchased goods and services from Network Solutions Limited amounting to L130,161 (1998 - L1,890). During the year the company also sold goods and services to Network Solutions Limited amounting to L640 (1998 - L291). At the balance sheet date the company owed Network Solutions Limited L69,364 (1998 - L38,509).

Mr. A. P. Cowler is a director of and has a controlling interest in The Surrey Design Partnership Limited. During the year the company made sales to The Surrey Design Partnership Limited of LNil (1998 - L530). There were no trading balances outstanding between the companies at the balance sheet date.

Mr. I. C. Cocks has a controlling interest in Taylor Cocks (formerly Cocks & Co.). During the year the company acquired services from Taylor Cocks amounting to Lnil (1998 - L10,252). During the year the company

also sold goods to Taylor Cocks amounting to Lnil (1998 - L2,423).  
There were no trading balances outstanding between the companies at the  
balance sheet date.

-9-

NETWORK SOLUTIONS (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

9. SHARE CAPITAL

<TABLE>

<CAPTION>

AUTHORISED SHARE CAPITAL:

	1999	1998
	L	L
<S>	<C>	<C>
100,000 Ordinary shares of L1 each	100,000	100,000
	-----	-----
	-----	-----
ALLOTTED, CALLED UP AND FULLY PAID:		
	1999	1998
	L	L
Ordinary share capital brought forward	10,000	-
Issue of ordinary shares	-	10,000
	-----	-----
	10,000	10,000
	-----	-----
	-----	-----

</TABLE>

10. ULTIMATE PARENT COMPANY

The ultimate parent company is Network Solutions Group Limited - a  
company incorporated within the UK.

-10-

NETWORK SOLUTIONS (NORTHERN) LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31st JANUARY 1999

THE FOLLOWING PAGES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS  
WHICH ARE THE SUBJECT OF THE AUDITORS' REPORT ON PAGE 4.

-11-

NETWORK SOLUTIONS (NORTHERN) LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st JANUARY 1999

<TABLE>  
<CAPTION>

	1999		1998	
<S>	L <C>	L <C>	L <C>	L <C>
TURNOVER		681,504		546,049
<b>COST OF SALES</b>				
Opening WIP	2,364		-	
Purchases	486,835		396,512	
Direct wages	61,824		49,683	
	-----		-----	
Closing WIP	551,023		446,195	
	-		(2,364)	
	-----		-----	
		551,023		443,831
		-----		-----
<b>GROSS PROFIT</b>		130,481		102,218
<b>OVERHEADS</b>				
Distribution costs	13,006		21,486	
Administrative expenses	104,231		130,453	
	-----		-----	
		(117,237)		(151,939)
		-----		-----
		13,244		(49,721)
<b>OTHER OPERATING INCOME</b>				
Profit on disposal of fixed assets		344		-
		-----		-----
<b>OPERATING PROFIT/(LOSS)</b>		13,588		(49,721)
Interest payable and similar charges		(2,600)		(115)
		-----		-----
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>		10,988		(49,836)
		-----		-----

</TABLE>

-12-

NETWORK SOLUTIONS (NORTHERN) LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st JANUARY 1999

<TABLE>  
<CAPTION>

	1999		1998	
<S>	L <C>	L <C>	L <C>	L <C>
<b>DISTRIBUTION COSTS</b>				
Freight and carriage		307		528
Vehicle hire		12,699		20,958
		-----		-----
		13,006		21,486
		-----		-----
<b>ADMINISTRATIVE EXPENSES</b>				
<b>PERSONNEL COSTS:</b>				
Administrative staff salaries		42,365		84,422
<b>ESTABLISHMENT EXPENSES:</b>				
Rent and services	5,467		6,591	
Rates and water	1,650		2,974	
Insurance	526		393	
Repairs and maintenance	224		369	
	-----		-----	
		7,867		10,327

*GENERAL EXPENSES:*

<i>Motor expenses</i>	5,574	5,703
<i>Travel and subsistence</i>	629	1,189
<i>Telephone</i>	6,975	10,765
<i>Printing, postage, stationery and advertising</i>	978	1,830
<i>Management services charge</i>	20,000	-
<i>Staff recruitment</i>	936	-
<i>Sundry expenses</i>	75	596
<i>Entertaining</i>	267	824
<i>Legal and professional fees</i>	125	1,714
<i>Accountancy fees</i>	5,959	10,598
<i>Auditors remuneration</i>	1,200	1,050
<i>Depreciation</i>	1,380	1,011
	-----	-----
	44,098	35,280

*FINANCIAL COSTS:*

<i>Bad debts written off</i>	8,256	-
<i>Bank charges</i>	1,645	424
	-----	-----
	9,901	424
	-----	-----
	104,231	130,453
	-----	-----

*INTEREST PAYABLE AND SIMILAR CHARGES*

<i>Bank interest payable</i>	175	75
<i>Interest on overdue tax</i>	2,425	40
	-----	-----
	2,600	115
	-----	-----

</TABLE>

NETWORK SOLUTIONS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st JANUARY 1999

ASHFORD READ  
Chartered Accountants & Registered Auditors  
40 Alexandra Road  
Freemantle  
Southampton  
Hampshire  
SO15 5DG

NETWORK SOLUTIONS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

<TABLE>  
<CAPTION>

CONTENTS	PAGES
<S> Officers and professional advisers	1
The directors' report	2 to 3
Auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 14

THE FOLLOWING PAGES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

Detailed profit and loss account	16
Notes to the detailed profit and loss account	17 to 18

</TABLE>

NETWORK SOLUTIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

<TABLE>	<C>
<S>	
THE BOARD OF DIRECTORS	Mr A.P. Cowler Mr W. Bridgen Mr S.P. Sutton
COMPANY SECRETARY	Mr A.P. Cowler
REGISTERED OFFICE	104 Mytchett Road Mytchett Camberley Surrey GU16 6ET
AUDITORS	Ashford Read

Chartered Accountants  
& Registered Auditors  
40 Alexandra Road  
Freemantle  
Southampton  
Hampshire  
SO15 5DG

**BANKERS**

Barclays Bank Plc  
Soho Square Business Centre  
8-9 Hanover Square  
London  
W1A 4ZW

**SOLICITORS**

Gurney-Champion & Co  
12 Edinburgh Road  
Portsmouth  
Hampshire  
PO1 1DJ

</TABLE>

-1-

**NETWORK SOLUTIONS LIMITED**

**THE DIRECTORS' REPORT**

**YEAR ENDED 31st JANUARY 1999**

The directors present their report and the financial statements of the company for the year ended 31st January 1999.

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was computer network installations.

**THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company during the year were as follows:

Mr A.P. Cowler	
Mr W. Bridgen	
Mr S.P. Sutton	
Mr J.C. Beckett	(Appointed 2 Jun 98)
Mr I.C. Cocks	(Retired 2 Jun 98)

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the accounts of the parent company.

Mr J. C. Beckett resigned as a director of Network Solutions Group Limited, Network Solutions Limited and Network Solutions (Northern) Limited on 9th July 1999.

**YEAR 2000 ISSUES**

The directors have considered the risks and uncertainties associated with the year 2000 problem. During the year the company has taken steps to ensure that its internal computer systems are millennium compliant.

The directors have also assessed the possibility of year 2000 related failures in significant suppliers, all of whom have indicated that they are already dealing with the problem. Whilst it is impossible to guarantee that no year 2000 problems will remain, the directors are confident that the company will be able to deal promptly with any failures that may occur.

**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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a

consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

-2-

NETWORK SOLUTIONS LIMITED

THE DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31st JANUARY 1999

DIRECTORS' RESPONSIBILITIES (CONTINUED)

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. The directors 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

A resolution to re-appoint Ashford Read as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered Office:  
104 Mytchett Road  
Mytchett  
Camberley  
Surrey  
GU16 6ET

Signed by order of the directors

/s/ A.P. Cowler  
MR A.P. COWLER  
Company Secretary

Approved by the directors on 12 AUGUST 1999

-3-

NETWORK SOLUTIONS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31st JANUARY 1999

We have audited the financial statements on pages 5 to 14 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, the company's directors are responsible for the preparation of the 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.

**ADDITIONAL INFORMATION**

Section 263 of the Companies Act 1989 states that a distribution shall not be made except out of profits available for the purpose. The dividends of L35,600 include dividends that were paid at a time when the company had net realised losses and as a consequence they may have been paid illegally. If so, under s277 of the Companies Act 1989 any member who knew, or had reasonable grounds for believing that the dividend was illegal is liable to repay the amount they received to the company.

Our opinion on the financial statements is not qualified in respect of this matter.

**OPINION**

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31st January 1999 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

40 Alexandra Road  
 Freemantle  
 Southampton  
 Hampshire  
 SO15 5DG

/s/ Ashford Read  
 Chartered Accountants  
 & Registered Auditors

12 Aug. 1999

-4-

**NETWORK SOLUTIONS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31st JANUARY 1999**

<TABLE>  
 <CAPTION>

	Note	Year to		Period from	
		31 Jan 99		1 Jan 97 to 31 Jan 98	
		L	L	L	L
<S>	<C>	<C>	<C>	<C>	<C>
TURNOVER			1,031,326		884,623
Cost of sales			(863,187)		(685,432)
			-----		-----
GROSS PROFIT			168,139		199,191
Distribution costs			(63,526)		(38,640)
Administrative expenses			(213,724)		(156,187)
			-----		-----
OPERATING (LOSS)/PROFIT	3		(109,111)		4,364
Interest receivable	4		17		-
Interest payable and similar charges			(7,951)		(2,764)
			-----		-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(117,045)		1,600

Tax on (loss)/profit on ordinary activities	5	(20,770)	(1,759)
		-----	-----
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(137,815)	(159)
Dividends (including non-equity)	6	(35,600)	(42,000)
		-----	-----
LOSS FOR THE FINANCIAL YEAR		(173,415)	(42,159)
Balance brought forward		(39,450)	2,709
		-----	-----
Balance carried forward		(212,865)	(39,450)
		-----	-----

</TABLE>

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

-5-

NETWORK SOLUTIONS LIMITED

BALANCE SHEET

31st JANUARY 1999

<TABLE>  
<CAPTION>

	Note	1999		1998	
		L	L	L	L
<S>	<C>	<C>	<C>	<C>	<C>
<b>FIXED ASSETS</b>					
Tangible assets	7		29,056		26,003
<b>CURRENT ASSETS</b>					
Stocks	8	47,609		22,764	
Debtors	9	321,964		159,094	
Cash at bank and in hand		33,409		23,078	
		-----		-----	
		402,982		204,936	
<b>CREDITORS: Amounts falling due within one year</b>	10	(643,116)		(258,602)	
		-----		-----	
<b>NET CURRENT LIABILITIES</b>			(240,134)		(53,666)
			-----		-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(211,078)		(27,633)
			-----		-----
<b>CREDITORS: Amounts falling due after more than one year</b>	11		(1,667)		(11,667)
			-----		-----
			(212,745)		(39,330)
			-----		-----
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	16		120		120
Profit and loss account	17		(212,865)		(39,450)
			-----		-----
<b>DEFICIENCY</b>			(212,745)		(39,330)
			-----		-----

</TABLE>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and

with the Financial Reporting Standard for Smaller Entities (effective March 1999).

These financial statements were approved by the directors on the 12 AUGUST 1999 and are signed on their behalf by:

/s/ A.P. COWLER  
-----  
MR A.P. COWLER

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

-6-

NETWORK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

1. ACCOUNTING POLICIES

**BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

**TURNOVER**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**DEPRECIATION**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

<TABLE>

<S>	<C>
Fixtures & Fittings	- 15% reducing balance basis
Office Equipment	- 33% reducing balance basis

</TABLE>

**STOCKS**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**WORK IN PROGRESS**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**OPERATING LEASE AGREEMENTS**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

**DEFERRED TAXATION**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

-7-

NETWORK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

2. GOING CONCERN

At the balance sheet date the company's liabilities exceeded its assets by L212,745. The day to day operation of the company is dependent upon support from its directors, associated companies, bankers and trade creditors. The support of the directors and associated companies has been confirmed for the foreseeable future. Subsequent to the year end the company has arranged increased banking facilities and has taken significant measures to ensure improved management control and trading performance. These steps, together with the assumed continued support of the trade creditors, provide the directors with the opinion that it is appropriate to prepare the financial statements on the going concern basis.

3. OPERATING LOSS/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

<TABLE>  
<CAPTION>

	Year to 31 Jan 99 L	Period from 1 Jan 97 to 31 Jan 98 L
<S>	<C>	<C>
Directors' emoluments	23,807	28,688
Depreciation	12,769	4,589
(Profit)/Loss on disposal of fixed assets	(753)	298
Auditors' fees	1,500	1,500
	-----	-----

</TABLE>

4. INTEREST RECEIVABLE

<TABLE>  
<CAPTION>

	Year to 31 Jan 99 L	Period from 1 Jan 97 to 31 Jan 98 L
<S>	<C>	<C>
Bank interest receivable	17	-
	-----	-----

</TABLE>

-8-

NETWORK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

5. TAX ON LOSS/PROFIT ON ORDINARY ACTIVITIES

<TABLE>  
<CAPTION>

	Year to 31 Jan 99 L	Period from 1 Jan 97 to 31 Jan 98 L
<S>	<C>	<C>
In respect of the year:		
Corporation tax based on the results for the year at 21% (1998 - 24/21%)	-	1,759
Irrecoverable A.C.T. written off	22,304	-

	----- 22,304	----- 1,759
Adjustment in respect of previous years:		
Corporation tax	(1,534)	-
	----- 20,770	----- 1,759
	-----	-----

</TABLE>

#### 6. DIVIDENDS

The following dividends have been paid in respect of the year:

<TABLE>  
<CAPTION>

	Year to 31 Jan 99 L	Period from 1 Jan 97 to 31 Jan 98 L
<S>	<C>	<C>
Dividends paid on non-equity shares	35,600	42,000
	-----	-----

</TABLE>

Dividends paid are in respect of the Ordinary "A" Shares. These share are non-equity shares.

Interim dividends of L35,600 (1998-L42,000) paid to holders of the Ordinary "A" shares were in excess of distributable reserves contrary to Section 263 of the Companies Act 1989.

Section 263 of the Companies Act 1989 states that a distribution shall not be made except out of profits available for the purpose. The dividends of L35,600 include dividends that were paid at a time when the company had net realised losses and as a consequence they may have been paid illegally. If so, under Section 277 of the Companies Act 1989 any member who knew, or had reasonable grounds for believing that the dividend was illegal is liable to repay the amount they received to the company.

-9-

#### NETWORK SOLUTIONS LIMITED

#### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

#### 7. TANGIBLE FIXED ASSETS

<TABLE>  
<CAPTION>

	Fixtures & Fittings L	Equipment L	Total L
<S>	<C>	<C>	<C>
COST			
At 1st February 1998	5,366	26,238	31,604
Additions	1,180	18,909	20,089
Disposals	-	(5,020)	(5,020)
	-----	-----	-----
At 31st January 1999	6,546	40,127	46,673
	-----	-----	-----

#### DEPRECIATION

At 1st February 1998	805	4,796	5,601
Charge for the year	861	11,908	12,769
On disposals	-	(753)	(753)
	-----	-----	-----
At 31st January 1999	1,666	15,951	17,617
	-----	-----	-----
	-----	-----	-----
NET BOOK VALUE			
At 31st January 1999	4,880	24,176	29,056
	-----	-----	-----
	-----	-----	-----
At 31st January 1998	4,561	21,442	26,003
	-----	-----	-----
	-----	-----	-----

</TABLE>

#### 8. STOCKS

<TABLE>

<CAPTION>

	1999		1998
	L		L
<S>	<C>		<C>
Raw materials	25,810		22,764
Work in progress	21,799		-
	-----		-----
	47,609		22,764
	-----		-----
	-----		-----

</TABLE>

#### 9. DEBTORS

<TABLE>

	1999		1998
	L		L
<S>	<C>	<C>	<C>
Trade debtors	232,547		101,234
Amounts owed by group undertakings	69,928	--	38,509
Other debtors	2,698		-
Directors current accounts	10,792		5,368
ACT recoverable against future taxation	-		8,749
Prepayments and accrued income	5,999		5,234
	-----		-----
	321,964		159,094
	-----		-----
	-----		-----

</TABLE>

ACT recoverable is in debit to the extent of Lnil (1998 - L8,749). This will not be recoverable until a mainstream liability arises in the future.

-10-

NETWORK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

#### 10. CREDITORS: Amounts falling due within one year

<TABLE>

<CAPTION>

	1999		1998
	L	L	L
<S>	<C>	<C>	<C>

Bank loans and overdrafts		10,000	10,000
Trade creditors		308,930	138,705
Other creditors including:			
Advance Corporation Tax	25,002		13,404
Corporation tax	3,097		5,198
PAYE and social security	25,915		10,285
VAT	433		20,151
Other Creditors	237,098		42,097
		-----	-----
		291,545	91,135
Accruals and deferred income		32,641	18,762
		-----	-----
		643,116	258,602
		-----	-----

</TABLE>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

<TABLE>  
<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
Bank loans and overdrafts	10,000	10,000
	-----	-----

</TABLE>

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

<TABLE>  
<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
Bank loans and overdrafts	1,667	11,667
	-----	-----

</TABLE>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

<TABLE>  
<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
Bank loans and overdrafts	1,667	11,667
	-----	-----

</TABLE>

NETWORK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

12. COMMITMENTS UNDER OPERATING LEASES

At 31st January 1999 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

<TABLE>  
<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
Operating leases which expire:		
Within 1 year	15,530	-
Within 2 to 5 years	15,983	27,091
	-----	-----
	31,513	27,091
	-----	-----
	-----	-----

</TABLE>

#### 13. CONTINGENCIES

The company paid interim dividends of L35,600 (1998 - L42,000) to the holders of the Ordinary "A" shares in excess of distributable reserves. In the event of a winding up these dividends would be repayable to the company.

#### 14. TRANSACTIONS WITH THE DIRECTORS

Two directors had overdrawn loan accounts at the balance sheet date. The closing balances (and maximum amount outstanding during the year) were as follows: Mr. W. Bridgen L7,326 (L7,326); Mr. S. Sutton L3,383 (L3,383). These amounts are shown under "Debtors".

-12-

### NETWORK SOLUTIONS LIMITED

#### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

#### 15. RELATED PARTY TRANSACTIONS

The company was under the control of the directors (Mr. A. P. Cowler, Mr. W. Bridgen, Mr. S. Sutton and Mr. J. C. Beckett) and Network Solutions Group Limited throughout the year. The four directors are also the sole directors of Network Solutions Group Limited as well as Network Solutions (Northern) Limited.

During the year the company sold goods and services to Network Solutions (Northern) Limited amounting to L130,161 (1998 - L1,890). During the year the company also purchased goods and services from Network Solutions (Northern) Limited amounting to L640 (1998 - L291). At the balance sheet date L69,364 (1998 - L38,509) was owed to the company by Network Solutions (Northern) Limited. The company was also owed L563 (1998 - L8) by Network Solutions Group Limited at the balance sheet date.

Mr. A. P. Cowler is a director of and has a controlling interest in The Surrey Design Partnership Limited. During the year the company purchased goods and services from The Surrey Design Partnership Limited amounting to L1,840 (1998 - L7,299). During the year the company also made sales to The Surrey Design Partnership Limited of LNil (1998 - L2,631). There were no trading balances outstanding between the companies at the balance sheet date.

The company also operates a loan account with The Surrey Design Partnership Limited. At the balance sheet date L237,098 is owing to The Surrey Design Partnership Limited. This amount is shown within "Creditors: amounts falling due within one year".

Mr. J. C. Beckett is a director of and has a controlling interest in Total Data Communications Limited. During the year the company purchased goods and services from Total Data Communications Limited amounting to L71,891 (1998 - L85,778). At the balance sheet date L26,080 was owing to Total Data Communications Limited.

Mr. A. P. Cowler and Mr. I. C. Cocks are directors of Bastin Stone Enterprises Limited and have a controlling interest in the company. During the year the company purchased goods and services from Bastin Stone Enterprises Limited amounting to L8,009 (1998 - L50). At the balance sheet date L8,664 was owing to Bastin Stone Enterprises Limited.

Mr. I. C. Cocks has a controlling interest in Taylor Cocks (formerly Cocks & Co.). During the year the company acquired services from Taylor Cocks amounting to L27,911 (1998 - L26,084). During the year the company also sold goods to Taylor Cocks amounting to L1,682 (1998 - L300). At the balance sheet date L22,419 was owing to Taylor Cocks.

16. SHARE CAPITAL

AUTHORISED SHARE CAPITAL:

<TABLE>  
<CAPTION>

	1999	1998
	L	L
<S>	<C>	<C>
10,000 Ordinary shares of L1 each	10,000	10,000
100 Ordinary 'A' shares of L1 each	100	100
	-----	-----
	10,100	10,100
	-----	-----
	-----	-----

</TABLE>

-13-

NETWORK SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JANUARY 1999

16. SHARE CAPITAL (CONTINUED)

ALLOTTED, CALLED UP AND FULLY PAID:

<TABLE>  
<CAPTION>

	1999		1998	
	No.	L	No.	L
<S>	<C>	<C>	<C>	<C>
Ordinary shares	100	100	100	100
Ordinary 'A' shares	20	20	20	20
	-----	-----	-----	-----
	120	120	120	120
	-----	-----	-----	-----
	-----	-----	-----	-----

</TABLE>

The Ordinary 'A' Shares do not receive voting rights and do not have a right to participate in a surplus in a winding up of the company as calculated by reference to the company's assets or profits.

17. PROFIT AND LOSS ACCOUNT

<TABLE>  
<CAPTION>

	YEAR TO	Period from
	31 JAN 99	1 Jan 97 to
	L	31 Jan 98
	<C>	L
	<C>	<C>
Balance brought forward	(39,450)	2,709
Retained loss for the financial year	(173,415)	(42,159)
	-----	-----
Balance carried forward	(212,865)	(39,450)
	-----	-----
	-----	-----

</TABLE>

18. ULTIMATE PARENT COMPANY

The ultimate parent company is Network Solutions Group Limited - a company incorporated within the UK.

NETWORK SOLUTIONS LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31st JANUARY 1999

THE FOLLOWING PAGES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS  
WHICH ARE THE SUBJECT OF THE AUDITORS' REPORT ON PAGE 4.

NETWORK SOLUTIONS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st JANUARY 1999

<TABLE>  
<CAPTION>

	Year to 31 Jan 99		Period from 1 Jan 97 to 31 Jan 98	
	L	L	L	L
<S>	<C>	<C>	<C>	<C>
TURNOVER		1,031,326		884,623
<b>COST OF SALES</b>				
Opening stock and WIP	22,764		1,348	
Purchases	545,146		445,574	
Direct wages (inc. sales commissions)	266,079		219,174	
Subcontract	41,300		42,100	
Research and development	35,507		-	
	-----		-----	
Closing stock and WIP	910,796		708,196	
	(47,609)		(22,764)	
	-----		-----	
		863,187		685,432
		-----		-----
GROSS PROFIT		168,139		199,191
<b>OVERHEADS</b>				
Distribution costs	63,526		38,640	
Administrative expenses	213,724		156,187	
	-----		-----	
		(277,250)		(194,827)
		-----		-----
OPERATING (LOSS)/PROFIT		(109,111)		4,364
Bank interest receivable		17		-
		-----		-----
		(109,094)		4,364
Interest payable and similar charges		(7,951)		(2,764)
		-----		-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES		(117,045)		1,600
		-----		-----

</TABLE>

NETWORK SOLUTIONS LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st JANUARY 1999

<TABLE>  
<CAPTION>

	Year to 31 Jan 99		Period from 1 Jan 97 to 31 Jan 98	
	L	L	L	L
<S>	<C>	<C>	<C>	<C>
<b>DISTRIBUTION COSTS</b>				
Freight and carriage		5,627		1,383
Vehicle hire		33,007		35,304
Exhibition costs and advertising		24,892		1,953
		-----		-----
		63,526		38,640
		-----		-----
		-----		-----
<b>ADMINISTRATIVE EXPENSES</b>				
<b>PERSONNEL COSTS:</b>				
Directors salaries	23,807		28,688	
Directors NIC	1,680		4,208	
	-----		-----	
		25,487		32,896
<b>ESTABLISHMENT EXPENSES:</b>				
Rent	10,421		10,009	
Rates and water	3,913		3,865	
Light and heat	1,475		1,315	
Insurance	13,302		7,543	
Repairs and maintenance	1,423		1,422	
	-----		-----	
		30,534		24,154
<b>GENERAL EXPENSES:</b>				
Motor expenses	25,224		22,280	
Travel and subsistence	14,291		6,888	
Telephone	30,186		19,746	
Internet and computer services	3,063		-	
Printing, stationery and postage	7,402		2,893	
Sundry expenses	2,191		2,940	
Laundry and cleaning	1,804		997	
Entertaining	3,822		4,083	
Legal and professional fees	6,862		2,957	
Accountancy fees	36,716		28,473	
Auditors remuneration	1,500		1,050	
Depreciation	12,769		4,589	
(Profit)/Loss on disposal of fixed assets	(753)		298	
	-----		-----	
		145,077		97,194
<b>FINANCIAL COSTS:</b>				
Bad debts written off	10,336		-	
Bank charges	2,290		1,943	
	-----		-----	
		12,626		1,943
		-----		-----
		213,724		156,187
		-----		-----
		-----		-----

</TABLE>

NETWORK SOLUTIONS LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st JANUARY 1999

<TABLE>  
<CAPTION>

	Year to 31 Jan 99 L <C>	Period from 1 Jan 97 to 31 Jan 98 L <C>
<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Bank interest payable	540	157
Interest on other loans	2,872	2,495
Interest on overdue tax	4,593	112
	-----	-----
	7,951	2,764
	-----	-----
	-----	-----

</TABLE>