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ULTRADATA SYSTEMS INC
Form 10QSB
May 15, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(MARK ONE)

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 - FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2003

() TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 0-25380

ULTRADATA SYSTEMS, INCORPORATED

(Exact name of small business issuer as specified in its charter)

Delaware

43-1401158

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1240 Dielman Industrial Court, St. Louis, MO

63132

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number, including area code: (314) 997-2250

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date.

Class Outstanding as of May 9, 2003

Common, \$.01 par value

4,627,693

Transitional Small Business Disclosure Format Yes [] No [X]

File Number

0-25380

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ULTRADATA SYSTEMS, INCORPORATED
FORM 10-QSB
March 31, 2003
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ULTRADATA SYSTEMS, INCORPORATED

Condensed Balance Sheets
As of March 31, 2003 and December 31, 2002

	March 31, 2003	December 31, 2002
Assets	----- (Unaudited)	-----
Current assets:		
Cash	\$ 33,244	\$ 37,842
Trade accounts receivable, net of allowance for doubtful accounts of \$16,103	136,691	141,599
Inventories, net	104,177	102,486
Prepaid expenses	18,005	4,562
	-----	-----
Total current assets	292,117	286,489
	-----	-----
Property and equipment, net	46,667	45,432
	-----	-----
Total property and equipment	46,667	45,432
	-----	-----

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Notes receivable and accrued interest -		
long term	254,132	247,933
Other assets	5,444	5,444
	-----	-----
Total assets	\$ 598,360	\$ 585,298
	=====	=====
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable	\$ 212,746	\$ 277,828
Accrued liabilities	226,245	188,825
Notes payable - current	252,657	126,064
	-----	-----
Total current liabilities	691,648	592,717
	-----	-----
Long term liabilities:		
Notes payable - long term	340,504	434,202
	-----	-----
Total liabilities	1,032,152	1,026,919
	-----	-----
Stockholders' deficiency		
Preferred Stock, \$0.01 par value,		
4,996,680 shares authorized, none outstanding	-	-
Series A convertible preferred stock,		
3,320 shares authorized, 16 shares outstanding		
with a stated value of \$1,000	16,000	16,000
Common stock, \$0.01 par value; 10,000,000		
shares authorized; 4,627,693 shares issued		
and outstanding March 31, 2003; 4,224,456		
shares issued and outstanding December 31, 2002	46,277	42,244
Additional paid-in capital	8,826,707	9,631,750
Accumulated deficit	(9,249,743)	(9,086,935)
Treasury stock (326,171 shares at cost)	-	(942,311)
Notes receivable issued for purchase of		
common stock	(73,033)	(102,369)
	-----	-----
Total stockholders' deficiency	(433,792)	(441,621)
	-----	-----
Total liabilities and stockholders' deficiency	\$ 598,360	\$ 585,298
	=====	=====

See accompanying summary of accounting policies and notes to financial statements.

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ULTRADATA SYSTEMS, INCORPORATED

Condensed Statements of Operations
Three months ended March 31, 2003 and 2002

2003 2002

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(Unaudited)

Net sales	\$ 351,956	\$ 995,719
Cost of sales	196,545	714,722
Gross profit	155,411	280,997
Selling expense	25,036	38,885
General and administrative expenses	244,035	296,964
Research and development expense	22,428	58,357
Operating loss	(136,088)	(113,209)
Other income (expense):		
Interest and dividend income	6,236	4,906
Interest expense	(50,809)	(19,815)
Other, net	17,853	90
Total other income (expense)	(26,720)	(14,819)
Loss before income tax expense	(162,808)	(128,028)
Income tax expense	-	-
Net loss	\$ (162,808)	\$ (128,028)
Loss per share:		
Basic and diluted	\$ (0.04)	\$ (0.04)
Weighted Average Shares Outstanding:		
Basic and diluted	4,487,025	3,380,772

See accompanying summary of accounting policies and notes to financial statements.

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ULTRADATA SYSTEMS, INCORPORATED

Condensed Statements of Cash Flows
Three months ended March 31, 2003 and 2002

	2003	2002

	(Unaudited)	
Cash flows from operating activities:		
Net loss	\$ (162,808)	\$ (128,028)
Adjustments to reconcile net loss to net cash provided by (used in) operating		

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activities:		
Depreciation and amortization	8,915	48,429
Inventory writedown	7,586	31,130
Stock issued for services	4,500	-
Non-cash interest expense	31,457	-
Non-cash accrued interest receivable	(6,198)	-
Increase (decrease) in cash due to changes in operating assets and liabilities:		
Trade accounts receivable, net	4,908	(214,990)
Inventories	(9,278)	371,895
Prepaid expenses and other current assets	(13,442)	4,874
Accounts payable	(65,082)	130,915
Accrued expenses and other liabilities	37,420	(106,522)
	-----	-----
Net cash (used in) provided by operating activities	(162,022)	127,955
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(10,150)	(1,920)
	-----	-----
Net cash used in investing activities	(10,150)	(1,920)
	-----	-----
Cash flows from financing activities:		
Subscription payments	29,336	14,127
Payments on note payable	(30,062)	(29,970)
Note Payable - offering	91,600	-
Common stock	76,700	-
	-----	-----
Net cash provided by (used in) financing activities	167,574	(15,843)
	-----	-----
Net (decrease) increase in cash	(4,598)	110,192
Cash at beginning of period	37,842	164,682
	-----	-----
Cash at end of period	\$ 33,244	\$ 274,874
	=====	=====

Supplemental disclosure of non-cash investing and financing activities:

- (1) The Company retired its 326,171 shares of treasury stock at a cost of \$942,311.
- (2) The Company converted \$60,100 of notes payable to 398,408 shares of common stock.

See accompanying summary of accounting policies and notes to financial statements.

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ULTRADATA SYSTEMS, INCORPORATED
Notes to Condensed Financial Statements
March 31, 2003
(Unauditd)

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim condensed financial statements included herein have been prepared by Ultradata Systems, Incorporated (the "Company"), without audit in accordance with generally accepted accounting principles and pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial information. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading.

In the opinion of management, the information furnished for the three-month periods ended March 31, 2003 and 2002, respectively, includes all adjustments, consisting solely of normal recurring accruals necessary for a fair presentation of the financial results for the respective interim periods and is not necessarily indicative of the results of operations to be expected for the entire fiscal year ending December 31, 2003. It is suggested that the interim financial statements be read in conjunction with the audited financial statements for the year ended December 31, 2002, as filed with the Securities and Exchange Commission on Form 10-KSB (Commission File Number 0-25380), from which the interim statements were derived.

Use of Estimates

The financial statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on informed estimates and adjustments by management, with consideration given to materiality. Actual results could vary from those estimates.

Note 1. Nature of Operations

The principal business activity of Ultradata Systems, Incorporated (the Company), located in St. Louis, Missouri, is the design, manufacture, and sale of hand-held electronic information products.

Note 2. Inventories

Inventories consist of the following:

	March 31, 2003	December 31, 2002
Raw Materials, net of obs.	\$ 63,811	\$ 46,015
Finished Goods, net of obs.	40,366	56,471
Total	\$ 104,177	\$ 102,486
	=====	=====
Obsolete inventory on hand	\$1,118,271	\$1,110,684

Note 3. Prepaid Expenses

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Prepaid expenses consist of the following:

	March 31, 2003	December 31, 2002
	-----	-----
Prepaid insurance	\$ 11,433	\$ -
Prepaid advertising	6,571	4,562
	-----	-----
	\$ 18,005	\$ 4,562
	=====	=====

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Note 4. Debt Conversion

During the quarter ending March 31, 2003, convertible debt holders converted \$60,100 of convertible debt into 369,408 shares of common stock.

Note 5. Notes Payable

During 2003, the Company issued a private debt offering of secured 12% Promissory Notes of \$165,000. For each dollar loaned to the Company, the lender was also entitled to purchase two shares of the Company's common stock for \$.01 per share. As part of the offering, the Company also received an aggregate of \$3,300 from the sale of 330,000 common shares. The shares were treated as a discount to the private offering, and the shares were valued at \$76,700 based on the market price on the dates the funds were received. The amount of the proceeds allocated to common stock shall be amortized over the life of the notes payable as additional interest expense. During the three months ended March 31, 2003, the Company expensed \$31,457. (See Note 6(A)). The funds received from the debt offering are for a limited purpose described below. The notes-payable balance at March 31, 2003 is \$123,057.

All of the proceeds raised under the offering are to be maintained in an escrow account maintained by the Company's attorney. Once the Company receives a purchase order from either of two specified customers, the Company can "draw down" 70% of the purchase order amount from the escrow account in order to purchase the product from a vendor. Once the revenue from the sale is received, the "draw down" funds are to be returned to the escrow account and the Company retains the balance of the sales proceeds.

Note 6. Common Stock

A) Stock issued for cash

During 2003, the Company issued 330,000 shares of common stock for \$76,700. (See Note 5)

B) Stock issued for services

During 2003, the Company issued 30,000 shares of common stock for services with a fair value of \$4,500.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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YOU SHOULD NOT RELY ON FORWARD LOOKING STATEMENTS

This quarterly report contains a number of forward-looking statements regarding our future prospects. Among the forward-looking statements are descriptions of our plans to introduce new products to the market, to expand our customer base, to develop products based on a GPS/Internet technology, and to return our company to profitability. These forward-looking statements are a true statement of our present intentions, but are neither predictions of the future nor assurances that any of our intentions will be fulfilled. Many factors beyond our control could act against Ultradata in its efforts to develop and market its products. Among these factors are:

- * The fact that our financial resources are minimal and will not sustain us past this year unless our new products are successful;
- * The fact that our lack of capital severely limits our ability to market our products. As a result, the loss of a significant customer could imperil the marketing of an entire product line;
- * The difficulty of attracting mass-market retailers to seasonal products like the Road Whiz(tm) product line; and
- * The breadth and depth of competition in the GPS market, which will make introduction of our product with a limited marketing budget difficult.

There may also be factors that we have not foreseen which could interfere with our plans. In addition, changing circumstances may cause us to determine that a change in plans will be in the best interests of Ultradata. For this reason, you should not place undue reliance on any of the forward-looking statements in this report, as there is a significant risk that we will not be able to fulfill our expectations for Ultradata.

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OVERVIEW

Since 1987 we have been engaged in the business of manufacturing and marketing handheld computers that provide travel information. The products are based upon a data compression technology that we developed, portions of which we have patented. Recent developments in communications technology have opened up new opportunities for us to use our technology. The following paragraphs outline the scope of our operations:

- * The Company has sold over 3 million of its low-cost handheld travel computers, demonstrating that there is a market for travel information products. To re-awaken that market with an improved product that speaks, the Company has developed a Talking Road Whiz. Deliveries of this product began in March of 2003, and the Company expects to receive significant revenue in 2003 from sales of this new addition to its product line. It has a contract with a major distributor providing exclusivity in certain channels if 300,000 units are purchased and delivered in calendar 2003. Fulfillment of this agreement with delivery of 300,000 units would ensure good profitability for the Company in 2003 and sufficient cash and earnings to solve our liquidity issues.

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* In 2002 we shipped the reprogrammed beta-test units of our Travel*Star 24(tm), which combines our travel information with a GPS antenna to enable a driver to obtain his location and directions to his destination while he drives. Improved performance was obtained, but the tests revealed several software problems that have to date prevented marketing of the product. The software issue is still being addressed, and the Company plans to test the market in the second half of 2003.

* The Company continues to sell its line of both branded and private-labelled, low-cost travel computers.

Each of our consumer products is designed to allow the consumer to access useful information stored in a convenient manner. Our handheld computers generally sell at retail prices between \$19.95 and \$49.95 per unit. The products have been in retail mass-market chains plus many other locations. The new TRAVEL*STAR 24 is expected to be offered at retail for under \$400, which should make it very competitive in the auto aftermarket. Its portability and the fact that it requires no elaborate installation offer advantages over the more expensive in-car systems.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2003 Compared to Three Months Ended March 31, 2002

Operating results for the first quarter of 2003 were less than that of the first quarter of 2002 due to a large order received in 2002.

Sales. During the first three months of 2003, net sales totaled \$351,956, as compared with \$995,719 in sales recorded in the first quarter of 2002, representing a 64.7% decrease. Replenishment of customer inventory, which finally sold through during the slow year of 2001, represented the bulk of sales in the first quarter of 2002, which is generally a period of minimal sales after the holiday season. The first quarter of 2003 followed this more normal trend, but nonetheless, booked a significant sales volume for the period. In addition, the Company's backlog at March 31, 2003 was \$304,521 as compared with \$422,622 as of March 31, 2002.

Gross Profit. Gross profit margin for the current quarter was \$155,411, or 4.1% of sales compared to \$280,997, or 28.2% of sales for the first quarter of 2002. Gross profit in early 2002 still suffered from higher cost of microchips remaining in inventory from the chip shortage in 2000. Sales in 2002 exhausted the higher-priced chips in inventory, and margins have improved accordingly.

S,G&A Expense. Selling expenses amounted to \$25,036, or 7.1% of sales, for the first quarter of 2003 as compared with \$38,885, or 3.9% of sales for the first quarter of 2002. Although within expected limits, selling expense increased as a percent of sales due to the fixed portion being spread over a much smaller sales base in the first quarter of 2003 as compared with 2002. General and administrative expenses were \$244,035 for the first quarter of 2003 as compared with \$296,964 for the same quarter in 2002, representing a decrease of 17.8% and reflecting continuing efforts to reduce operating expenses. A major contributor was the rent reduction due to vacating 2,000 square feet of office and warehouse space and storing material in a less-expensive off-site facility.

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R&D Expense. Research and development expense in the first quarter of 2003 was \$22,428 as compared to \$58,357 for the same quarter of 2002, representing a decrease of 61.6% due primarily to the write-off of the TRAVEL*STAR 24(tm) software and further reduction in R&D personnel.

The Company posted a net loss from operations of (\$136,088) for the quarter ended March 31, 2003 compared to a net loss from operations of (\$113,209) for the quarter ended March 31, 2002. The loss occurred in spite of improved margins and lower costs as sales were insufficient to fully pay for operating costs.

Other Expense. Other expense for the first quarter of 2003 amounted to (\$26,720) compared with (\$14,815) for the same period in 2002. The current quarter, as compared to 2002, had the burden of \$31,457 in non-cash interest expense, primarily for the offering described in Note 5. Also the current experienced the addition of \$17,852 in income from consulting activity by Company personnel in the area of previous government work by the Company. The full extent of future work of this nature is unknown at this time but may be of significant help in meeting operating costs.

As a result of the foregoing, the Company posted a net loss of (\$162,808), or (\$0.04) per basic and diluted common share, for the three-month period ended March 31, 2003, compared to a net loss of (\$128,028), or (\$0.04) per basic and diluted common share, for the three-month period ended March 31, 2002.

FINANCIAL CONDITION AND LIQUIDITY

The Company's condensed financial statements as of March 31, 2003 and for the three months then ended have been prepared on a going-concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company had a net loss of \$162,808 and a negative cash flow from operations of \$162,022 for the three months ended March 31, 2003 and a working capital deficiency of \$399,531 and an accumulated deficit of \$9,249,743 at March 31, 2003, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company has continued its product design and development efforts to introduce new products in 2003 and introduced its Talking Road Whiz in March 2003. The Company also continues its efforts to expand into new markets. In addition, the Company has obtained short-term loans from investors secured by purchase orders from major customers to fund the production of this new product. Management believes that actions presently taken to obtain additional funding provide the opportunity for the Company to continue as a going concern.

At March 31, 2003, the Company had \$33,244 in cash, compared to \$37,842 at December 31, 2002. The Company's operating activities used cash totaling \$162,022 due to the losses of the quarter and paying down year-end accounts receivable by \$65,082.

Net cash used in investing activities for the quarter ended March 31, 2003 totaled (\$10,150) as compared to (\$1,920) in the first quarter of 2002, reflecting cash outlays for capitalized tooling for the Talking Road Whiz(tm).

Net cash provided by financing activities for the quarter ended March 31,

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2003 was \$167,574 compared with cash used of (15,843) in the same quarter of 2002. The offering set-up in December 2002 was almost fully subscribed in the first quarter of 2003 and has provided needed working capital to service the orders received for the first half of the year.

Our operating losses over the past four years have eliminated our working capital. In January and February we completed a private offering of debt and equity, and obtained \$165,000 in proceeds. These funds are held in escrow pending receipt of purchase orders from certain of the Company's customers. Up to 70% of the value of these purchase orders is available for use by the Company, and funds must be placed back in escrow upon receipt by the Company in payment for the orders. Management expects these funds to be sufficient to support operations until sales of the Talking Road Whiz begin producing significant cash flow in the latter half of the year. The notes are due and payable July 31, 2003.

Because the Company has reduced its costs of doing business and has excellent prospects for increased sales in 2003, Management expects the financial picture to improve greatly over the course of 2003. However, if the anticipated sales fail to materialize, we will not have sufficient financial resources to carry the Company into 2004.

ITEM 3. Controls and Procedures

Monte Ross, our Chief Executive Officer, and Ernest Clarke, our Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures within 90 days prior to the filing date of this report. Based on their evaluation, they concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to them by the other officers and employees of the Company, and that the communications occur with promptness sufficient to assure the inclusion of the information in the then-current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which Messrs. Ross and Clarke performed their evaluation.

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ULTRADATA SYSTEMS, INCORPORATED
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PART II - OTHER INFORMATION

Item 1. Legal Proceedings:

None

Item 2. Changes in Securities:

During the first quarter of 2003 the Company sold, in a private offering, 12% promissory notes in the principal amount of \$165,000 and 320,000 shares of common stock. The securities were sold in

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units, each consisting of two shares of common stock and a \$1.00 note. The aggregate purchase price received by the Company was \$168,200. The securities were sold to 12 individuals who are accredited investors. There was no underwriter. The offering was made pursuant to the exemption from registration afforded by Section 4(6) of the Securities Act of 1933 and SEC Rule 506.

Item 3. Defaults upon Senior Securities:

None

Item 4. Submission of Matters to a Vote of Security Holders:

None

Item 5. Other Information:

None

Item 6. Exhibits and Reports on Form 8-K:

Exhibits:

99 Section 906 Certification.

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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.

May 15, 2003

/s/ Monte Ross

Monte Ross, CEO
(Chief executive officer)

/s/ Ernest S. Clarke

Ernest S. Clarke, President
(Principal financial and accounting officer)

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CERTIFICATIONS

I, Monte Ross, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Ultradata Systems, Incorporated;

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2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Monte Ross

Monte Ross, Chief Executive Officer

I, Ernest Clarke, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Ultradata Systems, Incorporated;

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2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Ernest S. Clarke

Ernest Clarke, Chief Financial Officer

* * * * *

EXHIBIT 99: SECTION 906 CERTIFICATION

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The undersigned officers certify that this report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and that the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Ultradata Systems Incorporated.

A signed original of this written statement required by Section 906 has been provided Ultradata Systems, Incorporated and will be retained by Ultradata Systems, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

May 15, 2003

/s/ Monte Ross

Monte Ross
(Chief executive officer)

/s/ Ernest S. Clarke

Ernest S. Clarke
(Chief financial officer)