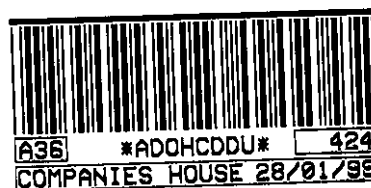


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997
FOR
Rapidcrystal Limited**



Rapidcrystal Limited

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for the Year Ended 31 December 1997

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Rapidcrystal Limited

COMPANY INFORMATION
for the Year Ended 31 December 1997

DIRECTORS: P A Boxall
Mrs H L Boxall

SECRETARY: Mrs H L Boxall

REGISTERED OFFICE: Aircraft Esplanade
Farnborough
Hampshire
GU14 6TG

REGISTERED NUMBER: 2278708

AUDITORS: Maxwell, Jones & Co
Registered Auditors
Sherwood House
41 Queens Rd
Farnborough
Hants
GU14 6JP

Rapidcrystal Limited

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 1997**

The directors present their report with the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of computer management systems and maintenance.

DIRECTORS

The directors during the year under review were:

P A Boxall
Mrs H L Boxall

The beneficial interests of the directors holding office on 31 December 1997 in the issued share capital of the company were as follows:

	31.12.97	1.1.97
Ordinary £1 shares		
P A Boxall	7	7
Mrs H L Boxall	3	3

STATEMENT OF 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.

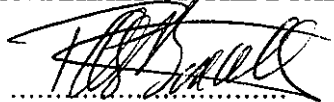
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Maxwell, Jones & Co, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

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

ON BEHALF OF THE BOARD:



- DIRECTOR

Dated: 27.1.99

Rapidcrystal Limited

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
RAPIDCRYSTAL LIMITED**

We have audited the financial statements on pages four to ten which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two 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.

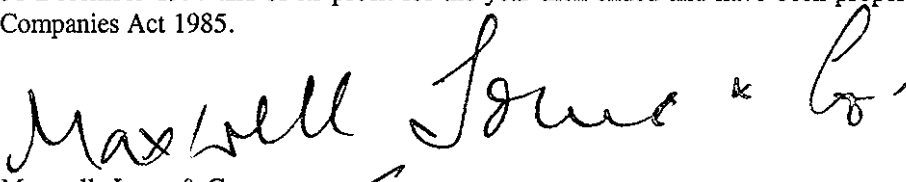
Basis of opinion

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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Maxwell, Jones & Co
Registered Auditors
Sherwood House
41 Queens Rd
Farnborough
Hants
GU14 6JP

Dated:

27/1/99


Rapidcrystal Limited

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 1997

	Notes	Year Ended 31.12.97		Period 1.8.95 to 31.12.96	
		£	£	£	£
TURNOVER	2		1,505,649		1,464,988
Cost of sales			1,081,986		950,730
GROSS PROFIT			423,663		514,258
Distribution costs		9,545		30,049	
Administrative expenses		283,260		388,542	
			292,805		418,591
			130,858		95,667
Other operating income			4,500		16,187
OPERATING PROFIT	3		135,358		111,854
Interest receivable and similar income	4		89		277
			135,447		112,131
Interest payable and similar charges			8,358		10,758
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			127,089		101,373
Tax on profit on ordinary activities	5		27,455		25,933
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			99,634		75,440
Dividends	6		60,000		65,000
			39,634		10,440
Retained profit brought forward			98,799		88,359
RETAINED PROFIT CARRIED FORWARD			£138,433		£98,799

The notes form part of these financial statements

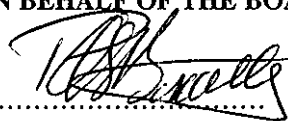
Rapidcrystal Limited

BALANCE SHEET
31 December 1997

		31.12.97		31.12.96	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		80,244		70,029
CURRENT ASSETS:					
Stocks		78,099		62,594	
Debtors	8	488,207		169,697	
Cash at bank and in hand		14,519		2,363	
		<u>580,825</u>		<u>234,654</u>	
CREDITORS: Amounts falling due within one year	9	<u>494,481</u>		<u>180,011</u>	
NET CURRENT ASSETS:			86,344		54,643
TOTAL ASSETS LESS CURRENT LIABILITIES:			166,588		124,672
CREDITORS: Amounts falling due after more than one year	10		28,145		25,863
			<u>£138,443</u>		<u>£98,809</u>
CAPITAL AND RESERVES:					
Called up share capital	11		10		10
Profit and loss account			138,433		98,799
Shareholders' funds			<u>£138,443</u>		<u>£98,809</u>

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

ON BEHALF OF THE BOARD:



- DIRECTOR

Approved by the Board on 27.1.99

Rapidcrystal Limited

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

Turnover represents net invoiced sales of goods & services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and Machinery	- 20% on reducing balance
Fixtures and Fittings	- 20% on reducing balance
Motor Vehicles	- 25% on reducing balance
Office Equipment	- 20% on reducing balance

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

Rapidcrystal Limited

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997

3. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 31.12.97	Period 1.8.95 to 31.12.96
	£	£
Depreciation - owned assets	13,478	20,172
Depreciation - assets on hire purchase contracts	9,285	10,751
Loss on disposal of fixed assets	1,814	-
Auditors' remuneration	9,393	5,610
Operating Leases		
- Land & Buildings	19,000	19,000
	<u>13,268</u>	<u>11,647</u>
Directors' emoluments and other benefits etc	13,268	11,647
	<u>13,268</u>	<u>11,647</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31.12.97	Period 1.8.95 to 31.12.96
	£	£
Deposit Account Interest	89	277
	<u>89</u>	<u>277</u>

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	Year Ended 31.12.97	Period 1.8.95 to 31.12.96
	£	£
UK Corporation Tax	28,786	25,933
Adjustment - Previous Years	(1,331)	-
	<u>27,455</u>	<u>25,933</u>

UK Corporation Tax has been charged at 22% (1996 - 24%).

6. DIVIDENDS

	Year Ended 31.12.97	Period 1.8.95 to 31.12.96
	£	£
Dividend	60,000	65,000
	<u>60,000</u>	<u>65,000</u>

Rapidcrystal Limited

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997

7. TANGIBLE FIXED ASSETS

	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Office Equipment	Totals
	£	£	£	£	£
COST:					
At 1 January 1997	3,209	11,840	45,820	76,542	137,411
Additions	-	4,252	24,340	6,200	34,792
Disposals	-	-	(7,645)	-	(7,645)
At 31 December 1997	<u>3,209</u>	<u>16,092</u>	<u>62,515</u>	<u>82,742</u>	<u>164,558</u>
DEPRECIATION:					
At 1 January 1997	1,677	7,201	24,652	33,852	67,382
Charge for year	306	1,778	10,901	9,778	22,763
Eliminated on disposals	-	-	(5,831)	-	(5,831)
At 31 December 1997	<u>1,983</u>	<u>8,979</u>	<u>29,722</u>	<u>43,630</u>	<u>84,314</u>
NET BOOK VALUE:					
At 31 December 1997	<u>1,226</u>	<u>7,113</u>	<u>32,793</u>	<u>39,112</u>	<u>80,244</u>
At 31 December 1996	<u>1,532</u>	<u>4,639</u>	<u>21,168</u>	<u>42,690</u>	<u>70,029</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor Vehicles
	£
COST:	
At 1 January 1997	38,175
Additions	24,340
Transferred to ownership	(15,050)
At 31 December 1997	<u>47,465</u>
DEPRECIATION:	
At 1 January 1997	18,570
Charge for year	9,285
Transferred to ownership	(8,584)
At 31 December 1997	<u>19,271</u>
NET BOOK VALUE:	
At 31 December 1997	<u>28,194</u>
At 31 December 1996	<u>19,605</u>

Rapidcrystal Limited

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997**

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.97 £	31.12.96 £
Trade Debtors	480,256	162,743
Other Debtors	2,572	486
Prepayments	5,379	6,468
	<u>488,207</u>	<u>169,697</u>

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.97 £	31.12.96 £
Bank loans and overdrafts	26,495	14,320
Hire purchase contracts	16,882	13,835
Trade Creditors	252,928	89,925
PAYE & Other Taxes	23,519	17,000
Accrued Expenses	10,050	5,300
Lombard Creditor	89,637	-
Directors' current accounts	9,460	240
VAT	12,121	5,958
Taxation	53,389	33,433
	<u>494,481</u>	<u>180,011</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.97 £	31.12.96 £
Bank loans	13,286	15,755
Hire purchase contracts	14,859	10,108
	<u>28,145</u>	<u>25,863</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans	<u>-</u>	<u>2,755</u>

Rapidcrystal Limited

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	31.12.97	31.12.96
		value:	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.12.97	31.12.96
		value:	£	£
10	Ordinary	£1	<u>10</u>	<u>10</u>

12. OTHER FINANCIAL COMMITMENTS

Operating Leases At 31 December 1997 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings	Other
	£	£
Leases which expire		
Within one year	-	-
Within 2 to 5 years	-	-
After 5 years	<u>19,000</u>	<u>-</u>
	<u>19,000</u>	<u>-</u>

13. CONTROL

P Boxall, a director, has 7 shares. His wife, Mrs H Boxall, a director has 3 shares and the company is therefore under their control.