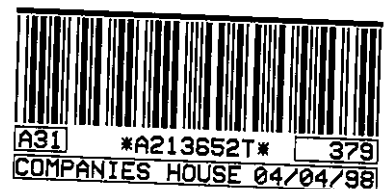


MEGAMAX LIMITED
ABBREVIATED ACCOUNTS
30TH JUNE 1997

Registered No. 3044921



MEGAMAX LIMITED
SPECIAL AUDIT REPORT TO THE DIRECTOR IN COMPLIANCE WITH
SCHEDULE 8 PARAGRAPH 24 OF THE COMPANIES ACT 1985
FOR THE YEAR ENDED 30TH JUNE 1997

We have examined the abbreviated accounts on pages 3 to 5 together with the full accounts of Megamax Limited for the year ended 30th June 1997. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from the full accounts.

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts in respect of the year ended 30th June 1997, and in particular, the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with Schedule 8 to the Companies Act 1985.

We reported as auditors of Megamax Limited to the members on **10 FEB 1998** on the company's full accounts prepared under section 226 of the Companies Act 1985 for the year ended 30th June 1997 and our audit report was as follows:-

We have audited the accounts on pages 4 - 10 which have been prepared under the historical cost convention, and the accounting policies set out on page 6.

Respective responsibilities of director and auditors

As described on page 2 the company's director is responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 accounts 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 accounts.

MEGAMAX LIMITED

SPECIAL AUDIT REPORT TO THE DIRECTOR (cont'd)

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

A handwritten signature in black ink, appearing to read 'Philip Dykes', is written over the printed name of the auditor.

PHILIP DYKES & CO.
Chartered Accountants
Registered Auditor

1 Roebuck Lane
Sale, Cheshire

DATE: 10 FEB 1998

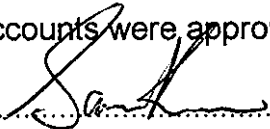
MEGAMAX LIMITEDBALANCE SHEET AS AT 30TH JUNE 1997

	NOTES	£	1997 £	£	1996 £
FIXED ASSETS					
Intangible Assets	2		15,000		-
Tangible Assets	2		<u>24,180</u>		<u>6,420</u>
			39,180		6,420
CURRENT ASSETS					
Stocks		78,783		65,741	
Debtors		<u>95,209</u>		<u>78,402</u>	
		<u>173,992</u>		<u>144,143</u>	
Less: CREDITORS: amounts falling due within one year		<u>171,813</u>		<u>136,532</u>	
NET CURRENT ASSETS			<u>2,179</u>		<u>7,611</u>
NET ASSETS			<u>41,359</u>		<u>14,031</u>
CAPITAL AND RESERVES					
Called up share capital	3		1,000		1,000
Profit and loss account			<u>40,359</u>		<u>13,031</u>
Shareholders' funds			<u>41,359</u>		<u>14,031</u>

Advantage is taken in the preparation of the accounts of the special exemptions applicable to small companies conferred by Section A, part III of Schedule 8 to the Companies Act 1985. In the director's opinion, the company is entitled to those exemptions as a small company.

In the preparation of the annual accounts, the director has taken advantage of the exemptions under part 1 of Schedule 8 to the Companies Act 1985, on the grounds that the company qualifies as a small company by virtue of section 247 of that Act.

The accounts were approved by the Sole Director on 10 FEB 1998

 (S. Kiami - Director)

The notes on pages 4 to 5 form part of these accounts.

MEGAMAX LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1997

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

Basis of Preparation

The accounts have been prepared under the historical cost convention.

Intangible Fixed Assets and Amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the separable assets. It is amortised to profit and loss account over its estimated economic life of five years.

Fixed Assets and Depreciation

Depreciation is provided to write off the cost of fixed assets, less estimated residual values, over their anticipated useful lives, as follows:-

Office equipment and fixtures	- 25% per annum straight line
Motor vehicle	- 25% per annum reducing balance

Hire Purchase Contracts

Where the company has entered into a hire purchase contract, the asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments due, net of finance charges, are included with creditors. Instalments payable are apportioned between the finance element, which is charged to the profit and loss account in interest and the capital element, which reduces the outstanding obligation for future instalments under the contract.

Operating Leases

Rentals applicable to operating leases where substantially all of the risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction, with exchange differences taken to the profit and loss account.

MEGAMAX LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
(CONTINUED)

Taxation

Where applicable, the charge to taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between treatment of certain items for taxation and accounting purposes, only where, in the opinion of the director, a liability is expected to crystallise in the foreseeable future.

Pension Costs

The company contributes to the director's personal pension scheme. The amount charged against profits represents the contributions paid to the scheme in respect of the accounting period and is the extent of the company's obligation thereto.

Turnover

Turnover wholly represents amounts derived from the sale of goods in the UK, excluding VAT.

2. FIXED ASSETS

	Tangible £	Intangible £
<u>Cost</u>		
At 1.7.96	16,304	-
Additions	24,391	15,000
Disposals	(4,600)	-
At 30.6.97	<u>36,095</u>	<u>15,000</u>
<u>Depreciation</u>		
At 1.7.96	9,884	-
Charge for year	6,216	-
On disposals	(4,185)	-
At 30.6.97	<u>11,915</u>	<u>-</u>

Net Book Value 30.6.97 24,180 15,000

The net book value of fixed assets includes assets held under hire purchase contracts amounting to £17,299 (1996: £nil). Depreciation charged for the year on these assets was £3,656 (1996: £nil).

3. SHARE CAPITAL

	1997 £	1996 £
Authorised: Ordinary shares of £1 each	1,000	1,000
Allotted, called up, and fully paid		
Ordinary shares of £1 each	1,000	1,000

4. SECURED CREDITORS

The total amount of secured creditors is £20,428 (1996: £18,726)

5. TRANSACTIONS WITH DIRECTOR

During the year the company sold goods to a value of £235 (1996: £200) to Mr S Kiami, the director.