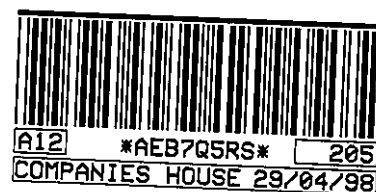


**FIRE PROOFING SOFTWARE
INTERNATIONAL LIMITED**

FINANCIAL STATEMENTS

31 JULY 1997

Registered Number: 3078310



FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED

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FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Geoff Pimm
John McCarthy
Khodor Fawaz (resigned 7/97)
Paul Kitching (appointed 12/97)

SECRETARY

John McCarthy

REGISTERED OFFICE

33 Oakwood Grove
Warwick
CV34 5TD

FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED**DIRECTORS REPORT**

The directors submit their report and the financial statements of Fire Proofing Software International Limited for the year ended 31 July 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is the development of computer software for the construction sector which is used to identify a building's fire proofing requirements.

RESULTS AND DIVIDENDS

The loss for the year, after taxation was £2,390 (1996: Profit £566)

The directors do not recommend the payment of a dividend. (1996 £NIL).

REVIEW OF BUSINESS

During the year the company continued with its computer software development and since the year end the directors are pleased to report that the company's first product has been fully tested and has now been launched. The directors anticipate the product will be generating revenues in 1998 and look forward to reporting an improved position next year.

DIRECTORS

The following directors have held office since 1 August 1996.

Geoff Pimm
John McCarthy
Khodor Fawaz (resigned 7/97)
Paul Kitching (appointed 12/97)

DIRECTOR'S INTERESTS IN SHARES

Director's interests in the shares of the company, including the family interests, were as follows:

	Ordinary shares of £1 each	
	31.7.97	31.7.96
Geoff Pimm	100	-
John McCarthy	200	200
Khodor Fawaz	-	100

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

By order of the board



Geoff Pimm
Director

20 April 1998

FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 July 1997

	Notes	1997	1996
TURNOVER	1	-	1,680
Cost of sales		-	-
Gross profit		-	1,680
Other operating expenses (net)	2	2,216	956
OPERATING (LOSS)/PROFIT		(2,216)	724
Interest receivable and similar income	3	-	1
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(2,216)	725
Taxation	5	(159)	159
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>£(2,057)</u>	<u>£ 566</u>

RECOGNISED GAINS AND LOSSES

There are no other recognised gains or losses other than the loss attributable to the shareholders of the company of £2,057 in the year ended 31 July 1997 (1996 profit - £566).

The company's (loss)/profit arises from its continuing operations.

The notes on page 5 to 8 form part of these financial statements.

FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED

BALANCE SHEET
31 July 1997

	Notes	1997	1996
FIXED ASSETS	6	333	1,551
CURRENT ASSETS			
Debtors	7	459	2
Cash at bank and in hand		-	42
		-----	-----
		459	44
		-----	-----
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	956	-
		-----	-----
NET CURRENT (LIABILITIES)/ASSETS		(497)	44
		-----	-----
		£(164)	£1,595
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	9	300	2
Profit and loss account	10	(464)	1,593
		-----	-----
		£(164)	£1,595
		=====	=====

Approved by the board on 20 April 1998.

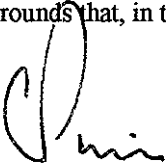
The directors are satisfied that the company was entitled to exemption under subsection (1) of section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to subsection (2) of section 249B in relation to the accounts for the financial year.

The directors acknowledge their responsibilities for;

- i) Ensuring that the company keeps accounting records which comply with section 221; and
- ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The directors have taken advantage of the exemptions conferred by Part III of schedule 8 of the Companies Act 1985, and has done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

Signed on behalf of the Board of Directors

Date  G Pimm Director

The notes on pages 5 to 8 form part of these financial statements.

FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED
Financial statements for the year ended 31 July 1997

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided, and goods sold to customers.

FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Computer equipment	- 25%	Reducing Balance Basis
Fixtures and fittings	- 15%	Reducing Balance Basis
Computer software	- 33 1/3%	Straight Line Basis

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that is probable that a liability will crystallise, at the rate expected to be ruling at that date.

FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 1997

1. TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation was generated wholly within the UK

2. OTHER OPERATING EXPENSES (NET)

	1997	1996
Administration expenses	£2,216	£956
	=====	=====

All of the company's expenditure was borne by the directors of the company.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable	£ -	£ 1
	=====	=====

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/Profit on ordinary activities before taxation is stated after charging:

Directors emoluments (including pension contributions and benefits in kind)	-	-
Loss on sale of fixed assets	1,051	-
Depreciation - owed assets	167	464
	=====	=====

5. TAXATION

Based on the (loss)/profit for the year:

Corporation tax at 24% (1996: 25%)	(159)	159
	-----	-----
	£ (159)	£ 159
	=====	=====

6. TANGIBLE FIXED ASSETS

	Computer Software £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost:				
As at 1 August 1996	-	1,625	390	2,015
Additions	500	-	-	500
Disposals	-	(1,625)	(390)	(2,015)
	-----	-----	-----	-----
As at 31 July 1997	500	-	-	500
	-----	-----	-----	-----
Depreciation:				
As at 1 August 1996	-	406	58	464
Change for the year	167	-	-	167
On disposals	-	(406)	(58)	(464)
	-----	-----	-----	-----
As at 31 July 1997	167	-	-	167
	-----	-----	-----	-----
Net Book Value:				
As at 31 July 1997	333	-	-	£ 333
	=====	=====	=====	=====
As at 31 July 1996	-	1,219	332	£ 1,551
	=====	=====	=====	=====

FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 1997

	1997	1996
7. DEBTORS		
Due within one year:		
Corporation tax repayable	159	-
Other debtors	300	2
	-----	-----
	£ 459	£ 2
	=====	=====
8. CREDITORS		
Amounts falling due within one year:		
Other creditors	368	-
Accruals	588	-
	-----	-----
	£ 956	£ -
	=====	=====
9. SHARE CAPITAL		
Authorised:		
1000 ordinary shares of £1 each	£1,000	£1,000
	=====	=====
Allotted, issued and fully paid:		
300 ordinary shares of £1 each	£ 300	£ 2
	=====	=====
10. RESERVES		
Profit and loss:		
As at 1 August 1996	1,593	1,027
(Loss)/Profit for the year	(2,057)	566
	-----	-----
As at 31 July 1997	£ (464)	£ 1,593
	=====	=====
11. RECONCILIATION OF OPENING AND CLOSING SHAREHOLDERS' FUNDS		
Issue of shares	298	-
(Loss)/Profit on ordinary activities after taxation	(2,057)	566
Opening shareholders' funds	1,595	1,029
	-----	-----
Closing shareholders' funds	£ (164)	£ 1,595
	=====	=====
12. CAPITAL COMMITMENTS		
Capital expenditure contracted for but not provided in the financial Statements	£ NIL	£ NIL
	=====	=====
Capital expenditure authorised by the directors but not contracted	£ NIL	£ NIL
	=====	=====
Commitments under finance leases entered into but not yet provided in the financial statements	£ NIL	£ NIL
	=====	=====

FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 1997

13. CASH FLOW STATEMENT

The directors have relied upon the exemptions conferred by Financial Reporting Standard Number 1 (FRS1) from preparing a cash flow statement.

14. RELATED PARTY TRANSACTIONS

Following the resignation of Khodor Fawaz on 1 July 1997 the directors agreed that he should take the computer and fixtures at an open market value of £500, in exchange for the software that had been developed by Khodor Fawaz.

FIRE PROOFING SOFTWARE INTERNATIONAL LIMITED**TRADING AND PROFIT AND LOSS ACCOUNT**

For the year ended 31 July 1997

This page does not form
part of the statutory
Financial statements

	1997	1996
TURNOVER	-	1,680
COST OF SALES	-	-
GROSS PROFIT	-	1,680
EXPENSES:		
Telephone	13	60
Sundries	118	-
Accountancy	588	-
Postage & stationery	22	337
Bank charges	14	15
Light and heat	17	80
Travelling	226	-
Loss on sale of assets	1,051	-
Depreciation	167	464
	2,216	956
Bank interest receivable	-	1
Trading (Loss)/Profit	£ (2,216)	£ 725