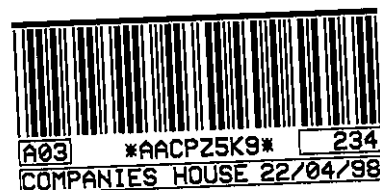


SCI Development Limited

Report and Accounts

30 June 1997

Registered Number 1752362



SCI Development Limited

Company Registration Number 1752362

DIRECTORS

Mr A E Sapp Jr
Mr A A C Wilson (resigned 31 December 1996)
Mr I L Hamilton (resigned 31 December 1996)
Mr H Locklar (appointed 31 December 1996)
Mr J Nesbitt (appointed 31 December 1996)

SECRETARIES

Vindex Limited

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

BANKERS

The Royal Bank of Scotland plc
69 High Street
Irvine
Ayrshire
KA12 0AL

SOLICITORS

MacLay Murray & Spens
3 Glenfinlas Street
Edinburgh
EH3 6AQ

REGISTERED OFFICE

10 Foster Lane
London
EC2V 6HH

SCI Development Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 1997.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company did not trade during the year. Accordingly, no profit and loss account or statement of total recognised gains and losses is presented.

DIRECTORS

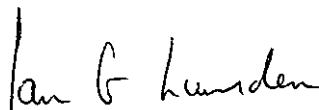
The directors during the year were those listed on page 1.

No director had any interest in the shares of the company during the year.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board



I G Lumsden
For Vindex Limited

Secretaries

7 April 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts comply with the Companies Act. 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.

REPORT OF THE AUDITORS to the members of SCI Development Limited

We have audited the accounts on pages 5 and 6 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

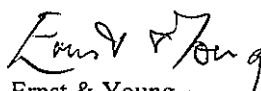
BASIS OF OPINION

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 judgments made by the directors 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 mis-statement, 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.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 1997 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Glasgow

7 April 1998

SCI Development Limited

BALANCE SHEET at 30 June 1997

	Notes	1997 £	1996 £
CURRENT ASSETS			
Debtor		98	98
		<u>98</u>	<u>98</u>
CAPITAL AND RESERVES			
Called up share capital	3	100	100
Profit and loss account		(2)	(2)
		<u>98</u>	<u>98</u>
		<u>98</u>	<u>98</u>



H Locklar
Director

7 April 1998

SCI Development Limited

NOTES TO THE ACCOUNTS at 30 June 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

2. DIRECTORS' AND AUDITORS' REMUNERATION

The directors receive no fees or remuneration and auditors' remuneration is borne by the holding company.

3. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>No</i>	<i>No</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	100	100	100	100

4. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is SCI Systems Inc, a company incorporated in the United States of America.