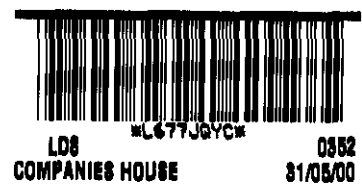


REGISTERED NUMBER: 1850101 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year Ended 30 June 1999
for
Medalmark Limited**



**Contents of the Financial Statements
for the Year Ended 30 June 1999**

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Medalmark Limited

**Company Information
for the Year Ended 30 June 1999**

DIRECTORS:

D H Carter
S A Richards
W S C Richards

SECRETARY:

Tarrakarn Limited

REGISTERED OFFICE:

40 Great James Street
London
WC1N 3HB

REGISTERED NUMBER:

1850101 (England and Wales)

AUDITORS:

Munday Long & Co.
Chartered Certified Accountants
Registered Auditors
Alton House
66 High Street
Northwood
Middlesex HA6 1BL

**Report of the Directors
for the Year Ended 30 June 1999**

The directors present their report with the financial statements of the company for the year ended 30 June 1999.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company.

DIRECTORS

The directors during the year under review were:

D H Carter
S A Richards
W S C Richards

The beneficial interests of the directors holding office on 30 June 1999 in the issued share capital of the company were as follows:

	30.6.99	1.7.98
Ordinary £1 shares		
D H Carter	-	-
S A Richards	2	2
W S C Richards	2	2

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, Munday Long & Co., will be proposed for re-appointment in accordance with Section 385 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:



D H Carter - DIRECTOR

Dated: 3 March 2000

**Report of the Auditors to the Shareholders of
Medalmark Limited**

We have audited the financial statements on pages four to eight which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), 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.

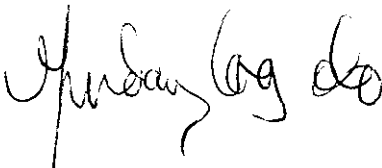
Basis of opinion

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 30 June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Munday Long & Co.
Chartered Certified Accountants
Registered Auditors
Alton House
66 High Street
Northwood
Middlesex

HA6 1BL

Dated: 3 March 2000

Medalmark Limited

Profit and Loss Account
for the Year Ended 30 June 1999

		Year Ended 30.6.99	Period 1.4.98 to 30.6.98
	Notes	£	£
TURNOVER		-	-
Administrative expenses		<u>4,754</u>	<u>287</u>
OPERATING LOSS	2	(4,754)	(287)
Interest payable and similar charges		<u>4</u>	<u>1</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,758)	(288)
Tax on loss on ordinary activities	3	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(4,758)	(288)
Deficit brought forward		<u>(102,435)</u>	<u>(102,147)</u>
DEFICIT CARRIED FORWARD		<u>£(107,193)</u>	<u>£(102,435)</u>

The notes form part of these financial statements

Medalmark Limited

Balance Sheet
30 June 1999

		30.6.99	30.6.98
	Notes	£	£
FIXED ASSETS:			
Investments	4	318,561	318,561
CURRENT ASSETS:			
Debtors	5	8,590	12,620
Cash at bank		<u>1</u>	<u>979</u>
		8,591	13,599
CREDITORS: Amounts falling due within one year	6	<u>115,782</u>	<u>116,032</u>
NET CURRENT LIABILITIES:		<u>(107,191)</u>	<u>(102,433)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>£211,370</u>	<u>£216,128</u>
CAPITAL AND RESERVES:			
Called up share capital	7	4	4
Share premium	8	318,559	318,559
Profit and loss account		<u>(107,193)</u>	<u>(102,435)</u>
Shareholders' funds		<u>£211,370</u>	<u>£216,128</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 (effective March 1999).

ON BEHALF OF THE BOARD:



W S C Richards - DIRECTOR

Approved by the Board on 3 March 2000

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 30 June 1999**

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 (effective March 1999).

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.

Consolidated financial statements

The company has not prepared consolidated financial statements. The directors have taken advantage of the exemptions available from preparing group financial statements as conferred by Section 248 of the Companies Act 1995.

2. OPERATING LOSS

The operating loss is stated after charging:

	Year Ended 30.6.99 £	Period 1.4.98 to 30.6.98 £
Auditors' remuneration	<u>890</u>	<u>235</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 1999 nor for the period ended 30 June 1998.

4. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 July 1998	
and 30 June 1999	<u>318,561</u>
NET BOOK VALUE:	
At 30 June 1999	<u>318,561</u>
At 30 June 1998	<u>318,561</u>
	30.6.99 30.6.98
	£ £
Unlisted investments	<u>318,561</u> <u>318,561</u>

**Notes to the Financial Statements
for the Year Ended 30 June 1999**

4. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Novelstyle Limited

Nature of business: Property investment

	%		
Class of shares:	holding		
Ordinary	100.00		
		30.6.99	30.6.98
		£	£
Aggregate capital and reserves		333,634	319,809
Profit for the year/period		<u>15,869</u>	<u>4,129</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.99	30.6.98
	£	£
Due from subsidiary company	2,852	5,032
Amount due from company under common control	<u>5,738</u>	<u>7,588</u>
	<u>8,590</u>	<u>12,620</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.99	30.6.98
	£	£
Creditors and accruals	782	1,032
Amount due to companies under common control	<u>115,000</u>	<u>115,000</u>
	<u>115,782</u>	<u>116,032</u>

7. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30.6.99	30.6.98
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.6.99	30.6.98
			£	£
4	Ordinary	£1	<u>4</u>	<u>4</u>

Notes to the Financial Statements
for the Year Ended 30 June 1999

8. SHARE PREMIUM

	30.6.99	30.6.98
	£	£
Brought forward	<u>318,559</u>	<u>318,559</u>

9. TRANSACTIONS WITH DIRECTORS

During the year under review the company paid Carter Consolidated Limited, a company owned and controlled by D H Carter, £2,500 (1998 - nil) for professional services rendered. All transactions took place under normal commercial terms.

During the year under review the company paid Tarrakam Limited, a company controlled by WSC Richards, S A Richards and D H Carter, £750 (1998 - nil) for professional services rendered. All transactions took place under normal commercial terms.