

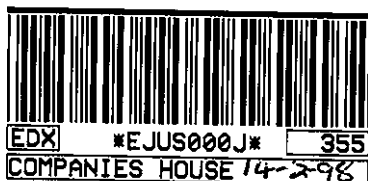
2526028

~~2526028~~ (England and Wales)

ENTA TECHNOLOGIES LIMITED

Directors' Report and Financial Statements

for the year ended 30 April 1997



ENTA TECHNOLOGIES LIMITED

Company Information

Directors	Jason Tsai Yueh-Taou Chang Tsai
Secretary	Jason Tsai
Company Number	2526028 (England and Wales)
Registered Office	7/10 Chandos Street Cavendish Square London W1M 9DE
Auditors	Simmons Gainsford 7/10 Chandos Street Cavendish Square London W1M 9DE

ENTA TECHNOLOGIES LIMITED

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ENTA TECHNOLOGIES LIMITED

Directors' Report for the year ended 30 April 1997

The directors present their report and the financial statements for the year ended 30 April 1997.

Principal Activities and Review of the Business

The principal activities of the company have been that of the importation and sale of computers and related products.

The directors consider the trading and the results in the period satisfactory. We continue to consolidate our market position. Margins remained depressed by increasing price competition and short shelf life products.

Current trading indicates an increase in market demands. However, our margin and profitability have not improved in the environment of intense price competition and costly post sales services. Cost containment measures would be introduced to enhance our competitiveness.

Overall, the directors are optimistic of the prospect and further growth.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £320,209 is transferred to reserves.

Fixed Assets

The significant changes in fixed assets during the year are explained in notes 6 and 7 to the financial statements.

Market Value of Land and Buildings

The market value of land and buildings is not lower than the book value.

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.

ENTA TECHNOLOGIES LIMITED

Directors' Report for the year ended 30 April 1997 (continued)

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1997	1996
Jason Tsai	Ordinary shares	-	259,700
Yueh-Taou Chang Tsai	Ordinary shares	-	270,300

Yueh-Taou Chang Tsai has the following holding in the parent company:

	Number	
	1997	1996
Ordinary shares	51	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 28 November 1997

Secretary



ENTA TECHNOLOGIES LIMITED

Auditors' Report to the shareholders of ENTA TECHNOLOGIES LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 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 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Simmons Gainsford

Chartered Accountants
Registered Auditor

28 November 1997

7/10 Chandos Street
Cavendish Square
London W1M 9DE

ENTA TECHNOLOGIES LIMITED

Profit and Loss Account for the year ended 30 April 1997

	Notes	1997 £	1996 £
Turnover	2	52,339,423	35,186,380
Cost of sales		(48,164,508)	(31,737,329)
Gross profit		4,174,915	3,449,051
Distribution costs		(780,681)	(605,138)
Administrative expenses		(3,199,662)	(2,615,347)
Other operating income		141,325	69,127
Operating profit	3	335,897	297,693
Other interest receivable and similar income	4	106,078	71,336
Profit on ordinary activities before taxation		441,975	369,029
Tax on profit on ordinary activities	5	(121,766)	(56,251)
Profit for the year	15	£ 320,209	£ 312,778

There are no recognised gains and losses other than those passing through the profit and loss account.

ENTA TECHNOLOGIES LIMITED

Balance Sheet as at 30 April 1997

	Notes	1997 £	1996 £
Fixed Assets			
Tangible assets	6	3,622,289	3,383,313
Investments	7	100	-
		<u>3,622,389</u>	<u>3,383,313</u>
Current Assets			
Stocks	8	3,274,382	3,413,204
Debtors	9	4,943,862	4,130,060
Cash at bank and in hand		1,789,939	1,706,502
		<u>10,008,183</u>	<u>9,249,766</u>
Creditors: amounts falling due within one year	10	(9,095,674)	(8,571,305)
Net Current Assets		<u>912,509</u>	<u>678,461</u>
Total Assets Less Current Liabilities		<u>4,534,898</u>	<u>4,061,774</u>
Creditors: amounts falling due after more than one year	11	(2,967,000)	(2,904,667)
Provision for Liabilities and Charges	12	(72,593)	17,987
		<u>£1,495,305</u>	<u>£1,175,094</u>
Capital and Reserves			
Called up share capital	14	530,000	530,000
Profit and loss account	15	965,305	645,094
Shareholders' Funds	16	<u>£1,495,305</u>	<u>£1,175,094</u>

The financial statements were approved by the Board on 28 November 1997.



Jason Tsai
Director

ENTA TECHNOLOGIES LIMITED

Cash Flow Statement for the year ended 30 April 1997

	1997		1996
	£	£	£
Net cash in/outflow from operating activities	266,426		1,048,527
Returns on investments and servicing of finance			
Interest received	<u>106,078</u>		<u>71,336</u>
Net cash in/outflow from returns on investments and servicing of finance	106,078		71,336
Taxation			
Corporation tax paid (including advance corporation tax)	<u>(87,574)</u>		<u>(21,287)</u>
Tax paid	(87,574)		(21,287)
Investing activities			
Payments to acquire tangible assets	(542,689)		(680,454)
Payments to acquire investments	(100)		-
Receipts from sales of tangible assets	<u>17,835</u>		<u>-</u>
Net cash in/outflow from investing activities	(524,954)		(680,454)
Net cash in/outflow before financing	(240,024)		418,122
Financing			
Government grant received	110,000		135,667
Other new short term loans	<u>176,794</u>		<u>820,626</u>
Net cash in/outflow from financing	286,794		956,293
In/Decrease in cash and cash equivalents	<u>£ 83,436</u>		<u>£ 2,140,673</u>

ENTA TECHNOLOGIES LIMITED

Notes to the Cash Flow Statement for the year ended 30 April 1997

1	Reconciliation of operating profit to net cash in/outflow from operating activities	1997 £	1996 £	
	Operating profit	335,897	297,693	
	Depreciation of tangible assets	285,877	164,348	
	Decrease in stocks	138,822	(941,569)	
	Increase in debtors	(813,802)	(1,381,737)	
	Increase in creditors due within one year	381,965	2,909,792	
	Increase in deferred income	(62,333)	-	
	Net cash in/outflow from operating activities	£ 266,426	£1,048,527	
2	Analysis of changes in cash and cash equivalents during the year	1997 £	1996 £	
	Balance at 1 May 1996	1,706,502	423,754	
	Net cash in/outflow	83,437	1,282,748	
	Balance at 30 April 1997	£1,789,939	£1,706,502	
3	Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1997 £	1996 £	Change in year £
	Cash at bank and in hand	1,789,939	1,706,502	83,437
		£1,789,939	£1,706,502	£ 83,437
4	Analysis of changes in financing during the year		Share capital £	Loans £
	Balance at 1 May 1996		530,000	3,972,755
	Cash in/outflow from financing		-	198,794
	Balance at 30 April 1997		£ 530,000	£4,171,549

ENTA TECHNOLOGIES LIMITED

Notes to the Financial Statements for the year ended 30 April 1997

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Turnover

Turnover represents sales to outside customers at invoiced amounts, less Value Added Tax

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Buildings	-	Straight line over forty years
Fixtures, fittings and equipment	-	20% Straight line
Motor vehicles	-	15% Straight line

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

ENTA TECHNOLOGIES LIMITED

Notes to the Financial Statements for the year ended 30 April 1997

1.10 Group Accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Enta UK Limited, a company incorporated in England, and is included in the consolidated accounts of that company.

2. Turnover and Profit on Ordinary Activities before Taxation

The total turnover of the company for the year has been derived from its principal activity mainly undertaken in the U.K.

	Turnover		Profit	
	1997	1996	1997	1996
	£	£	£	£
Class of business				
Sale of computer products	52,339,423	35,186,380	372,034	369,029
	<u>£52,339,423</u>	<u>£35,186,380</u>	<u>£372,034</u>	<u>£369,029</u>

3. Operating Profit

Operating profit is stated after charging:

	1997	1996
	£	£
Depreciation of tangible assets	285,877	164,348
Operating lease rentals		
- Land and buildings	-	(4,408)
Auditors' remuneration	21,900	21,000

and after crediting:

	1997	1996
	£	£
Government grants	<u>47,667</u>	<u>66,000</u>

4. Other Interest Receivable and Similar Income

	1997	1996
	£	£
Bank interest received	<u>£ 106,078</u>	<u>£ 71,336</u>

ENTA TECHNOLOGIES LIMITED

Notes to the Financial Statements for the year ended 30 April 1997

5. Taxation	1997 £	1996 £
U.K. Current year taxation		
U.K. Corporation tax at 24% (1996 - 28%)	23,550	79,940
Transfer to deferred taxation	90,580	(17,987)
	<u>114,130</u>	<u>61,953</u>
Prior years		
U.K. Corporation tax	7,636	(5,702)
	<u>£ 121,766</u>	<u>£ 56,251</u>

6. Tangible Assets	Land and Buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 May 1996	2,791,403	829,518	172,231	3,793,152
Additions	149,204	341,035	52,450	542,689
Disposals	-	(25,791)	-	(25,791)
	<u>2,940,607</u>	<u>1,144,762</u>	<u>224,681</u>	<u>4,310,050</u>
At 30 April 1997				
Depreciation				
At 1 May 1996	107,610	219,261	82,968	409,839
On disposals	-	(7,956)	-	(7,956)
Charge for year	60,973	193,415	31,490	285,878
	<u>168,583</u>	<u>404,720</u>	<u>114,458</u>	<u>687,761</u>
At 30 April 1997				
Net book values				
At 30 April 1997	<u>£ 2,772,024</u>	<u>£ 740,042</u>	<u>£ 110,223</u>	<u>£ 3,622,289</u>
At 30 April 1996	<u>£ 2,683,793</u>	<u>£ 610,257</u>	<u>£ 89,263</u>	<u>£ 3,383,313</u>

ENTA TECHNOLOGIES LIMITED

Notes to the Financial Statements for the year ended 30 April 1997

7. Fixed Asset Investments	1997 £	1996 £
Subsidiary undertakings	<u>100</u>	<u>-</u>
Investment in subsidiary undertakings		Shares £
Cost		100
Additions		<u>100</u>
At 30 April 1997		<u>100</u>
Net Book Values		
At 30 April 1997		£ 100

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertaking			
Entanet International Limited	England and Wales	Ordinary	100

8. Stocks	1997 £	1996 £
Finished goods and goods for resale	<u>£ 3,274,382</u>	<u>£ 3,413,204</u>

The replacement cost of the stocks held at 30 April 1997 is not materially different from the value stated in the accounts.

9. Debtors	1997 £	1996 £
Trade debtors	4,778,525	4,118,145
Amounts owed by group undertaking	117,996	-
Other debtors	110	2,740
Prepayments and accrued income	47,231	9,175
	<u>£ 4,943,862</u>	<u>£ 4,130,060</u>

ENTA TECHNOLOGIES LIMITED

Notes to the Financial Statements for the year ended 30 April 1997

10. Creditors: amounts falling due within one year	1997 £	1996 £
Trade creditors	6,961,108	6,488,251
Corporation tax	23,550	79,940
Other taxes and social security costs	83,084	320,277
Directors' current accounts	26,492	25,199
Other creditors	1,404,378	1,203,755
Accruals and deferred income	597,062	453,883
	<u>£ 9,095,674</u>	<u>£ 8,571,305</u>

11. Creditors: amounts falling due after more than one year	1997 £	1996 £
Loans	2,769,000	2,769,000
Deferred income	198,000	135,667
	<u>£ 2,967,000</u>	<u>£ 2,904,667</u>

Not wholly repayable within five years:

Other Loans	2,769,000	2,769,000
Wholly repayable within five years	1,402,549	1,203,755
	<u>4,171,549</u>	<u>3,972,755</u>
Included in current liabilities	(1,402,549)	(1,203,755)
	<u>£ 2,769,000</u>	<u>£ 2,769,000</u>

Other loans are unsecured and interest free. The repayment of the loan is not fixed but not earlier of 1st September 2000.

ENTA TECHNOLOGIES LIMITED

Notes to the Financial Statements for the year ended 30 April 1997

12. Provisions for Liabilities and Charges

Deferred tax is provided at 33% (1996 - 33%) analysed over the following timing differences:

	Not provided		Provided	
	1997	1996	1997	1996
	£	£	£	£
Accelerated capital allowances	108,400	81,334	46,968	21,066
Other timing differences	-	-	(25,625)	39,053
	<u>£ 108,400</u>	<u>£ 81,334</u>	<u>£ (72,593)</u>	<u>£ 17,987</u>

Movements on the provision for deferred taxation are:

	£
Transferred from profit and loss account	72,593
At 30 April 1997	<u>£ 72,593</u>

13. Pension Costs

The company contributes to a money purchase scheme for its directors and a defined contribution scheme for other staff. The contributions paid in the year is £170,100 (1996:£51,356).

14. Share Capital

	1997	1996
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>
Allotted, called up and fully paid		
530,000 Ordinary shares of £1 each	<u>£ 530,000</u>	<u>£ 530,000</u>

15. Profit And Loss Account

	1997	1996
	£	£
Retained profits at 1 May 1996	645,096	332,316
Retained profit for the year	<u>320,209</u>	<u>312,778</u>
Retained profits at 30 April 1997	<u>£ 965,305</u>	<u>£ 645,094</u>

ENTA TECHNOLOGIES LIMITED

Notes to the Financial Statements for the year ended 30 April 1997

16. Reconciliation of Movements in Shareholders' Funds

	1997 £	1996 £
Profit for the financial year	320,209	312,778
Opening shareholders' funds	1,175,094	862,316
Closing shareholders' funds	<u>£ 1,495,305</u>	<u>£ 1,175,094</u>

17. Contingent Liabilities

At the balance sheet date the company has contingent liabilities in respect of documentary credits amounting to £ 147,000 (1996: £ 524,488).

18. Directors' Emoluments

	1997 £	1996 £
Emoluments for qualifying services	60,000	60,000
Company pension contributions to money purchase schemes	164,130	50,000
	<u>£ 224,130</u>	<u>£ 110,000</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>£ 32,000</u>	<u>£ 32,000</u>
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19. Employees

Number of employees

The average weekly number of employees (including directors) during the year was:

	1997 Number	1996 Number
Management and administration	24	22
Marketing and sales	81	72
	<u>105</u>	<u>94</u>

ENTA TECHNOLOGIES LIMITED

Notes to the Financial Statements for the year ended 30 April 1997

Employment costs

	£	£
Wages and salaries	1,432,493	940,850
Social security costs	6,120	82,255
Other pension costs	170,100	51,356
	<u>£ 1,608,713</u>	<u>£ 1,074,461</u>

20. Ultimate Parent Company

On 31st March 1997, Enta UK Limited, a company registered in England, acquired the whole of the issued share capital.