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SPITFIRE DIGITAL NETWORKS LIMITED  
(FORMERLY SKYRISE INVESTMENTS LIMITED)

FINANCIAL STATEMENTS  
FOR THE PERIOD  
FROM 1ST JULY 1996 TO 31ST MARCH 1997



RUBIN WINTER & CO  
Registered Auditors  
Chartered Accountants  
  
Pearl Assurance House  
319 Ballards Lane  
London N12 8LY

SPITFIRE DIGITAL NETWORKS LIMITED  
(FORMERLY SKYRISE INVESTMENTS LIMITED)

COMPANY INFORMATION

DIRECTORS:	H.A.S. Bowlby J.R. Orde
SECRETARY:	H.A.S. Bowlby
COMPANY NUMBER:	2622508
REGISTERED OFFICE:	Pearl Assurance House 319 Ballards Lane London N12 8LY
AUDITORS:	Rubin Winter & Co Chartered Accountants Pearl Assurance House 319 Ballards Lane London N12 8LY

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(FORMERLY SKYRISE INVESTMENTS LIMITED)

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST JULY 1996 TO 31ST MARCH 1997

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SPITFIRE DIGITAL NETWORKS LIMITED  
(FORMERLY SKYRISE INVESTMENTS LIMITED)

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the period ended 31st March 1997.

On 20th August 1996 the Company changed its name from Skyrise Investments Limited to Spitfire Digital Networks Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the Directors to prepare financial 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 year. In preparing those financial 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 financial 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 financial accounts 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.

PRINCIPAL ACTIVITY

The Company is dormant and has not traded during the period.

DIRECTORS

The Directors who served during the period were as follows:

H.A.S. Bowlby	(appointed 8th August 1996)
J.R. Orde	(appointed 8th August 1996)
Company Directors Limited	(resigned 8th August 1996)

None of the above had any interest in the issued share capital of the Company throughout the period under review.

Cont'd...

SPITFIRE DIGITAL NETWORKS LIMITED  
(FORMERLY SKYRISE INVESTMENTS LIMITED)

REPORT OF THE DIRECTORS

Continuation...

AUDITORS

Messrs Rubin Winter & Co have expressed their willingness to continue in office, and a resolution to re-appoint them in accordance with s.385(2) of the Companies Act 1985 will be put to the Annual General Meeting.

SMALL COMPANIES EXEMPTION

The report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the board on 4th August 1997 and signed on its behalf.

Signed on behalf of the  
Board of Directors

4TH AUGUST 1997

  
.....  
H.A.S. Bowlby  
SECRETARY

AUDITORS' REPORT TO THE MEMBERS

OF SPITFIRE DIGITAL NETWORKS LIMITED  
(FORMERLY SKYRISE INVESTMENTS LIMITED)

We have audited the financial statements on pages 4 to 5 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 31st March 1997 and of its profit for the period then ended and have been properly prepared in accordance with the requirements of the Companies Act 1985 applicable to small companies.

Pearl Assurance House  
319 Ballards Lane  
London N12 8LY



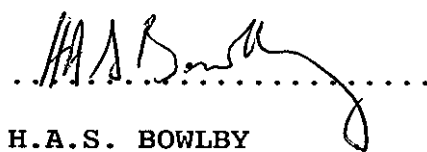
.....  
RUBIN WINTER & CO  
Registered Auditors  
Chartered Accountants


4TH AUGUST 1997

SPITFIRE DIGITAL NETWORKS LIMITED  
(FORMERLY SKYRISE INVESTMENTS LIMITED)  
BALANCE SHEET AS AT 31ST MARCH 1997

		<u>1997</u>	<u>1996</u>
	<u>Notes</u>	£	£
<u>CURRENT ASSETS</u>			
Debtors	2	30,000	2
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>30,000</u>	<u>2</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	3	30,000	2
Shareholders' Funds		<u>30,000</u>	<u>2</u>

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 4th August 1997 and signed on its behalf.

  
H.A.S. BOWLBY

  
J.R. ORDE

The accompanying notes form part of these accounts.

SPITFIRE DIGITAL NETWORKS LIMITED

(FORMERLY SKYRISE INVESTMENTS LIMITED)

NOTES TO THE ACCOUNTS

FOR THE PERIOD FROM 1ST JULY 1996 TO 31ST MARCH 1997

**1. ACCOUNTING POLICIES**

**- Basis of preparation of accounts**

The financial statements have been prepared under the historical cost convention.

**2. DEBTORS**

	<u>1997</u>	<u>1996</u>
	£	£
Other Debtors	-	2
Amounts owed by group undertakings	30,000	-
	<u>30,000</u>	<u>2</u>

**3. SHARE CAPITAL**

	<u>1997</u>	<u>1996</u>
	£	£
<b>Authorised</b>		
Ordinary Shares of £1 each	<u>30,000</u>	<u>2</u>
<b>Allotted, Called Up and Fully Paid</b>		
Ordinary Shares of £1 each	<u>30,000</u>	<u>2</u>

During the period the authorised share capital of the company was increased, by Ordinary Resolution, from 1,000 Ordinary Shares of £1 each to 30,000 Ordinary Shares of £1 each.

During the period 29,998 shares of £1 each were allotted to increase the capital base of the Company. These shares were acquired by Octavia Holdings Limited who undertakes to pay cash to the company at a future date

**4. ULTIMATE HOLDING COMPANY**

The ultimate holding company is Spitfire Trechnology Group Limited, a company incorporated in England.