

SHARE EXCHANGE LIMITED**DIRECTORS' REPORT****For the year ended 31 July 1996**

The directors present their report and audited accounts for the year ended 31 July 1996.

Principal activities and Business Review

The company did not trade during the year. The directors do not recommend the payment of a dividend.

Directors

Directors who have served during the year were as follows:-

B S Sheppard
J A Wood

Statement of Directors' Responsibilities

We are required under company law to prepare accounts for each financial period 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 these accounts we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- state whether accounting standards have been followed, and give details of any departures
- prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business

We are also responsible for:

- keeping proper accounting records
- safeguarding the company's assets
- taking reasonable steps for the prevention and detection of fraud.

Auditors

A resolution to re-appoint the auditors, Kidsons Impey, will be proposed at the forthcoming annual general meeting.

On behalf of the board



B S Sheppard

Secretary

Charlotte House
10 Charlotte Street
Manchester
M1 4FL

6 November 1996



SHARE EXCHANGE LIMITED**AUDITORS' REPORT****Auditors' report to the shareholders SHARE EXCHANGE LIMITED**

We have audited the financial statements on pages 3 and 4 which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

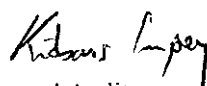
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements 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 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 July 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Registered Auditors
Chartered Accountants

Devonshire House
36 George Street
Manchester
M1 4HA

6 November 1996

SHARE EXCHANGE LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 July 1996**

During the year the company did not trade and received no income and incurred no expenditure. Consequently during the year the company made neither a profit nor a loss.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**FOR THE YEAR ENDED 31 JULY 1996**

A separate statement of total recognised gains and losses has not been prepared, as there were no recognised gains or losses.

NOTES OF HISTORICAL COST PROFITS AND LOSSES**FOR THE YEAR ENDED 31 JULY 1996**

There were no historical cost profits or losses.

SHARE EXCHANGE LIMITED

BALANCE SHEET

For the year ended 31 July 1996

	31.7.96 £	31.7.95 £
Current Assets		
Debtors	2	2
	<hr/>	<hr/>
Share Capital		
Ordinary Shares of £1 each	2	2
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These financial statements were approved by the board of directors on 6/11/1996.

B S Sheppard

J A Wood

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Directors

The Authorised Share Capital of the company is 100 Ordinary £1 shares.

The ultimate holding company is Galleon Securities Limited

The financial statements have been prepared in accordance with applicable accounting standards.