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ASSOCIATED TECHNOLOGIES LIMITED
STATEMENT OF CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED
31ST DECEMBER 1996
COMPANY NUMBER: 2815753



REPORT OF THE DIRECTOR

The Director submits his report and the audited consolidated accounts for the year ended 31st December 1996.

RESULTS AND DIVIDENDS

The consolidated profit for the year after taxation amounted to £2,775,529 (1995 : £144,202).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the supply of computer systems and equipment, specialising in retail EPOS systems.

Turnover during the year was £3,145,606.

In March 1996 the group disposed of its principal trading subsidiary, Smart Terminals Limited, to Torex plc.

POST BALANCE SHEET EVENTS

On 7th January 1997 the group disposed of its trading subsidiary, Ambridge Business Systems Limited to Torex plc.

On 18th April 1997 the company acquired 36 'A' Ordinary Shares in itself for a consideration equal to 460,000 10p shares in Torex plc. On that date the 36 'A' Ordinary Shares were cancelled.

On 1st January 1997 the company acquired Oxford International Publishers Limited. On that date that company acquired the trading activities, together with certain assets and liabilities including the stock of Berg Publishers Limited.

DONATIONS

The group made charitable donations during the year of £1,300.

There were no political contributions made by any group company during the year.

TAXATION

The Director is of the opinion that the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

SIGNIFICANT CHANGES IN FIXED ASSETS

As a result of the sale of Smart Terminals Limited, the company acquired a substantial shareholding in Torex plc. Details of this investment and movements in other tangible assets are disclosed in notes 8, 9 and 10 which form part of these accounts.

ASSOCIATED TECHNOLOGIES LIMITED

1a.

REPORT OF THE DIRECTOR

/...continued

DIRECTOR

The director of the company during the year and his interest in the shares of the company either directly or indirectly was :

<u>Name</u>	<u>Class of Shares</u>	<u>Beginning and End of Year</u>
C E Moore	'A'	864

There were no contracts of significance in which the director is or was materially interested either during or at the end of the financial year, except as set out in note 21 to these accounts.

AUDITORS

A resolution in accordance with Section 385 of the Companies Act 1985, for the reappointment of Messrs. F M C B, Chartered Accountants, as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board.



L Moore
Secretary

3 July 1998

DIRECTOR'S RESPONSIBILITIES

2.

FOR THE FINANCIAL STATEMENTS

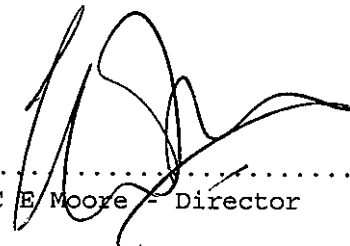
ASSOCIATED TECHNOLOGIES LIMITED

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the company and of the profit or loss of the company for that year. In preparing those financial statements, the director is 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 director is 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. He is 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.

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C E Moore - Director

3 July 1998

OF ASSOCIATED TECHNOLOGIES LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described on page 2 the company's director is 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.

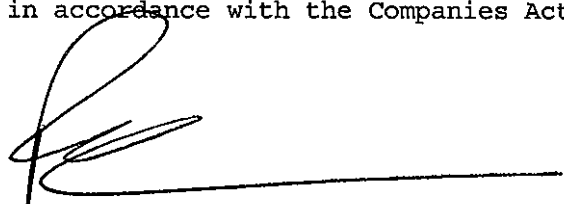
BASIS OF OPINION

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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 affairs of the Company and of the Group as at 31st December 1996 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



F M C B
Chartered Accountants and
Registered Auditor
Hathaway House
Popes Drive
Finchley
London N3 1QF

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THEYEAR ENDED 31ST DECEMBER 1996

	<u>Notes</u>		<u>1995</u>
Continuing Operations		2,432,206	1,572,926
Discontinued Operations		713,400	4,074,917
		-----	-----
TURNOVER	1	3,145,606	5,647,843
Cost of Sales		1,855,542	3,630,486
		-----	-----
GROSS PROFIT		1,290,064	2,017,357
Administrative Costs		1,346,118	1,696,846
		=====	=====
Operating (Loss) Profit	2		
Continuing Operations		(654)	(203,975)
Discontinued Operations		(55,400)	524,486
		-----	-----
		(56,054)	320,511
Interest Receivable less Interest Payable	3	(9,025)	(59,268)
Exceptional Item	5	2,823,080	-
Profit of Associated Company	9	322,799	-
		-----	-----
<u>Profit on ordinary activities before taxation</u>		3,080,800	261,243
Taxation	6	288,602	186,999
		-----	-----
<u>Profit on ordinary activities after taxation</u>		2,792,198	74,244
Minority Interest in profit in the year		16,669	(83,958)
		-----	-----
		2,775,529	158,202
Dividends paid	7	-	(14,000)
		-----	-----
<u>Retained Profit carried forward</u>	16	£2,775,529	£144,202
		=====	=====

There are no recognised gains and losses in 1996 or 1995 for the Group or Company other than the profit for the year.

The notes on pages 8 to 16 form part of these Accounts.

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 1996

<u>FIXED ASSETS</u>	<u>Notes</u>		<u>1995</u>
Tangible Assets	8	1,121,862	714,277
Investments	9	2,281,318	-
		-----	-----
		3,403,180	714,277
<u>CURRENT ASSETS</u>			
Stocks	11	93,187	620,897
Debtors	12	1,095,184	634,294
Cash at Bank and in Hand		41,536	225,080
		-----	-----
		1,229,907	1,480,271
<u>CREDITORS</u>			
Amounts falling due within one year	13	(2,035,666)	(1,749,471)
		-----	-----
Net Current Liabilities		(805,759)	(269,200)
		-----	-----
Total Assets less Current Liabilities		2,597,421	445,077
<u>CREDITORS</u>			
Amounts falling due after more than one year	14	-	(309,374)
		-----	-----
<u>NET ASSETS</u>		£2,597,421	£135,703
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	15	900	900
Other Reserves	16	(618,114)	(195,679)
Profit and Loss Account	16	3,129,789	284,167
Minority Interest	16	84,846	46,315
		-----	-----
		£2,597,421	£135,703
		=====	=====

The notes on pages 8 to 16 form part of these Accounts.

The financial statements were approved on 3 July 1998.

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C E Moore - Director

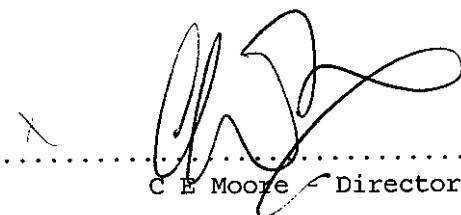
3 July 1998

COMPANY BALANCE SHEET AT 31ST DECEMBER 1996

<u>FIXED ASSETS</u>	<u>Notes</u>		<u>1995</u>
Tangible Assets	8	794,292	95,000
Investment in Associated Company	9	2,070,079	-
Investment in Subsidiaries	10	36,424	6,423
		-----	-----
		2,900,795	101,423
<u>CURRENT ASSETS</u>			
Debtors	12	1,685,161	726,175
<u>CREDITORS</u>			
Amounts falling due within one year	13	(1,846,954)	(489,349)
		-----	-----
Net Current Assets		(161,793)	236,826
		-----	-----
<u>NET ASSETS</u>		£2,739,002	£338,249
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	15	900	900
Profit and Loss Account	16	2,738,102	337,349
		-----	-----
		£2,739,002	£338,249
		=====	=====

The notes on pages 8 to 16 form part of these Accounts.

The financial statements were approved by the board on 3 July 1998.

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 C E Moore - Director

3 July 1998

CONSOLIDATED CASH FLOW STATEMENT FOR THEYEAR ENDED 31ST DECEMBER 1996

	<u>Notes</u>	<u>1995</u>
Operating (Loss) Profit	(56,054)	320,511
Depreciation	19,303	126,030
Loss on Disposal of Assets	1,495	2,806
Debtors	(151,755)	77,042
Stocks	(18,141)	(188,578)
Creditors	1,365,640	163,696
	-----	-----
Net Cash Inflow from Operating Activities	£1,160,488	£501,507
	=====	=====
<u>Returns on Investments and Servicing of Finance</u>		
Interest Received	7,070	7,625
Interest Paid	(16,095)	(38,192)
Interest element of finance leases	-	(28,701)
	-----	-----
<u>Net Cash Outflow from returns on Investments and Servicing of Finance</u>	£(9,025)	£(59,268)
	=====	=====
<u>Taxation</u>		
Corporation Tax Paid	£(38,226)	£(11,826)
	=====	=====
<u>Investing Activities</u>		
Dividends Paid	-	(14,000)
Payments to acquire tangible fixed assets	(640,813)	(406,668)
Receipts from sales of tangible assets	3,398	61,252
Receipts from sale of Smart Terminals Limited	17(a) 74,921	-
	-----	-----
<u>Net cash outflow from investing activities</u>	(562,494)	(359,416)
	-----	-----
<u>NET CASH INFLOW BEFORE FINANCING</u>	£550,743	£ 70,997
	=====	=====
<u>Financing</u>		
Capital element of finance leases	-	80,982
	-----	-----
	-	80,982
<u>CASH AND CASH EQUIVALENTS</u>	17(b) 550,743	(9,985)
	-----	-----
	£550,743	£70,997
	=====	=====

The notes on pages 8 to 16 form part of these Accounts.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THEYEAR ENDED 31ST DECEMBER 19961. ACCOUNTING POLICIES

The accounting policies for the Group during the year are set out below.

The accounts have been prepared under the historical cost convention.

Basis of Consolidation

The consolidated financial statements are of the Company and its subsidiaries made up to 31st December 1996. The results of subsidiaries acquired during the year are included from the effective date of acquisition. The results of subsidiaries disposed of during the year are included up to the date of disposal.

Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land and buildings, at rates calculated to write off the cost of each asset over its expected useful life on a straight line basis:

	<u>Annual Rate</u>
Plant and Machinery	20%
Fixtures and Fittings	20%
Vehicles	33%
Narrowboat	10%

Stocks

Stock and Work in Progress are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

Deferred Taxation

It is the intention of the company to continue trading and in so doing the company is pursuing a policy of constant replacement and renewals of its fixed assets. Taking, therefore, one year with another, the directors do not consider it necessary to provide for deferred taxation.

Turnover

Turnover represents total sales invoiced less credit notes, discounts and value added tax.

Pension Contributions

The costs of providing pensions for the company's employees are taken into account in arriving at the operating profit, in the year during which the company derives benefit from the employees services.

NOTES CONTINUEDForeign Currency

Assets and Liabilities in foreign currencies are converted at the rate of exchange ruling at the Balance Sheet date.

2.	<u>OPERATING PROFIT</u>	<u>1996</u>	<u>1995</u>
	Operating Profit has been arrived at after accounting for:		
	Auditors Remuneration and Expenses	£51,250	£ 66,950
	Hire of Equipment	1,129	1,568
	Depreciation	19,303	126,030
		=====	=====
3.	<u>INTEREST</u>		
	<u>Receivable</u>		
	Bank Interest	7,070	7,625
	<u>Payable</u>		
	a) On loans repayable within five years		
	Other Interest	(16,095)	(2,389)
	Hire Purchase Contracts	-	(28,701)
	b) On loans repayable in more than five years	-	(35,803)
		-----	-----
		£ (9,025)	£ (59,268)
		=====	=====

NOTES CONTINUED

4.	<u>DIRECTORS AND STAFF COSTS</u>	<u>1996</u>	<u>1995</u>
	Remuneration of Directors:	<u>Number</u>	<u>Number</u>
	0 - £5,000	1	1
	£30,001 - £35,000	-	1
	<u>Staff Costs</u>	<u>Group</u>	<u>Group</u>
	Administration and Other	311,461	925,320
	Operations	72,574	340,532
		-----	-----
		£384,035	£1,265,852
		=====	=====
	<u>Average number of employees:</u>	<u>Number</u>	<u>Number</u>
	Office and Administration	9	17
	Selling and Distribution	6	15
	Technical Support	17	41
		---	---
		32	73
		===	===

Pension Scheme

The Company Pension Scheme is a defined contribution benefit scheme. The contributions paid during the year have been taken into account in arriving at the operating profit.

5.	<u>EXCEPTIONAL ITEMS</u>	<u>1996</u>	<u>1995</u>
	Profit on Disposal of Subsidiary	£2,823,080	£ -
		=====	=====

On 18th March 1996 the company sold its entire interest in Smart Terminals Limited to Torex plc.

6.	<u>TAXATION</u>	<u>1996</u>	<u>1995</u>
	Based on the adjusted profits for the year	<u>Group</u>	<u>Group</u>
	Corporation Tax @ 33%	177,219	178,588
	Adjustments in respect of previous years	(177)	8,411
	Share of Tax in Associated Company	111,560	-
		-----	-----
		£288,602	£186,999
		=====	=====

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

7.	<u>DIVIDENDS</u>	<u>1996</u>	<u>1995</u>
		<u>Group</u>	
	Ordinary Dividends Paid	£ -	£14,000
		=====	=====

NOTES CONTINUED

8. TANGIBLE ASSETS

	<u>GROUP</u>				
	<u>Narrowboat</u>	<u>Freehold Land and Buildings</u>	<u>Fixtures and Office Equipment</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>					
At beginning of year	35,000	412,468	248,776	173,488	869,732
Additions	-	608,082	32,731	-	640,813
Disposals	-	-	(193,834)	(168,988)	(362,822)
At end of the year	£35,000	1,020,550	87,673	4,500	1,147,723
<u>Depreciation</u>					
At beginning of year	290	-	111,311	43,854	155,455
Charge for year	3,500	-	14,498	1,305	19,303
Eliminated on Disposal	-	-	(105,111)	(43,786)	(148,897)
At end of the year	£ 3,790	-	20,698	1,373	25,861
<u>Net Book Value</u>					
At 31st December 1996	£31,210	1,020,550	66,975	3,127	1,121,862
At 31st December 1995	£34,710	412,468	137,465	129,634	714,277

	<u>COMPANY</u>		<u>Total</u>
	<u>Freehold Land and Buildings</u>	<u>Narrowboat</u>	
<u>Cost</u>			
At beginning of year	95,000	-	95,000
Additions	608,082	-	608,082
Transfer from Subsidiary	60,000	35,000	95,000
At end of year	£763,082	35,000	798,082
<u>Depreciation</u>			
At beginning of year	-	-	-
Charge for year	-	3,500	3,500
Transfer from Subsidiary	-	290	290
At end of year	£ -	3,790	3,790
<u>Net Book Value</u>			
At 31st December 1996	£763,082	31,210	794,292
At 31st December 1995	£ 95,000	-	95,000

NOTES CONTINUED9. INVESTMENT IN ASSOCIATED COMPANY 1996

Additions	2,070,029
Share of Profit in year	211,289

	£2,281,318
	=====

On 18th March 1996 the company acquired 6,677,675 ordinary 10p shares in Torex plc as part of the consideration for the sale of Smart Terminals Limited. The market value of these shares at 31st December 1996 was £3,221,978.

10. INVESTMENT IN SUBSIDIARIES Company only

At beginning of year	6,423
Acquired during the year	280,001
Disposal in year	(250,000)

At end of year	£36,424
(see note 20)	=====

11. STOCKS 1996 1995
Group Group

Raw Materials and Finished Goods	£93,187	£620,897
	=====	=====

12. DEBTORS 1996 1995 1996 1995
Group Group Company Company

Due within one year

Trade Debtors	281,201	521,716	-	-
Other Debtors	38,430	84,557	68,224	7,614
Prepayment and Accrued Income	25,553	28,021	-	-
Amounts owed by group companies	-	-	866,937	148,561
Dividends Receivable	-	-	-	570,000
Deferred Consideration	250,000	-	250,000	-
	-----	-----	-----	-----
	595,184	634,294	1,185,161	726,175

Due after one year

Deferred Consideration	500,000	-	500,000	-
	-----	-----	-----	-----
	£1,095,184	£634,294	£1,685,161	£726,175
	=====	=====	=====	=====

The Deferred Consideration arises from the sale of Smart Terminals Limited to Torex plc. It is payable in equal instalments on 1st January 1997, 1998 and 1999.

NOTES CONTINUED

13.	<u>CREDITORS - Amounts falling due within one year</u>	<u>1996</u> <u>Group</u>	<u>1995</u> <u>Group</u>	<u>1996</u> <u>Company</u>	<u>1995</u> <u>Company</u>
	Bank Overdraft	-	-	12,357	58,979
	Trade Creditors	218,002	518,193	106,518	15,862
	Customer Deposits	-	329,826	-	-
	Hire Purchase Creditor	-	71,141	-	-
	Taxation and Social Security	15,484	31,039	-	-
	Directors Current Account	1,207,887	-	1,207,887	-
	Other Creditors	51,615	150,066	-	8,559
	Accruals	49,577	197,226	3,500	3,000
	Corporation Tax	173,582	451,980	122,111	8,110
	Amounts owed to group companies	-	-	394,581	394,839
	Amounts owed to Associated company	319,519	-	-	-
		-----	-----	-----	-----
		£2,035,666	£1,749,471	£1,846,954	£489,349
		=====	=====	=====	=====

14.	<u>CREDITORS - Amounts falling due after more than one year</u>	<u>1996</u> <u>Group</u>	<u>1995</u> <u>Group</u>
	Mortgage	-	261,643
	Hire Purchase Creditors	-	47,731
		-----	-----
		£ -	£309,374
		=====	=====

Analysis of changes in Hire Purchase contracts during the year :

At beginning of year	118,872	75,914
Additions	-	123,940
Disposals (see note 17(a))	(118,872)	-
	-----	-----
	-	199,854
Capital element of hire purchase payments	-	(80,982)
	-----	-----
At end of year	£ -	£118,872
	=====	=====

15.	<u>SHARE CAPITAL</u>	<u>1996</u> <u>Group and</u> <u>Company</u>	<u>1995</u> <u>Group and</u> <u>Company</u>
	Authorised: 900 'A'	900	900
	50 'B'	50	50
	50 'C'	50	50
		-----	-----
		£1,000	£1,000
		=====	=====
	Issued and Fully Paid: 900 'A' shares of £1 each	£ 900	£ 900
		=====	=====

NOTES CONTINUED

16. RESERVES	Arising on Consolidation	Minority Interest	Profit and Loss Account	Total Reserves	Company
Group					
At beginning of year	(195,679)	46,315	284,167	134,803	337,349
On Acquisition	(61,491)	31,481	30,010	-	-
On Disposal	(360,944)	(9,619)	40,083	(330,480)	-
Profit in year	-	-	2,792,198	2,792,198	2,400,753
Minority Interest in profit	-	16,669	(16,669)	-	-
	£(618,114)	84,846	3,129,789	2,596,521	2,738,102
	=====				

17(a) SALE OF SMART TERMINALS LIMITED

Fixed Assets	209,032
Stocks	545,851
Debtors	383,407
Creditors	(1,089,663)
Hire Purchase Creditors	(118,872)
Reserves	(330,479)
Profit on Disposal	2,823,080
Cash Retained by Smart Terminals Limited	472,644

	£2,895,000
	=====

Satisfied by

Investment in Shares	2,070,079
Deferred Consideration	750,000

	2,820,079
Cash Received	74,921

	£2,895,000
	=====

17(b) CASH AND CASH EQUIVALENTS

	Bank £	Mortgage £	Group £
At 31st December 1995	(225,080)	261,643	36,563
At 31st December 1996	41,536	-	41,536
Retained by Smart Terminals Limited	472,644	-	472,644
	-----	-----	-----
Movement in year	£ 289,100	£261,643	£550,743
	=====	=====	=====

18. CONTINGENT LIABILITIES

The company has entered into cross guarantees with its subsidiaries in respect of the groups facilities with Lloyds Bank PLC.

NOTES CONTINUED19. FINANCIAL COMMITMENTS

The Group has entered into a number of operating leases in respect of the premises from which it trades. The annual commitment in respect of these leases is as follows :-

	<u>1996</u>	<u>1995</u>
Cancellable within one year	-	1,560
Cancellable within one to two years	-	13,750
Cancellable within two to five years	-	11,530
	-----	-----
£	-	£26,840
	=====	=====

20. <u>SUBSIDIARY COMPANIES</u>	<u>Share Type</u>	<u>Percentage Held</u>	<u>Business Activity</u>
Ambridge Business Systems Limited	Ordinary	100%	Computer Equipment Suppliers
CSL (International) Limited	'A' Ordinary	100%	Dormant
	'C' Ordinary	100%	
VSW Instruments Limited	'A' Ordinary	100%	Dormant
	'C' Ordinary	100%	
Sales and Merchandising Services Limited	Ordinary	80%	Dormant
Quality Network Solutions Limited	Ordinary	76%	Dormant
AT Properties Limited	Ordinary	100%	Dormant
AT Investments Limited	Ordinary	100%	Dormant
Brandexpert Limited	Ordinary	83 1/3%	Property Holding Company

On 20th October 1996 the company acquired the remaining share capital of VSW Instruments Limited.

Subsidiary Companies of Brandexpert Limited

Roset Limited	Ordinary	100%	Dormant
Smart Terminals (Installations) Limited	Ordinary	100%	Dormant
Smart Terminals (Networks) Limited	Ordinary	100%	Dormant

All of the above companies are Incorporated in England.

NOTES CONTINUED

21. TRANSACTIONS INVOLVING DIRECTORS

The Group paid fees of £21,000 (1995 : £49,333) to Lytham Enterprises, a company in which C E Moore is a director and shareholder.

The Group paid fees of £266,000 to Broughton Associates Limited, a company in which M Carrotte and C Heggadon are directors. Messrs M Carrotte and C Heggadon are shareholders in the Company.

These fees were paid for the provision of directors services.

On 18th March 1996 the Group sold its entire investment in Smart Terminals Limited to Torex plc. Following this acquisitions, C E Moore became a director of Torex plc.

The company holds a 28% stake in Torex plc.