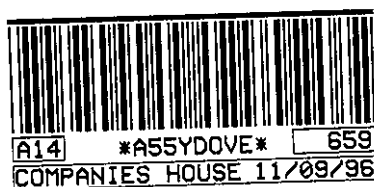


**AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK
LIMITED)**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 1996



Company No: 3006505

AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 1996

Company registration number:

3006505

Registered office:

Amstrad Direct Ltd
Viglen House
Alperton Lane
Alperton
Middlesex
HA0 1DX

Directors:

B Tkachuk
M E Ray

Secretary:

M E Ray

Bankers:

National Westminster Bank Plc
PO Box No 592
18 Cromwell Place
London
SW7 2LB

Auditors:

Grant Thornton
Registered auditors
Chartered accountants
London

AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 1996

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**AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)**

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements for the period ended 30 June 1996.

Principal activities

The company is principally engaged in the marketing of computers, peripherals and software.

Business review

The company commenced trading in May 1996. Market conditions are currently difficult and the expectation is that this will continue in the next year.

Results

The results for the year are set out on page 7. The loss for the period after taxation amounted to £121,515. Retained loss for the period transferred from reserves was £121,515.

Dividends

No dividend has been proposed for the current period.

Share capital

The company was incorporated on 5 January 1995 as Rhinedock Limited, with a share capital of two £1 ordinary shares. The name of the company was changed to Amstrad Direct Limited on 27 January 1995.

Directors and directors' interests

Mr B Tkachuk and Mr M E Ray were appointed on 2 February 1996. C&M Registers Limited, the original sole directors, resigned on 6 January 1995. Mr L D McEwan, Mr A G Dean, Mr J L Rice were appointed on 6 January 1995, Mr D C W Rogers was appointed on 9 January 1995, Mr L D McEwan resigned on 22 September 1995, Mr D C W Rogers resigned on 12 January 1996, Mr J L Rice and Mr A G Dean resigned on 2 February 1996.

No director had, during or at the end of the period, a material interest in any contract which was significant in relation to the company's business.

No director has, or had, during the period or at the period end, any beneficial interests in the shares of the company.

The interests of Messrs B Tkachuk and M E Ray in the shares of the ultimate parent company are disclosed in the financial statements of Viglen Limited, the immediate parent company.

**AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)**

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed assets

Details of movements in fixed assets of the company during the period, are disclosed in note 6 to the financial statements.

Research and development

The company carries out research and development as part of its day to day activities in relation to its products according to the market in which it operates.

Health and safety

In accordance with the provision of the Health and Safety at Work Act 1974, the company has issued a written statement of its general policy with respect to the health, safety and welfare at work of its employees and the organisation and arrangements for carrying out that policy. The statement has been brought to the notice of all employees of the company.

Payment policy

It is the company's normal practice to pay its suppliers within agreed terms provided that the suppliers meet their obligations.

**AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)**

REPORT OF THE DIRECTORS

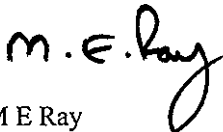
Employment of disabled persons

It is the policy of the company to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

Auditors

Grant Thornton were appointed auditors on 14 May 1995. Grant Thornton having offered themselves for reappointment as auditors shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

Approved by the Board of Directors
and signed by order of the Board



M E Ray
Secretary

30 August 1996

REPORT OF THE AUDITORS TO THE MEMBERS OF

AMSTRAD DIRECT LIMITED (FORMERLY RHINEDOCK LIMITED)

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies as set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 2 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 at 30 June 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON**

30 August 1996

**AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)**

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the UK and under the historical cost convention. The accounting policies are described below.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, excluding value added tax and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Motor vehicles	- 25% on cost
Fixtures and fittings	- 10%-20% on cost

Tooling is depreciated over 12 months on a straight line basis.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

Research and development

Expenditure on research and development is charged against profits in the period in which it is incurred.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Deferred taxation

Deferred tax is provided for the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

**AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)**

PRINCIPAL ACCOUNTING POLICIES

Warranty

Warranty revenues are released to profit in the year of sale. Provision is made in the same period for the expected future cost of providing the warranty.

AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JUNE 1996

	Note	18 months ended 30 June 1996 £
Turnover	1	447,204
Operating costs	2	<u>(840,311)</u>
Operating loss		(393,107)
Net interest		<u>-</u>
Loss on ordinary activities before taxation	1,4	(393,107)
Tax on loss on ordinary activities	5	<u>271,592</u>
Loss on ordinary activities after taxation		(121,515)
Dividends		<u>-</u>
Retained loss for the period transferred from reserves	13	<u><u>(121,515)</u></u>

There were no recognised gains or losses other than the loss for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)

BALANCE SHEET AT 30 JUNE 1996

	Note	£	At 30 June 1996 £
Fixed assets			
Tangible assets	6		158,892
Current assets			
Stocks	7	24,900	
Debtors	8	402,851	
Cash at bank and in hand		<u>57,580</u>	
		485,331	
Creditors: amounts falling due within one year	9	<u>(706,467)</u>	
Net current liabilities			<u>(221,136)</u>
Total assets less current liabilities			(62,244)
Provisions for liabilities and charges			
Other provisions	10		<u>(59,269)</u>
			<u>(121,513)</u>
Capital and reserves			
Called up share capital	12		2
Profit and loss account	13		<u>(121,515)</u>
Shareholders' funds	14		<u>(121,513)</u>

The financial statements were approved by the Board of Directors on 30th August 1996

M E Ray

M. E. Ray

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 1996

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and loss on ordinary activities before taxation are attributable to the marketing of computers, peripherals and software. The company operates in one class of business activity. Turnover and operations arise predominantly in the UK.

2 OPERATING COSTS

	18 months ended 30 June 1996 £
Other operating income	(1,111)
Changes in stocks	(24,900)
Raw material and consumables	400,702
Other external charges	353,167
Staff costs	90,150
Depreciation	5,850
Other operating charges	16,453
	<u>840,311</u>

3 STAFF COSTS

Staff costs during the period were as follows:

	18 months ended 30 June 1996 £
Wages and salaries	82,111
Social security costs	8,039
	<u>90,150</u>

The average number of employees of the company during the period was 21.

No directors received emoluments or benefits from the company during the period.

AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 1996

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is after charging:

	18 months ended 30 June 1996 £
Depreciation	5,850
Auditors remuneration: - Audit services	<u>6,000</u>

5 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge is based on the loss for the period and represents:

	18 months ended 30 June 1996 £
Group relief	<u>271,592</u>

6 TANGIBLE FIXED ASSETS

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation			
At 5 January 1995	-	-	-
Additions	145,342	19,400	164,742
At 30 June 1996	<u>145,342</u>	<u>19,400</u>	<u>164,742</u>
Depreciation			
At 5 January 1995	-	-	-
Charged in the period	5,042	808	5,850
At 30 June 1996	<u>5,042</u>	<u>808</u>	<u>5,850</u>
Net book amount at 30 June 1996	<u>140,300</u>	<u>18,592</u>	<u>158,892</u>

AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 1996

7 STOCKS

30 June
1996
£

Raw materials, consumables and bought in products

24,900

8 DEBTORS

30 June
1996
£

Trade debtors

90,523

Amounts owed by group companies

40,736

Group relief receivable

271,592

402,851

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

30 June
1996
£

Payments received on account

9,193

Trade creditors

20

Amounts owed to group companies

429,450

Other taxes and social security costs

78,110

Accruals and deferred income

189,694

706,467

10 PROVISIONS FOR LIABILITIES AND CHARGES

30 June
1996
£

At 5 January 1995

-

Provided during the period

59,269

At 30 June 1996

59,269

These provisions relate to the expected future cost of providing warranty support.

AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 1996

11 DEFERRED TAXATION

	Amount provided 30 June 1996 £	Amount unprovided 30 June 1996 £
Accelerated capital allowances	-	(26,698)
Other timing differences	-	(13,402)
	<u>-</u>	<u>(40,100)</u>

12 SHARE CAPITAL

	30 June 1996 £
Authorised, allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>

The company was formed on 5 January 1995 by the issue of two £1 ordinary shares.

13 PROFIT AND LOSS ACCOUNT

	18 months ended 30 June 1996 £
At 5 January 1995	-
Retained loss for the period	<u>(121,515)</u>
At 30 June 1996	<u>(121,515)</u>

**AMSTRAD DIRECT LIMITED
(FORMERLY RHINEDOCK LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 1996

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	18 months ended 30 June 1996 £
Loss for the financial period	(121,515)
Share capital issued	2
Net decrease in shareholders' funds	<u>(121,513)</u>
Shareholders' funds at 5 January 1995	-
Shareholders' funds at 30 June 1996	<u><u>(121,513)</u></u>

15 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 1996.

16 GOING CONCERN BASIS

Viglen Limited has confirmed to the directors that it will continue to provide financial support and other assistance to the company for a period of not less than 12 months from August 1996.

The directors have considered this in conjunction with their plans for the future trading of the company and consider that it is appropriate to prepare the financial statements on the going concern basis.

17 ULTIMATE PARENT UNDERTAKING

The directors consider that the parent undertaking of this company is Viglen Limited and the ultimate parent undertaking is Amstrad plc, both of which are registered in England and Wales.

The largest group of undertakings for which group accounts have been drawn up is that headed by Amstrad plc. Copies of the group accounts are available from Amstrad plc, Brentwood House, 169 Kings Road, Brentwood, Essex, CM14 4EF