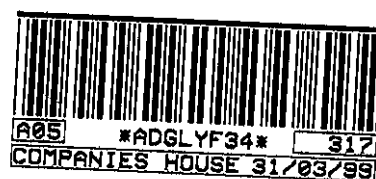


COMPANY REGISTRATION NUMBER 3386788

**PHASE II INTERNATIONAL
COMMUNICATIONS LIMITED**

ABBREVIATED FINANCIAL STATEMENTS

31ST MAY 1998



PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

ABBREVIATED FINANCIAL STATEMENTS

PERIOD FROM 10TH JUNE 1997 TO 31ST MAY 1998

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Note:

The accountants report to the shareholders on page 1 was prepared in Accordance with section 249c of the companies act 1985 and relates to the Full statutory accounts presented to the shareholders. The page numbers Referred to in that report do not therefore have any relevance to these Abbreviated financial statements.

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS

PERIOD FROM 10TH JUNE 1997 TO 31ST MAY 1998

We report on the unaudited accounts for the period from 10th June 1997 to 31st May 1998 set out on pages 3 to 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE REPORTING ACCOUNTANTS

As described on page 5 the directors of the company are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

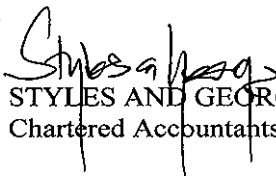
OPINION

In our opinion:

- (a) the accounts are in agreement with those accounting records kept by the company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the period specified in section 249A(4) of the Act and did not, at any time within that period, fall within any of the categories of companies not entitled to the exemptions specified in section 249B(1)(a) to (f).

Bromley House
Woodford Road
Bramhall
Stockport SK7 1JN

28.8.1998


STYLES AND GEORGE
Chartered Accountants

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED**ABBREVIATED BALANCE SHEET****31ST MAY 1998**

	Note	£	£
FIXED ASSETS	2		
Tangible assets			13,569
CURRENT ASSETS			
Stocks		30,338	
Debtors		94,855	
Cash at bank and in hand		49,708	
		<u>174,901</u>	
CREDITORS: Amounts falling due within one year		<u>(174,418)</u>	
NET CURRENT ASSETS			<u>483</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,052</u>

The balance sheet continues on the following page.
The notes on pages 4 to 5 form part of these financial statements.

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED**ABBREVIATED BALANCE SHEET** *(continued)***31ST MAY 1998**

	Note	£
CAPITAL AND RESERVES		
Called-up equity share capital	3	45,000
Profit and loss account		(30,948)
SHAREHOLDERS' FUNDS		<u>14,052</u>

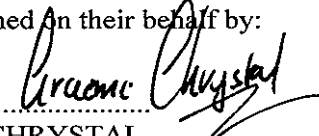
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the period by virtue of section 249A(2), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the directors on the ...28/8/1998, and are signed on their behalf by:



 G CHRYSTAL



 D J MACLENNAN



 L AMBLIN

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

PERIOD FROM 10TH JUNE 1997 TO 31ST MAY 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 20% on cost
Equipment	- 20% on cost

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

2. FIXED ASSETS

	Tangible Fixed Assets £
COST	
Additions	16,961
At 31st May 1998	<u>16,961</u>
DEPRECIATION	
Charge for period	3,392
At 31st May 1998	<u>3,392</u>
NET BOOK VALUE	
At 31st May 1998	<u>13,569</u>

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
PERIOD FROM 10TH JUNE 1997 TO 31ST MAY 1998

3. SHARE CAPITAL

Authorised share capital:

£

45,000 Ordinary shares of £1 each

45,000

Allotted, called up and fully paid:

£

Issue of ordinary shares

45,000