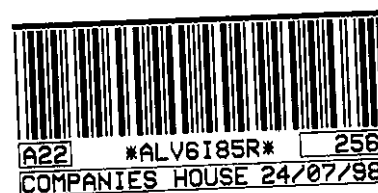


MALAM LABORATORIES LIMITED
ABBREVIATED REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

COMPANY REGISTRATION NUMBER 674920

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MALAM LABORATORIES LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31 December 1997 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

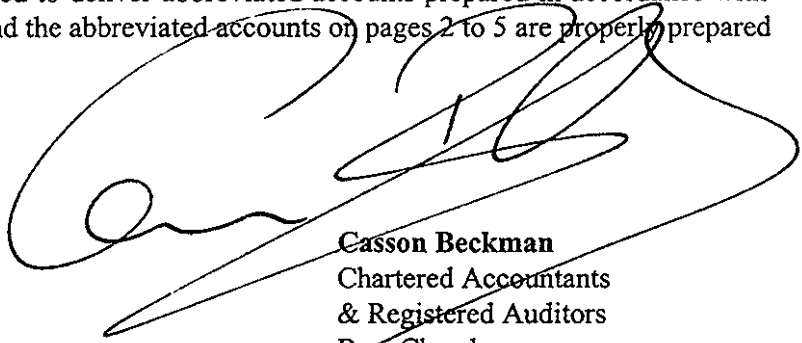
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



Casson Beckman
Chartered Accountants
& Registered Auditors
Bow Chambers
8 Tib Lane
Manchester
M2 4JB

14 JUL 1998

MALAM LABORATORIES LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 1997

	Note	1997 £	1996 £
FIXED ASSETS	2		
Intangible assets		3,644	1,269
Tangible assets		1,335	1,570
Investments		5,374	5,374
		<u>10,353</u>	<u>8,213</u>
CURRENT ASSETS			
Stocks		15,494	12,098
Debtors		4,444	10,854
Cash at bank and in hand		1,163	770
		<u>21,101</u>	<u>23,722</u>
CREDITORS: Amounts falling due within one year	3	<u>(41,366)</u>	<u>(16,053)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(20,265)</u>	<u>7,669</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(9,912)</u>	<u>15,882</u>
CREDITORS: Amounts falling due after more than one year	4	<u>-</u>	<u>(15,025)</u>
		<u>(9,912)</u>	<u>857</u>
CAPITAL AND RESERVES			
Called-up share capital	5	100	100
Profit and loss account		(10,012)	757
		<u>(9,912)</u>	<u>857</u>

These accounts are prepared and delivered in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the directors on
and are signed on their behalf by:

27 JUN 1998


.....
T G REILLY


.....
A E REILLY

MALAM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

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

Goodwill

Purchased goodwill is capitalised on the balance sheet and amortised over its useful economic life on a straight line basis. Goodwill which is generated by the activities of the company is not recognised as an asset in the balance sheet and the associated costs are written off to the profit and loss account when they are incurred.

Tangible fixed assets

Depreciation is provided in annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures and fittings - 15% on reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads. Net realisable value is based on estimated selling price less all further costs to completion and all relevant selling and distribution costs.

Pension costs

Retirement benefits to employees are funded by contributions from the company and employees. Payments are made to insurance companies. These payments are charged against the profits of the year as paid.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Provision is made to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. However no provision is necessary in these financial statements.

MALAM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

2. FIXED ASSETS

	Intangible Assets £	Tangible Assets £	Investments £	Total £
Cost				
At 1 January 1997	1,269	2,734	5,374	9,377
Additions	2,500	-	-	2,500
At 31 December 1997	<u>3,769</u>	<u>2,734</u>	<u>5,374</u>	<u>11,877</u>
Depreciation				
At 1 January 1997	-	1,164	-	1,164
Charge for year	125	235	-	360
At 31 December 1997	<u>125</u>	<u>1,399</u>	<u>-</u>	<u>1,524</u>
Net book value				
At 31 December 1997	<u>3,644</u>	<u>1,335</u>	<u>5,374</u>	<u>10,353</u>
At 31 December 1996	<u>1,269</u>	<u>1,570</u>	<u>5,374</u>	<u>8,213</u>

3. CREDITORS: Amounts falling due within one year

	1997 £	1996 £
Includes:		
Directors loan accounts	<u>35,933</u>	<u>4,614</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1997 £	1996 £
Bank loans and overdrafts	<u>-</u>	<u>4,000</u>

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	1997 £	1996 £
Bank loans and overdrafts	<u>-</u>	<u>15,025</u>

MALAM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

5. CALLED UP SHARE CAPITAL

Authorised share capital:

	1997	1996
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	1997	1996
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>