

U.S. SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

Amendment No. 1 to  
 Form SB-2  
 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MIRAGE HOLDINGS, INC.  
 (Name of small business issuer in its charter)

<TABLE>  
 <CAPTION>

Nevada	2335	95-4627685
<S>	<C>	<C>
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employee Identification No.)

</TABLE>

225 Santa Monica Boulevard, Suite 410 Santa Monica, CA 90401 (310) 395-3155 (Address and telephone number of principal executive office)	225 Santa Monica Boulevard, Suite 410 Santa Monica, CA 90401 (310) 395-3155 (Address of principal place of business)
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ParaCorp, Incorporated  
 318 North Carson Street, Suite 208  
 Carson City, NV 89701  
 (888) 972-7273  
 (Name, address and telephone number of agent for service)

COPIES TO:

Lawrence W. Horwitz, Esq.  
 Horwitz & Beam  
 Two Venture Plaza, Suite 350  
 Irvine, CA 92618  
 (714) 453-0300

Approximate Date of Proposed Sale to the Public.

As soon as practicable after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933 (the "Securities Act"), please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the Prospectus is expected to be made pursuant to Rule 343, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

CALCULATION OF REGISTRATION FEE

<TABLE>  
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<S> Title of Each Class of Securities to be Registered	<C> Number of Shares to be Registered	<C> Proposed Maximum Offering Price Per Unit (1)	<C> Proposed Maximum Aggregate Offering Price (1) (2)	<C> Amount of Registration Fee
Units, each Unit consisting of one share of Common Stock, \$0.001 par value, and one warrant to purchase one share of Common Stock (3)	342,857	\$5.25	\$1,800,000	\$ 545.46
Representative Warrants (4)	342,857	-----	-----	-----
Common Stock, \$0.001 par value, underlying Representative Warrants (5)	342,857	\$6.30	\$2,159,999	\$ 654.55
Common Stock, \$0.001 par value, issued in connection with bridge financing (6)	564,065	\$3.50	\$1,974,228	\$ 598.25

Common Stock, \$0.001 par value, underlying warrants issued in connection with bridge financing(7)	444,500	\$0.75	\$ 333,375	\$ 101.02
Common Stock, \$0.001 par value, underlying options issued pursuant to Employee Stock Option Plan(8)	500,000	\$0.01	\$ 5,000	\$ 1.52
Common Stock, \$0.001 par value, underlying options issued to a Consultant(9)	20,000	\$2.00	\$ 40,000	\$ 12.12
Total	2,557,136		\$6,312,602	\$1,912.92

</TABLE>

- (1) Estimated solely for the purpose of computing the registration fee pursuant to Rule 457.
- (2) The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.
- (3) The assigned value of the securities underlying the Units are: one share of common stock for \$5.15 and one warrant for \$0.10.
- (4) Represents Common Stock Purchase Warrants issuable to Veera Capital Corporation as representative of the several underwriters ("Representative Warrants").
- (5) Represents Common Stock issuable upon exercise of the Representative Warrants pursuant to Rule 416 promulgated under the Securities Act of 1933, this Registration Statement also covers any additional Common Shares which may become issuable by reason of the antidilution provisions of the Representative Warrants.
- (6) Represents Common Stock issued in connection with bridge financing to the Company.
- (7) Represents Common Stock issuable upon exercise of Warrants (the "Bridge Warrants") issued in connection with bridge financing to the Company. Pursuant to Rule 416 of the Securities Act, this Registration Statement also covers any additional common shares which may become issuable by reason of the antidilution provisions of the Bridge Warrants. Registration fee calculated to Rule 457(g) (1).
- (8) Registration fee calculated pursuant to Rule 457(h) (1).
- (9) Represents Common Stock issuable upon exercise of options issued to Manhattan West, Inc. as part of their Consulting Agreement with the Company. Registration fee calculated pursuant to Rule 457(g) (1).

MIRAGE HOLDINGS, INC.

CROSS REFERENCE SHEET

Pursuant to Item 501(b) of Regulations S-B

Showing Location in the Prospectus  
of Information Required by Items of Form SB-2

<TABLE>

<CAPTION>

Form SB-2 Item Number and Caption <S>	Prospectus <C>
1. Forepart of Registration Statement and Outside Front Cover Page of Prospectus.....	Facing Page of Registration Statement; Outside Front Cover Page of Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Available Information; Incorporation of Certain Documents by Reference; Table of Contents
3. Summary Information; Risk Factors.....	Prospectus Summary; Risk Factors
4. Use of Proceeds.....	Prospectus Summary; Business of the Company; Use of Proceeds
5. Determination of Offering Price.....	Risk Factors; Underwriting
6. Dilution.....	Dilution
7. Selling Security Holders.....	Not Applicable
8. Plan of Distribution.....	Underwriting
9. Legal Proceedings.....	Not Applicable
10. Directors, Executive Officers, Promoters and Control Persons.....	Management and Principal Shareholders
11. Security Ownership of Certain Beneficial Owners and Management.....	Management and Principal Shareholders
12. Description of Securities to be Registered....	Description of Securities
13. Interests of Named Experts and Counsel.....	Not Applicable
14. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Indemnification of Directors and Officers
15. Organization Within Last Five Years.....	Business of the Company
16. Description of Business.....	Business of the Company
17. Management's Discussion and Analysis of Plan of Operation.....	Management's Discussion and Analysis of Financial Condition and Results of Operations
18. Description of Property.....	Business of the Company (Properties)

19. Certain Relationships and Related Transactions	Certain Transactions
20. Market for Common Equity and Related Stockholder Matters.....	Risk Factors; Underwriting
21. Executive Compensation.....	Total Executive Compensation
22. Consolidated Financial Statements.....	Consolidated Financial Statements
23. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.....	Not Applicable

</TABLE>

SUBJECT TO COMPLETION, DATED SEPTEMBER 16, 1997

PROSPECTUS  
MIRAGE HOLDINGS, INC.  
342,857 UNITS  
EACH UNIT CONSISTING OF  
ONE SHARE OF COMMON STOCK AND ONE WARRANT

Mirage Holdings, Inc., a Nevada corporation ("the Company"), is offering a maximum of 342,857 Units and a minimum of 240,000 Units (the "Units") for \$5.25 per Unit (the "Offering"). Each Unit consists of one share of the Company's common stock (the "Common Stock") and one warrant to purchase one share of the Company's Common Stock at an exercise price of \$6.00 for a term of five years (the "Warrants") (collectively, the "Securities"). The Warrants are detachable from the Units at the discretion of the Company upon individual Unit holder request. See "Description of Securities--Units, --Common Stock, and --Warrants."

Additionally, 564,065 shares of Common Stock and 444,500 shares of Common Stock underlying warrants of the Company are being registered herein and will be sold from time to time by the shareholders described herein (the "Selling Shareholders") in transactions in the national over-the-counter market or otherwise at prices prevailing at the time of sale. The Company will not receive any of the proceeds from the sale of any Shares by the Selling Shareholders. All expenses incurred in registering the Shares are being borne by the Company, but all selling and other expenses incurred by the Selling Shareholders will be borne by the Selling Shareholders. See "Selling Shareholders."

The Shares offered by the Selling Shareholders have been acquired by the Selling Shareholders from the Company in private transactions and are "restricted securities" under the Securities Act of 1933, as amended (the "Act"), prior to their sale hereunder. This Prospectus has been prepared for the purpose of registering the Shares under the Act to allow for future resales by the Selling Shareholders to the public without restriction. To the knowledge of the Company, the Selling Shareholders have made no arrangement with any brokerage firm for the sale of the Shares. The Selling Shareholders may be deemed to be "underwriters" within the meaning of the Act. Any commissions received by a broker or dealer in connection with resales of the Shares may be deemed to be underwriting commissions or discounts under the Act. See "Plan of Distribution."

No public securities market existed for the Company's Common Stock prior to this Offering. Although the Company intends to apply to have the Common Stock and the Common Stock underlying the Warrants included on the Over-the-Counter Bulletin Board ("OTC/BB"), there can be no assurance that an active public trading market for such securities will be developed or sustained. The Company has applied for listing on the OTC/BB under the proposed symbol: "IDEA."

The Securities offered hereby involve a high degree of risk.  
See "Risk Factors" commencing on page 4.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>  
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<S>	<C>	<C>	<C>
	Price to Public	Underwriting Commissions/(1)/	Proceeds to Issuer or Other Persons /(2) (3)/
Per Unit	\$5.25	\$0.525	\$4.725
Total / (3)/	\$1,800,000.00	\$180,000.00	\$1,620,000

</TABLE>

(1) Does not include additional compensation to Veera Capital Corporation the form of a non-accountable expense allowance equal to 3% of the gross proceeds of the offering. See "Underwriting."

(2) Before deduction of estimated expenses of \$82,500 payable by the Company, not including the 3% non-accountable expense allowance. See "Underwriting":

(3) There is no assurance that all or any of the Units will be sold. If the Company fails to receive subscriptions for a minimum of 240,000 Units within 120 days from the date of this Prospectus (or 150 days if extended by the Company), the Offering will be terminated and any subscription payments received will be promptly refunded within 5 days to subscribers, without any deduction therefrom or any interest thereon. If subscriptions for at least the minimum amount are received within such period, funds will

not be returned to investors and the Company may continue the Offering until such period expires or subscriptions for all 342,857 Units have been received, whichever comes first. The Units shall be held in an Escrow Account for up to 150 days. During this time, investors cannot demand the return of their investments. If the Company does not meet the required minimum number of Units to be sold (240,000 Units), the investors, the investors will be refunded their investment in full without interest. Affiliates may purchase Units in the Offering and no limits have been imposed in this regard, but no one has made any commitment to purchase any portion of the Offering in order to reach the minimum.

The Units are being sold by the Company and offered by the Underwriters on a "best efforts, minimum/maximum" basis, subject to prior sale, when, as and if accepted by the Underwriters, and subject to certain conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that the certificates representing the shares of Common Stock will be ready for delivery at the offices of Veera Capital Corporation, 19 Rector Street, Suite 2301, New York, NY, 10006, within 10 business days after the date the Registration Statement is declared effective by the SEC.

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VEERA CAPITAL CORPORATION

The Date of this Prospectus is September 15, 1997

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SHARES AT A STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information and the Consolidated Financial Statements (including the notes thereto) appearing elsewhere in this Prospectus. Unless otherwise specifically referenced, all references to dollar amounts refer to United States dollars.

The Company

Mirage Holdings, Inc. (the "Company") was formed for the purpose of marketing unique fashions. The Company specializes in the marketing of fashions targeted toward the segment where discriminating customers are always looking for unique and innovative products. The origin of these designs is mainly from India and Pakistan but not limited to these countries. Management of the Company is continuously in search of new ideas, regardless of the ethnic background.

Management of the Company believed they could fill a niche in the apparel market by importing these fashions. The economic feasibility of this idea was studied by conducting a market research over a period of one year. The results were very encouraging. The study identified two main areas of profitability: the existing affluent market segments of Indian and Pakistani people living in the United States and Canada who are always thirsty for new fashions from their countries, as well as the growing demand in the mainstream American market of designs that are different than the usual.

To explore the potential presented by these opportunities, the Company was formed with the goal to be the dominant supplier of fashionwear in these specialty market segments in the United States and Canada.

In the future, the Company may also pursue other business opportunities in the United States and Canada which arise out of its relationships with the Indian and Pakistan communities. See "Business of the Company--General."

As of September 1, 1997, the Company had 1,814,065 Common shares issued and outstanding and 444,500 warrants to purchase one share of Common Stock for \$0.75 outstanding. The Company will have 2,054,065 shares of Common Stock outstanding after the Offering if the minimum amount is sold hereunder and 2,156,922 Common shares outstanding if the maximum amount is sold hereunder, without giving effect to the exercise of any warrants. Assuming exercise of all warrants, including the Unit Warrants, the Company will have 2,738,565 shares of Common Stock outstanding after the Offering if the minimum amount is sold hereunder and 2,944,279 shares of Common Stock if the maximum amount is sold hereunder. The Company also has 500,000 common shares reserved for issuance under its stock option plan, of which 120,000 options have been issued.

From July 1, 1995 through June 30, 1997, the Company had aggregate revenues of \$412,202 from the sale of its products. The Company's cumulative loss from operations for the respective period was \$142,629. Successful development of the Company's products and successful implementation of the Company's marketing plan are necessary for the Company to commence generating substantial operating revenues or to achieve profitability.

Mirage Holdings, Inc. was incorporated under the laws of the State of Nevada on March 18, 1997. Mirage Collection, Inc., a wholly-owned subsidiary of Mirage Holdings, Inc., began business as a partnership July 1, 1995, and was reorganized into a corporation in the State of Nevada pursuant to Internal Revenue Code Section 351 on April 1, 1997. The address of the Company's principal executive offices is: 225 Santa Monica Boulevard, Suite 410, Santa Monica, CA, 90401. The Company's telephone number is (310) 395-3155.

Unless otherwise noted, the "Company" as used in this Prospectus, will refer to the consolidated entities described above.

The Offering

<TABLE>

<C>	<S>
Securities Offered.....	A maximum of 342,857 Units and a minimum of 240,000 Units. Each Unit consists of one share of Common Stock and one Warrant to purchase one share of the Company's Common Stock at an exercise price of \$6.00 for a term of five years. See "Description of Securities--Units, --Common Stock, and--Warrants."
Offering Price.....	\$5.25 per Unit.
Securities Offered by Selling Shareholders.....	564,065 shares of Common Stock and 444,500 shares of Common Stock underlying warrants
Common Stock Outstanding.	1,814,065 shares as of September 1, 1997; 2,054,065 shares if the minimum amount is raised hereunder; 2,156,922 shares if the maximum amount is raised hereunder. In addition, the Company has 444,500 warrants outstanding as of September 1, 1997, and will have an additional 240,000 warrants outstanding if the minimum amount is raised hereunder and an additional 342,857 warrants outstanding if the maximum amount is raised hereunder. See "Description of Securities." The Company has 500,000 common shares reserved for issuance under its stock option plan, of which 120,000 options have been issued to date. See "Management-- Employment and Related Agreements."
Proposed OTC/BB Symbol...	Common Stock: IDEA.
Use of Proceeds.....	The Company intends to apply the net proceeds of this Offering primarily to expand its sales force and advertising activities; increase inventory; establish distribution channels; enter the software industry of India/Pakistan; perform market research into the entertainment industry of India/Pakistan; and working capital. See "Use of Proceeds."
Risk Factors.....	The securities offered hereby involve a high degree of risk and immediate substantial dilution. See "Risk Factors."

</TABLE>

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Selected Consolidated Financial Data

The following table presents selected historical financial data for the Company derived from the Company's Consolidated Financial Statements. The historical financial data are qualified in their entirety by reference to, and should be read in conjunction with, the Consolidated Financial Statements and notes thereto of the Company, which are incorporated by reference into this Prospectus. The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of the Company and the notes thereto included elsewhere in this Prospectus.

<TABLE>

<CAPTION>

	Period July 1, 1996 to June 30, 1997(1)	Period July 1, 1995 to June 30, 1996
	-----	-----
<S>	<C>	<C>
Statement of Operations Data:		
Revenue	\$212,972	\$199,230
Net loss	\$(80,334)	\$(62,295)

<CAPTION>

	June 30, 1997	June 30, 1996
	-----	-----
Balance Sheet Data:		
Current assets	\$141,549	\$ 70,749
Notes receivable	\$113,104	\$ ---
Total property and equipment, net	\$ 41,945	\$ 39,629
Investments	\$200,000	\$ ---
Other	\$ 43,730	\$ 3,730
Total assets	\$113,104	\$114,108
	\$130,909	
Total current liabilities	\$135,475	\$104,842
Long term notes & loans	\$ ---	\$ ---
Partner's equity	\$ ---	\$ 9,266
Total liabilities and partner's equity		\$114,108
Stockholders equity	\$273,944	
Total liabilities and stockholders equity	\$540,328	

</TABLE>

(1) The period from July 1, 1996 to June 30, 1997 represents the operations for the entire year of the operating entity. The operating entity was acquired on April 1, 1997 and was reorganized as a corporation on that date.

#### RISK FACTORS

An investment in the Securities offered in this Prospectus involves a high degree of risk and should only be made by persons who can afford the loss of their entire investment. Accordingly, prospective investors should consider carefully the following factors, in addition to the other information concerning the Company and its business contained in this Prospectus, before purchasing the Securities offered hereby.

**Limited Operating History.** The Company began operations on April 17, 1995, and first sold its product in April 1995. While the Company is generating some revenues, it has not generated net income since its inception. (See Operating Losses.) The Company's success is dependent upon the successful development and marketing of its products, as to which there is no assurance. Unanticipated problems, expenses, and delays are frequently encountered in establishing a new business and marketing and developing products. These include, but are not limited to, competition, the need to develop customer support capabilities and market expertise, setbacks in product development, market acceptance, sales, and marketing. The failure of the Company to meet any of these conditions would have a materially adverse effect upon the Company and may force the Company to reduce or curtail operations. No assurance can be given that the Company can or will ever operate profitably. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "The Company--Marketing" and "--Competition."

**Dependence on Few Products.** The Company currently derives all of its sales revenue from the sale of its products. The Company expects that sales of such products will continue to represent a substantial portion of its sales revenue unless and until the Company fully develops and markets additional products. In the event the Company's introduction of new products is delayed or is eventually unsuccessful, the Company will be forced to rely upon revenues generated by the products. In the event revenues generated by any one of these products decline, the Company's financial condition could be adversely and materially effected. See "Business of the Company--Products."

**Operating Losses.** The Company has not been profitable since its inception. For the period beginning April 17, 1995 (date of inception) to June 30, 1995 and the period beginning July 1, 1995 to June 30, 1996, the Company incurred net operating losses of \$6,305 (unaudited) and \$62,295 (audited), respectively. For the year ended June 30, 1997, the Company incurred a net loss (pro forma) of \$80,334 (audited). The Company expects to continue to incur losses at least through fiscal 1997, and there can be no assurance that the Company will achieve or maintain profitability or that its revenue growth can be sustained in the future. See Financial Statements.

**Future Capital Needs Could Result in Dilution to Investors; Additional Financing Could be Unavailable or Have Unfavorable Terms.** The Company's future capital requirements will depend on many factors, including cash flow from operations, progress in its research and development, competing market developments, and the Company's ability to market its proposed products successfully. Although the Company currently has no specific plans or arrangements for financing other than this Offering and no commitments for future financing, to the extent that the funds generated by this Offering are insufficient to fund the Company's activities, it may be necessary to raise additional funds through equity or debt financings. Any equity financings could result in dilution to the Company's then-existing stockholders. Sources of debt financing may result in higher interest expense. Any financing, if available, may be on terms unfavorable to the Company. If adequate funds are not obtained, the Company may be required to reduce or curtail operations. The Company anticipates that its existing capital resources, together with the net proceeds of this Offering, will be adequate to satisfy its operating expenses and capital requirements for at least 12 months after the Offering. However, such estimates may prove to be inaccurate. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business of the Company" and Financial Statements.

**Investors Could Be Without Funds and Securities for up to 150 Days.** The Units shall be held in an Escrow Account for up to 150 days. During this time, investors cannot demand return of their investments. If the Company does not meet the required minimum number of securities to be sold (240,000 Units), the investors will be refunded their investment in full without interest. See "Underwriting."

**Economic Conditions and Consumer Spending.** As with other retail businesses, the Company's results may be adversely affected by unfavorable local, regional or national economic conditions affecting disposable consumer income. There can be no assurance that consumer spending will not decline in response to economic conditions, thereby adversely affecting the Company's growth, net sales, and profitability. Currently, the Company has a limited customer base as its sales are focused in the Los Angeles, California region, with some sales targeted at national conventions for Indian and Pakistani professionals, such as doctors' and lawyers' conventions.

*Unpredictable Product Acceptance; Lack of Distribution Agreements.* There can be no assurance that the Company's marketing and/or sales strategies will be effective and that consumers will buy the Company's products. The failure of the Company to penetrate its markets would have a material adverse effect upon the Company's operations and prospects. Market acceptance of the Company's products will depend in part upon the ability of the Company to demonstrate the advantages of its products over competing products. In addition, the Company's sales strategy for its products contemplates sales to markets yet to be established. Also, the Company currently has no distribution agreements for any of its products in place. See "Business of the Company--Marketing" and "--Competition."

*Competition.* The retail apparel business is highly competitive and is expected to remain so despite consolidation in the industry. The Company competes primarily with other specialty retailers and to a lesser degree with department stores and other retailers and catalogers engaged in the retail sale of apparel. Most of these competitors have significantly greater financial, marketing and other resources than the Company. The Company believes that its emphasis on unique, ethnic fashions and its marketing focus on ethnic markets makes it less vulnerable to changes in fashion trends than many general apparel retailers; however, the Company's sales and profitability depend upon the continued demand for its unique styles. See "Business of the Company--Competition" and "--Marketing."

*Difficulty of Planned Expansion; Management of Growth.* The Company has expanded its operations rapidly, and it plans to continue to further expand its level of operations in all areas following the Offering. The Company's operating results will be adversely affected if net sales do not increase sufficiently to compensate for the increase in operating expenses caused by this expansion. In addition, the Company's planned expansion of operations may cause significant strain on the Company's management, technical, financial, and other resources. To manage its growth effectively, the Company must continue to improve and expand its existing resources and management information systems and must attract, train, and motivate qualified managers and employees. There can be no assurance, however, that the Company will successfully be able to achieve these goals. If the Company is unable to manage growth effectively, its operating results will be adversely affected.

*Dependence Upon Key Personnel.* The Company's success depends, to a significant extent, upon a number of key employees. The loss of services of one or more of these employees could have a material adverse effect on the business of the Company. The Company believes that its future success will also depend in part upon its ability to attract, retain, and motivate qualified personnel, and consequently has entered into employment agreements with certain key officers. Competition for such personnel is intense. There can be no assurance that the Company will be successful in attracting and retaining such personnel. The Company does not have "key person" life insurance on any of its key employees. See "Management."

*One Outside Director.* The Company's Board of Directors presently consists of three (3) directors: Najeeb U. Ghauri, President; Irfan Mustafa; and Gill Champion, Vice President. Therefore, the Company's Board of Directors has only one outside director (Mr. Mustafa) and, as they constitute a majority of the directors, insiders may be able to control certain policies, actions, and decisions of the Company. While the Company has agreed that, upon completion of the Offering, the Board of Directors will increase its size to five, of which a majority shall be outside directors, there

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can be no assurance that the Company will be able to retain qualified outside directors. See "Management--Directors and Executive Officers."

*Reliance on Independent Subcontractors for Design and Manufacture of the Company's Product Line.* The Company does not maintain its own production facilities to design and manufacture the product line and does not intend to do so in the foreseeable future. The Company's products are designed and produced by independent companies. In the event the Company were to have difficulties with its present suppliers, the Company could experience delays in supplying products to its customers and potentially be forced to discontinue a product line. Any negative change in the Company's relationship with its suppliers could have a material adverse impact on the Company's business, financial condition and results of operations unless the Company could quickly find a replacement supplier. See "Business of the Company--Distribution."

*Potential Conflicts of Interest Between the Company and its Officers, Directors, and Shareholders.* The interest of Investors and Shareholders may be inconsistent in some respects with the interests of the principals of the Company. The risk exists that such conflicts will not be resolved in the best interest of the Company. Further, the Company will rely on its Officers and Directors to manage the Company's business operations. All Officers and Directors will devote as much of their time to the business of the Company as, in their judgment, is reasonably necessary to operate the Company in a profitable manner. These individuals may engage for their own account, or the account of others in other business ventures for which the Company is not entitled to compensation. At some time in the future, the Company may compete for the management services of the Officers of the Company. As a result, these individuals may be placed in a position where their decision to favor other operations in which they are associated over those of the Company will result in a conflict of interest. In allocating their time, they will recognize their fiduciary obligations to the Company, the prevailing industry standards, and the financial situation of the Company. Further, the Company has accepted a loan from one of its officers and directors as well as a loan from the brother of one of its officers and directors. These situations create a potential conflict of interest situation where the officers and directors could act in the best interest of themselves and their families rather than the Company. The Company's management believes that the terms of these transactions are no less

favorable to the Company than would have been obtained from an unaffiliated third party in similar transactions. All future transactions with affiliates will be on terms no less favorable than could be obtained from unaffiliated third parties, and will be approved by a majority of the disinterested directors. The Company has agreed with certain state regulatory authorities that so long as the Company's securities are registered in such states, or one year from the date of this prospectus, whichever is longer, the Company will not make loans to its officers, directors, employees, or principal shareholders, except for loans made in the ordinary course of business, such as travel advances, expense account advances, relocation advances, or reasonable salary advances. However, any of the relationships disclosed herein could result in a conflict of interest for the Company. See "Certain Transactions," and "Principal Shareholders."

**Lack of Dividends.** The Company has never paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends in the future. The Company currently intends to retain future earnings, if any, to fund the development and growth of its business. See "Dividend Policy."

**Dilution.** Purchasers of shares of Common Stock in the Offering will experience immediate dilution of \$4.62 per share (88%) if the minimum amount is sold or \$4.44 per share (85%) if the maximum amount is sold (based on the initial public offering price of \$5.25 per share) in the net tangible book value of the shares from the initial public offering price. The shares sold by the Company in the Offering represent 12% of the total shares of Common Stock outstanding following the Offering if the minimum amount is sold or 16% of the total shares of Common Stock outstanding following the Offering if the maximum amount is sold hereunder and represent a cash contribution of 81.24% of the aggregate book value or cash contributions to the Company if the minimum amount is sold or a cash contribution of 86.08% of the aggregate book value or cash contributions to the Company if the maximum amount is sold. See "Dilution."

**Control by Existing Shareholders.** Upon completion of this Offering, the Company's existing shareholders will beneficially own approximately 88% of the outstanding Common Stock if the minimum amount is sold or

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approximately 84% of the outstanding Common Stock if the maximum amount is sold. Of these shares, the Company's officers and directors, together with shareholders who beneficially own more than five percent of the outstanding stock of the Company, will beneficially own approximately 61.4% of the outstanding Common Stock if the minimum amount is sold or approximately 58.5% of the outstanding Common Stock if the maximum amount is sold hereunder. Investors purchasing shares pursuant to this Offering will beneficially own approximately 11.7% of the outstanding Common Stock if the minimum amount is sold or approximately 15.9% of the outstanding Common Stock if the maximum amount is sold. As a result, all or certain combinations of the Company's existing shareholders, acting in concert, will have the ability to control the Board of Directors and policies of the Company. See "Principal Stockholders" and "Certain Transactions."

**No Prior Public Market; Possible Volatility of Share Price.** No public securities market existed prior to this Offering for the Company's Common Stock. Although the Company has applied to have the Common Stock included on the OTC/BB System, there can be no assurance that an active public trading market for such securities will be developed or sustained. Accordingly, purchasers of the Common Stock may experience substantial difficulty selling such securities. The offering price of the shares of Common Stock has been determined by negotiations between the Company and the Representative and are not necessarily related to the Company's existing market price, asset value, net worth, or other established criteria of value. Additionally, potential investors should be aware that the securities of the Company have recently sold at a substantial discount to the public offering price herein. The Company and the Representative considered the following factors in pricing the securities issued in the recent private placement of the Company at \$0.50 per share of Common Stock and \$0.10 per warrant versus the initial public offering price: at the time of the private placement the Company was still developing its business plan, the Company had minimal officer and director support, key personnel of the Company were not yet in place, the Company was in the process of structuring its public offering plan, the Company had not yet secured an underwriter for a public offering, and there could be no assurance of a public market for the securities. See "Underwriting."

**Shares Eligible for Future Sale.** Upon the closing of this Offering, 1,250,000 of the total of 1,814,065 shares of Common Stock outstanding prior to this Offering will be "restricted securities" within the meaning of Rule 144 under the Securities Act of 1933 (the "Act"). All directors, officers, and holders of 5% or more of the existing shares of Common Stock (whether restricted or otherwise) have agreed not to sell any of their shares of Common Stock for a period of 12 months after the date of this Prospectus without the prior written consent of the Representative. At the end of that period, these shares will be eligible for sale, subject in the case of restricted securities to the holding period, volume limitations, and other conditions imposed by Rule 144. Ordinarily, under Rule 144, a person holding restricted securities for a period of one year may, every three months, sell in ordinary brokerage transactions or in transactions directly with a market maker an amount equal to the greater of one percent of the Company's then-outstanding Common Stock or the average weekly trading volume during the four calendar weeks prior to such sale. In addition, non-affiliates of the Company may sell unlimited amounts of restricted securities after a holding period of one year. Future sales of such shares could have an adverse effect on the market price of the Common Stock. See "Description of Securities" and "Underwriting."

**Risks Relating to Low-Price Stocks.** The Company has applied for inclusion of



the Common Stock on the Over-the-Counter Bulletin Board ("OTC/BB") upon the completion of this Offering. As a result, an investor could find it more difficult to dispose of, or to obtain accurate quotations as to the market value of, the Company's securities as compared to securities which are traded on the Nasdaq trading market or on an exchange. In addition, trading in the Common Stock would be covered by Rules 15g-1 through 15g-100 promulgated under the Securities Exchange Act of 1934 for non-Nasdaq and non-exchange listed securities. Under this rule, broker-dealers who recommend such securities must satisfy burdensome sales practice requirements, including a requirement that they make an individualized written suitability determination for the purchaser and receive the purchaser's written consent prior to the transaction. The Securities Enforcement and Penny Stock Reform Act of 1990 (the "Reform Act") also requires additional disclosure in connection with any trades involving a stock defined as a "penny stock" (generally, according to recent regulations adopted by the Commission, any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions), including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith, the requirement that a broker-dealer must provide the customer with

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current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The regulations governing low-priced or penny stocks could limit the ability of broker-dealers to sell the Company's securities and thus the ability of the purchasers of this Offering to sell their securities in the secondary market.

**Inexperienced Underwriter.** Veera Capital Corporation has no experience in underwriting public offerings. This Offering is the first public offering Veera Capital will underwrite. There can be no assurance that the Underwriter's lack of experience will not adversely affect the Offering or the ability to maintain a market for the Company's Common Stock following the completion of the Offering. Accordingly, the market for the Company's Common Stock could be adversely affected if other firms are unwilling to make a market in the Common Stock.

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#### DILUTION

Dilution is the difference between the public offering price of \$5.25 per share for the Common Stock offered herein, and the net tangible book value per share of the Common Stock immediately after its purchase. The Company's net tangible book value per share is calculated by subtracting the Company's total liabilities from its total assets less any intangible assets, and then dividing by the number of shares then outstanding.

The net tangible book value of the Company prior to this Offering, based on June 30, 1997 financial statements, was \$233,944. Prior to selling any shares in this Offering, the Company has 1,814,065 shares of Common Stock outstanding.

If the maximum Shares offered herein are sold, the Company will have 2,156,922 shares outstanding upon completion of the Offering. The post offering pro forma net tangible book value of the Company, which gives effect to receipt of the net proceeds from the Offering and issuance of additional Shares of Common Stock in the Offering, but does not take into consideration the Unit Warrants sold in the Offering nor any other changes in the net tangible book value of the Company after June 30, 1997, will be \$1,757,444 or \$0.81 per share, approximately. This would result in dilution to investors in this Offering of \$4.44 per share or 85% from the public offering price of \$5.25 per Share. Net tangible book value per share would increase to the benefit of present shareholders from \$0.01 prior to the Offering to \$0.81 after the Offering, or an increase of \$0.80 per share attributable to the purchase of the Shares by investors in this Offering.

If only the minimum number of Shares is sold, the Company will have 2,054,065 shares outstanding upon completion of the Offering. The post offering pro forma net tangible book value of the Company will be \$1,287,644 or \$0.63 per share, approximately. This would result in dilution to investors in this Offering of \$4.62 per share or 88% from the public offering price of \$5.25 per Share. Net tangible book value per share would increase to the benefit of present shareholders from \$0.01 prior to the Offering to \$0.63 after the Offering, or an increase of \$0.62 per share attributable to the purchase of the Shares by investors in this Offering.

The following table sets forth the estimated net tangible book value per share after the Offering and the dilution to persons purchasing Shares based on the foregoing minimum and maximum offering assumptions

<TABLE>  
<CAPTION>

<S>	Minimum / (1) / <C>	Maximum / (2) / <C>
Initial public offering price (per share)	\$ 5.25	\$ 5.25
Net tangible book value per share before the Offering	\$ 0.01	\$ 0.01
Increase per share attributable to payments by new investors	\$ 0.62	\$ 0.80
Pro forma net tangible book value per share after the Offering	\$ 0.63	\$ 0.81

&lt;/TABLE&gt;

## COMPARATIVE DATA

The following charts illustrate the pro forma proportionate ownership in the Company. Upon completion of the Offering under alternative minimum and maximum offering assumptions, of present shareholders and of investors in this Offering, compared to the relative amounts paid and contributed to capital of the Company by present shareholders and by investors in this Offering, assuming no changes in net tangible book value other than those resulting from the Offering.

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<TABLE>  
<CAPTION>

## MINIMUM OFFERING

<S>	Shares Purchased		Total Consideration		Average Price Per Share
	<C>	<C>	<C>	<C>	
Existing shareholders	1,814,065	88%	\$ 291,024/(3)/	18.76%	\$0.16
New investors	240,000	12%	\$1,260,000/(4)/	81.24%	\$5.25
Total	2,054,065	100%	\$1,551,024	100.0%	

&lt;/TABLE&gt;

<TABLE>  
<CAPTION>

## MAXIMUM OFFERING

<S>	Shares Purchased		Total Consideration		Average Price Per Share
	<C>	<C>	<C>	<C>	
Existing shareholders	1,814,065	84%	\$ 291,024/(3)/	13.92%	\$0.16
New investors	342,857	16%	\$1,800,000/(5)/	86.08%	\$5.25
Total	2,156,922	100%	\$2,091,024	100.0%	

&lt;/TABLE&gt;

(1) Assumes \$1,013,700 net proceeds from sale of 240,000 Units.

(2) Assumes \$1,483,500 net proceeds from sale of 342,857 Units.

(3) Based on capital contributions from inception to June 30, 1997 (net).

(4) Assumes gross proceeds from offering of 240,000 Units.

(5) Assumes gross proceeds from offering of 342,857 Units.

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## USE OF PROCEEDS

The net proceeds to the Company (at an initial public offering price of \$5.25 per Unit) from the sale of the Units offered hereby (less commissions of 10%, the Representative's non-accountable expense allowance of 3% and expenses of this Offering (estimated at \$82,500)) are estimated to be approximately \$1,013,700 if the minimum amount is raised hereunder and \$1,483,500 if the maximum amount is raised, excluding any proceeds from the exercise of the Unit Warrants.

<TABLE>  
<CAPTION>

<S>	USE OF PROCEEDS			
	Minimum <C>	Percent <C>	Maximum <C>	Percent <C>
Expansion of the Company's sales force and establishment of advertising and promotion activities	\$ 218,190	21.5%	\$ 268,513	18.1%
Increasing the variety of product by adding new designers and increasing the level of inventory or products	\$ 218,190	21.5%	\$ 268,513	18.1%
Establish import/export distribution channels	\$ 218,190	21.5%	\$ 242,306	16.4%
Market research to determine viability of entering entertainment industry	\$ 143,652	14.2%	\$ 242,305	16.3%
Market research to determine viability of increasing participation in software industry	\$ 143,652	14.2%	\$ 242,305	16.3%
Working capital	\$ 71,826	7.1%	\$ 219,558	14.8%
TOTALS	\$1,013,700	100%	\$1,483,500	100%

&lt;/TABLE&gt;

The allocation of net proceeds set forth above represents the Company's current estimates based upon its current plans and upon certain assumptions regarding the progress of development of its products, changing competitive conditions, the ongoing evaluation and determination of the commercial potential of the Company's products and the Company's ability to enter into agreements. These assumptions include the facts that the Company's retail clothing line will continue to increase its sales in order to support an expansion of its sales force and establishment of advertising and promotional activities; the Company will be able to attract new designers and purchase additional inventory from such designers; the Company will be able to establish import/export distribution channels for its retail clothing line between the United States, India, and Pakistan. If any of these factors change, the Company may reallocate some of the net proceeds within or between the above-described categories. The Company believes that the funds generated by this Offering, together with current resources, will be sufficient to fund working capital and capital requirements for at least 12 months from the date of this Prospectus.

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DIVIDEND POLICY

The Company has never paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends in the future. The Company currently intends to retain future earnings, if any, to fund the development and growth of its business.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1997 and as adjusted to give effect to the sale by the Company of a minimum of 240,000 Units at an offering price of \$5.25 per Unit and the application of the net proceeds of \$1,013,700 therefrom and as adjusted to give effect to the sale by the Company of a maximum of 342,857 Units at an offering price of \$5.25 per Unit and the application of the net proceeds of \$1,483,500 therefrom.

<TABLE>  
<CAPTION>

	June 30, 1997	Minimum As Adjusted	Maximum As Adjusted
<S>	<C>	<C>	<C>
Short-term debt:			
Accounts payable and accrued expenses	\$ 33,723	\$ 8,304	\$ 8,304
Notes payable	\$ 92,279	\$ 86,514	\$ 86,514
Interest payable	\$ 4,907	\$ 4,907	\$ 4,907
	-----	-----	-----
Total short-term debt	\$130,909	\$ 99,725	\$ 99,725
	=====	=====	=====
Long term liabilities: commission and notes payable	\$135,475	\$ 135,475	\$ 135,475
Stockholders' equity:			
Common Stock, \$0.001 par value			
2,500,000 shares authorized,			
1,814,065 issued and outstanding,			
2,054,065 if minimum amount is sold,			
2,156,922 if maximum amount is sold	\$ 1,814	\$ 2,054	\$ 2,157
Additional paid-in capital	\$289,210	\$1,302,670	\$1,772,367
Accumulated deficit	\$(17,080)	\$(17,080)	\$(17,080)
Total stockholders' equity	\$273,944	\$1,287,644	\$1,757,444
	=====	=====	=====

</TABLE>

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SELECTED FINANCIAL DATA

The following selected financial data are qualified by reference to, and should be read in conjunction with, the Financial Statements, related Notes to Financial Statements and Report of Independent Public Accountants, and Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere herein. The following tables summarize certain selected financial data of the Company for the fiscal year ended June 30, 1996 (audited), and the fiscal year ended June 30, 1997 (audited). The data has been derived from Financial Statements included elsewhere in this Prospectus that were audited by Hoffski & Pisano, P.C., (June 30, 1996) and by Stonefield Josephson, Inc. (June 30, 1997). No dividends have been paid for any of the periods presented.

<TABLE>  
<CAPTION>

	Period July 1, 1996 to June 30, 1997 / (1) /	Period July 1, 1995 to June 30, 1996
<S>	<C>	<C>
Statement of Operations Data:		
Revenue	\$212,972	\$199,230
Net loss	\$(80,334)	\$(62,295)

<CAPTION>

	June 30, 1997	June 30, 1996
<b>Balance Sheet Data:</b>		
Current assets	\$141,549	\$ 70,749
Notes receivable	\$113,104	\$ ---
Total property and equipment, net	\$ 41,945	\$ 39,629
Investments	\$200,000	\$ ---
Other	\$ 43,730	\$ 3,730
Total assets	\$113,104	\$114,108
	\$130,909	
Total current liabilities	\$135,475	\$104,842
Long term notes & loans	\$ ---	\$ ---
Partner's equity	\$ ---	\$ 9,266
Total liabilities and partner's equity		\$114,108
Stockholders equity	\$273,944	
Total liabilities and stockholders equity	\$540,328	

</TABLE>

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(1) The period from July 1, 1996 to June 30, 1997 represents the operations for the entire year of the operating entity. The operating entity was acquired on April 1, 1997 and was reorganized as a corporation on that date.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

**General**

The Company was formed in April 1995 and incorporated on March 18, 1997 for the purpose of marketing and selling unique clothing. The Company has generated nominal revenues to date. It has accumulated losses from operations of \$148,934 since its initial inception in April 1995 through June 30, 1997.

Mirage Holdings, Inc. was incorporated under the laws of the State of Nevada on March 18, 1997. Mirage Collection, Inc., a wholly-owned subsidiary of Mirage Holdings, Inc., formally began business as a partnership July 1, 1995, and was reorganized into a corporation in the State of Nevada pursuant to Internal Revenue Code Section 351 on April 1, 1997. Therefore, this discussion and analysis and the financial statements included herein are based on a partnership entity for the year ended 1996. The year ended 1997 includes operations of the partnership and corporation.

**Results of Operations**

<TABLE>

<CAPTION>

	Year Ended June 30, 1997	Year Ended June 30, 1996
<S>	<C>	<C>
Net sales	212,972	199,230
Cost of goods sold	149,501	160,350
Gross profit	63,471	38,880
Selling, general & administrative expenses	180,098	97,192
Net (loss)	(80,334)	(62,295)

</TABLE>

Fiscal Year Ended June 30, 1997 compared to Fiscal Year Ended June 30, 1996

**Revenues:**

The Company's sales for the year ended June 30, 1997 were \$212,972 (average of \$17,748 per month) as compared to \$199,230 for the fiscal year ended June 30, 1996 (average of \$16,603 per month). This increase is largely due to increased advertising and marketing efforts. The Company is also targeting a broader market by selling lower to middle end merchandise as well.

**Cost of goods sold and gross profit:**

The Company's gross profit was approximately 30% for the year ended June 30, 1997 as compared to 19.5% for the fiscal year ended June 30, 1996. The gross profit percentage has increased largely because the Company is able to purchase at a lower cost and sell its merchandise for a higher gross profit.

**Selling, general and administrative expenses:**

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Selling, general, and administrative expenses for the year ended June 30, 1997 were \$180,098 (average of \$15,008 per month) as compared to \$97,192 for the fiscal year ended June 30, 1996 (average of \$8,099 per month). The increase is, in part, due to opening of a new store in Diamond Bar.

## Liquidity and Capital Resources

Since its inception, the Company has funded its capital requirements through partners' contributions of cash in the cumulative amount of \$165,738 since April 17, 1995 (inception) to December 31, 1996.

On February 26, 1997, the Company issued an unsecured note to Manhattan West, Inc. in exchange for loans in the principal amount of \$46,997. The note is due on February 26, 2000 and bears interest at the rate of 10% per annum. The note contains a conversion feature whereby Manhattan West, Inc. may, at any time, convert the balance due and owing to it into share of Common Stock of the Company at the rate of \$0.50 per share. As of the date of this Prospectus, the balance due on the note is \$37,678 plus accrued interest. See "Certain Transactions."

On April 10, 1997, the Company commenced a private placement (the "Private Placement") of 564,065 shares of the Company's common stock at a purchase price of \$0.50 per share (the "Private Placement Stock") and 445,500 warrants, each warrant to purchase one share of the Company's common stock at an exercise price of \$0.75 for a term of five years at a purchase price of \$0.10 per warrant (the "Private Placement Warrants"). The Private Placement was exempt from the registration provisions of the Act by virtue of Section 4(2) of the Act, as transactions by an issuer not involving any public offering. The securities issued pursuant to the Private Placement were restricted securities as defined in Rule 144. The Private Placement Stock and the Common Stock underlying the Private Placement Warrants are being registered herein. The offering generated net proceeds of approximately \$290,000. The Company used the net proceeds of the private offering as follows: (1) \$200,000 for the acquisition of a 10% ownership interest of Network Solutions (PVT) Limited, a software development firm in Lahore, Pakistan ("NetSol") (see "Business of the Company--General"); (2) \$50,000 for the retainer fee for Horwitz & Beam, Inc. to prepare the Company's Registration Statement and to act as counsel to the Company in connection with the filing of the Registration Statement; and (3) \$40,000 for working capital.

At June 30, 1997, the Company had outstanding current liabilities of \$130,909. The Company anticipates satisfying its current liabilities in the ordinary course of business from revenues and notes receivable.

Capital expenditures during the period from inception through June 30, 1997 were \$56,025. Over the next 12 months, the Company plans to upgrade its management information system, telecommunications system, and office equipment to accommodate anticipated growth plans. The Company anticipates these upgrades and acquisitions may require estimated expenditures of approximately \$50,000 over the next 12 months. The Company anticipates financing these expenditures through revenues and working capital raised in this Offering.

The Company does not believe that inflation has had a significant impact on its operations since inception of the Company.

## Seasonality

Like most retailers, the Company's business is subject to seasonable fluctuations, with an increase in sales and revenues occurring during the fourth quarter of each year, mostly due to holiday purchasing. Because of the seasonality of the Company's business, results for any quarter are not necessarily indicative of the results that may be achieved for the full year.

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## BUSINESS OF THE COMPANY

### GENERAL

The Company specializes in the marketing of fashions targeted towards the segment where discriminating customers are always looking for unique and innovative products. The origin of these designs is mainly from India and Pakistan but not limited to these countries. The management of the Company is continuously in search of new ideas regardless of the ethnic background.

The idea was to fill this niche in the apparel market by importing these fashions. The economic feasibility of this idea was studied by conducting a market research over a period of one year. The market research consisted of documentary research into the income, affluence, and spending habits and preferences of the Company's target market (the Indian-Pakistani population living in the United States), some of which follows. Additionally, a series of fashion shows and exhibitions of the apparel were held at conventions around the country. The locations of these shows included St. Louis, Missouri; Chicago, Illinois; San Francisco, California; Seattle, Washington; Brea, California; and Fullerton, California. The shows and exhibitions indicated the level of interest and purchasing in certain lines of apparel in various areas around the country. The results were very encouraging. The study identified two main areas of profitability: the existing affluent market segment of Indian and Pakistani people who are always thirsty for new fashions from their countries, as well as the growing demand in the mainstream American market of designs that are different than the usual.

To explore the potential presented by these opportunities, Mirage Collection was formed with the goal to be the dominant supplier of fashionwear in these specialty market segments in the United States and Canada.

In the future, the Company may also pursue other business opportunities in the United States and Canada which arise out of its relationships with the Indian and Pakistan communities. India ranks as one of the ten largest emerging markets in the world, according to the U.S. Department of Commerce. India has been called the "Silicon Valley of the East" and houses many high-tech

corporations, including Motorola and Hewlett Packard. (National Geographic, May 1997.) The Company anticipates that such opportunities may arise in the software and entertainment industries.

On March 30, 1997, the Company purchased 10% of the outstanding capital stock of Network Solutions (PVT) Limited, a software development firm in Lahore, Pakistan ("NetSol"), in exchange for the payment of \$200,000. The cash consideration of \$200,000 was paid by the Company from the net proceeds of the Private Placement. NetSol was incorporated in Pakistan on August 22, 1996, under the Companies Ordinance, 1984, as a private company limited by shares. The principal business of NetSol is the development and export of software. At June 30, 1997, NetSol had net assets of \$336,086, sales of \$258,282, and a net profit of \$45,853 for the period of August 22, 1996 (date of inception) through June 30, 1997. Through its 10% ownership interest in NetSol, the Company can assist NetSol in marketing its software development services to North American and European clients.

The Company has also identified a niche market existing in the entertainment industry in that, currently, there are no significant entertainment venues catering to the Indian/Pakistani communities in the United States. Management of the Company believes that a significant opportunity exists in the development of theme parks, virtual reality games, theme restaurants, and other entertainment venues to serve this market. However, the Company has yet to perform significant market research into this sector, no formal agreements have been reached, and there can be no assurance as to the terms of any such potential agreements nor that any agreements will ever be reached nor that the Company will ever enter into this market.

Mirage Holdings, Inc. was incorporated under the laws of the State of Nevada on March 18, 1997. Mirage Collection, Inc., a wholly-owned subsidiary of Mirage Holdings, Inc. which actively conducts the retail clothing

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business of the Company, began business as a partnership in July 1995, and was reorganized into a corporation in the State of Nevada pursuant to Internal Revenue Code Section 351 on April 1, 1997.

#### OVERVIEW OF THE COMPANY'S MARKETS

The United States is India's largest single trading partner. Between 1987 and 1993, United States exports to India rose 11% annually, slightly faster than imports to the United States from India, which measured 10% a year. India's exports to the United States increased 15% in 1994 and management of the Company expects that India's exports will probably remain strong in subsequent years. In 1994, India's exports totaled \$24 billion, of which \$5.3 billion in goods was exported to the United States. Annual growth rates of 5% to 10% are expected between 1995 and 2000. (U.S. Global Trade Outlook: 1995-2000, U.S. Dept. of Commerce.)

[CHART OF U.S. TRADE WITH INDIA, 1987-94]

PERFORMANCE GRAPH APPEARS HERE

<TABLE>  
<CAPTION>

Legend		G	H
<S>	<C>	<C>	<C>
Labels		93	94
Exports		4.6	5.4
Imports		2.76	2.5

</TABLE>

Pakistan's single largest trading partner is also the United States. Pakistan's total exports in 1993 were \$6.7 billion. Both India's and Pakistan's exports include clothing. (1997 Information Please Almanac, Atlas, and Yearbook, Houghton Mifflin Company, Boston and New York, 1997.)

Estimated annual retail and wholesale sales of apparel and accessory stores in the United States were \$109.962 billion in 1995, a slight increase over 1994 sales of \$109.881 billion. Imports of clothing and footwear in the United States in 1995 were \$51.632 billion, an increase over 1994 imports of \$48.46 billion. (1997 Information Please Almanac, Atlas, and Yearbook, Houghton Mifflin Company, Boston and New York, 1997.)

The total Indian-Pakistani population in the United States (the "U.S. I-P population") has been estimated at 4 million. There are large populations in most major states with significant populations in New York, New Jersey, California, Illinois, Florida, Washington, D.C., Maryland, North Carolina, Pennsylvania, Connecticut, Texas, Massachusetts, Georgia, Ohio, Michigan, South Carolina, and Tennessee. The average annual household income of the U.S. I-P population is \$80,000+. Thirteen percent earn more than \$100,000 per year; 46% have an annual income of \$75,000 or greater; and nearly half earn at least \$50,000 per year. Ninety percent of the U.S. I-P population own homes of which more than half (51%) own their homes outright. More than half (53%) own two cars and 12% own more than three cars. The U.S. I-P population is also educated as 70% have college degrees and 35% have advanced degrees (i.e., Master's, Ph.D.'s, etc.). Seventy-nine percent of the U.S. I-P population is employed in professional capacities (28%: executives or managers; 21%: doctors or dentists; 17%: engineers or scientists; and 13%: lawyers or accountants). (Zarposh International, Trabuco Canyon, California, January 1, 1997.) Therefore, management of the Company believes that its target market, the U.S. I-P

population, can afford to purchase unique fashions.

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Due to the large U.S. I-P population, there is a high demand for ethnic fashions. Most of these people are not able to travel to India or Pakistan often due to professional commitments. Even when they do travel, it is hard for them to find the right designers or boutiques. The Company conducted market research over a one-year period before the opening of its first store and is constantly reviewing opinions and needs of its customers to provide the products that best suit their needs.

Reasons for seeking ethnic fashions:

- . Desire of the I-P people to preserve and maintain their culture.
- . Social commitments such as community events and casual gatherings where the people like to wear the latest ethnic fashions.

#### BUSINESS STRATEGY

- . The Company is researching the feasibility of setting up a production facility in Pakistan. This can reduce costs and increase profit margins.
- . To explore new designers in India and Pakistan by traveling to these countries every quarter. This will also help the Company to stay in touch with the latest trends and fashions.
- . To work with existing designers for a product line of everyday wear and occasional wear to provide a variety to customers.
- . Research the potential of opening stores in other major cities highly populated by the I-P people such as Houston, Chicago, Atlanta, and New York.
- . To introduce the luxurious fabrics and intricate embroidered fashions to the "entertainment industry," an affluent market which requires a need for unique fashions due to social commitments.
- . To introduce a modified/modern version of the shalwar-qamiz (long shirt draped over loose palazzo-style pants) through department stores such as Bloomingdales and Nordstrom catering to the mainstream middle class and upper class.
- . To aggressively market our products to the younger generation of the ethnic market.

#### PRODUCTS

Most Indians wear light, loose clothing because of the hot climate. Bright colors and white are common. Most Indian women wear a sari, a straight piece of cloth draped around the body as a long dress. They place its loose end over the head or shoulder. Wealthy women in India wear saris made of silk, with borders of gold thread. Many of the women of northern India wear full trousers with a long blouse and veil. (World Book Encyclopedia, World Book, Inc., 1995.)

Traditional Indian fashions have evolved over the years to compete with western clothes which are also accessible to the younger generation of Indian people. Modern Indian fashions include the lengha/cholis (skirt and short top), and sarees (six yards of fabric wrapped around the waist similar to a skirt with the loose end draped over the shoulder) worn in different ways from traditional to modern.

In Pakistan, the most common garment of both men and women is the shalwar-qamiz, which consists of loose trousers and a long overblouse. Women may wear a dupatta, a scarf, over their shoulders and head. Outside the home,

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women usually cover themselves with a tent-like garment called a burqa. (World Book Encyclopedia, World Book, Inc., 1995.)

Pakistani fashions have also evolved over the years as designers who are exposed to western fashions have created traditional clothes in modern forms. The trend these days is influenced by the Moguls who ruled in regions of Afghanistan, Pakistan, and India from 1483 to 1739. The Mogul women adorn themselves with elaborate costumes and precious jewels. The designers display these traditions in the use of luxurious fabrics and intricate embroidery. The Company offers shararas, ghararas, and peshwaz - traditional fashions with contemporary hints, and shalwar/qamiz - traditional to modern versions.

The average retail price charged by the Company for one outfit is \$150, but prices range from under \$100 to over \$1,500. The Company also sells accessories and costume jewelry.

#### COMPETITION

The retail apparel business is highly competitive and is expected to remain so despite consolidation in the industry. The Company competes primarily with other specialty retailers and to a lesser degree with department stores and other retailers and catalogers engaged in the retail sale of apparel. Most of these competitors have significantly greater financial, marketing and other resources than the Company. The Company believes that its emphasis on unique, ethnic fashions and its marketing focus on ethnic markets makes it less vulnerable to changes in fashion trends than many general apparel retailers; however, the Company's sales and profitability depend upon the continued demand

for its unique styles.

The Company's primary competitors are Yasmin which has four locations and its principal store at 18161 Pioneer Boulevard, Artesia, California; Memsahib, 18161 Pioneer Boulevard, Artesia, California; and Raaz, Inc., Chicago, Illinois. However, the Company's specific market is very fragmented and there may exist numerous other small and large competitors.

#### COMPETITIVE ADVANTAGES

- . The accessibility to top designers from both India and Pakistan.
- . Involvement of buyers working with designers to understand the U.S. market.
- . The customer comes first approach gives people a level of comfort and confidence which they may not find at other ethnic stores. This is especially appealing to the younger generation who is exposed to the western store concepts like greeting customers when they walk in.
- . Due to detailed designs such as type of fabric or type of embroidery, the Company trains the employees about the products so they are confident when the customers ask questions.

#### MARKETING

Management of the Company devised a marketing strategy aimed at achieving its goal of being the dominant supplier of fashionwear in the specialty market segments in the United States and Canada. The main focus of the strategy was to penetrate the market with products that have strong appeal to customers who enjoy exclusivity.

The following activities were carried out in order to accomplish the objectives:

1. Top designers were identified and agreements for exclusive supply to the Company were signed for representation in the local markets.

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2. The Company identified Fashion Shows and Exhibitions to be effective distribution channels and thus hosted and participated in these events successfully.

3. The Company opened its first showroom in October 1995 in the Los Angeles area. This showroom occupies an area of approximately 2,500 square feet. The decor was done to create the ambiance with a touch of class so that the customer can appreciate not only the products but the way they are presented and has proven to be successful in attracting the customers.

4. An advertising and promotion campaign was launched targeting the potential groups.

5. The Company made contacts with the designer boutiques in the mainstream market which cater to these selective customers.

In the future, the management plans to focus on the following areas:

1. Enhance the advertising and promotion activities in line with the expected growth in sales.

2. Increase the variety of product offering by adding new designers.

3. Provide custom tailoring to the customers. This area not only enhances sales, but provides another avenue of generating revenues.

4. Increase the sales and marketing activities by adding to the existing sales staff for developing contacts with the potential customers which includes a variety of parties including the film industry as well as high end boutiques.

5. Increase the product exposure by attending reputable designer shows.

6. Aggressive participation in medical conventions which provide an excellent sales opportunity as well as added exposure with the most affluent of the customers.

7. Increase the level of inventory of its products.

8. Establish a chain of Mirage stores in different metropolitan markets as well as studying the possibility of franchising the Mirage concept.

9. Introduce the Mirage catalogue for sales through mail order.

#### DISTRIBUTION

Currently, the Company purchases its products wholesale and sells them for retail at the Company's stores. The Company has one supplier in the U.S. which imports products from India and Pakistan, Raaz Collection, Los Angeles, California. The Company obtains approximately 20% of all of its products from Raaz Collection. All of the Company's other suppliers are located in India and Pakistan. Representatives of the Company make approximately one trip per month to India and Pakistan to purchase products.

The Company anticipates that it will have a centralized distribution center in the future which will purchase products and distribute the products to the Company's stores for retail sale. However, such plan is dependent upon the Company raising sufficient capital, increasing its revenues, and opening more



stores and therefore there can be no assurance that this plan for the Company will ever come to fruition.

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#### EMPLOYEES

As of the date of this Prospectus, the Company employed three full-time employees and one consultant. The Company hires independent contractors on an "as needed" basis only. The Company has no collective bargaining agreements with its employees. The Company believes that its employee relationships are satisfactory. The Company plans on hiring additional part-time sales staff in the immediate future. Long term, the Company will hire additional employees as needed based on its growth rate.

Mr. Ghauri will become employed by the Company as its President and Secretary upon completion of this Offering. Mr. Champion will become employed by the Company as its Chief Financial Officer and Vice President on May 15, 1997. See "Management--Directors and Executive Officers."

#### PROPERTIES

The Company subleases 700 square feet of executive office space in Santa Monica, California on a month-to-month basis. The sublease requires monthly payments of approximately \$417.

The Company leases a 2,500 square feet showroom in Artesia, California. The lease expires on August 31, 2000 and requires monthly payments of approximately \$3,200. The Company has an option to renew the lease for an additional five year term, beginning September 1, 2000 to August 31, 2005; the terms of such renewal shall be agreed upon prior to execution of the lease option.

The Company also leases a 1,150 square feet showroom in Diamond Bar, California. The lease expires on September 30, 2001 and requires monthly payments of approximately \$1,150. Prior to its termination, the Company has an option to renew the lease for an additional five year term at the then fair market value of the property.

#### LITIGATION

To the knowledge of management, there is no material litigation pending or threatened against the Company.

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#### MANAGEMENT

##### Directors and Executive Officers

The directors and officers of the Company as of the date of this Prospectus are as follows:

<TABLE>

<CAPTION>

Name	Age	Position
<S>	<C>	<C>
Najeeb U. Ghauri	43	President, Secretary, Director of Mirage Holdings, Inc.; Chief Financial Officer of Mirage Collection, Inc.
Gill Champion	55	Vice President, Chief Financial Officer, Director of Mirage Holdings, Inc.
Irfan Mustafa	46	Director of Mirage Holdings, Inc.
Saima Khan	26	President, Secretary, Director of Mirage Collection, Inc.

</TABLE>

The number of directors may be fixed from time to time by the Board of Directors. The Board of Directors presently consists of 3 directors. Each of the Company's directors hold office until their respective successors are elected at the next annual meeting of shareholders. Vacancies in the Board of Directors are filled by a majority vote of the remaining directors or by a shareholder vote called expressly for such purpose.

Najeeb U. Ghauri - Mr. Ghauri, President, Secretary, and Director of Mirage Holdings, Inc. and Chief Financial Officer of Mirage Collection, Inc., has an M.B.A. in Marketing Management from the Claremont Graduate School (1983) and a B.S. degree in Management/Economics from Eastern Illinois University (1980). Mr. Ghauri has been employed by Arco Petroleum Products Co. since 1987 and continuing through the present. His current position at Arco is Territory Manager. Mr. Ghauri is fluent in English, Urdu, and Indian languages and has a working knowledge of mid-eastern languages.

Irfan Mustafa - Mr. Mustafa, a director of the Company, has an M.B.A. from IMD (formerly Imede), Lausanne, Switzerland (1975); an M.B.A. from the Institute of Business Administration, Karachi, Pakistan (1974); and a B.S.C. in Economics, from Punjab University, Lahore, Pakistan (1971). Mr. Mustafa has been employed by Pepsicola Company since 1990 and continuing through the present. His current position at Pepsicola is as a leader of the Executive Designate Program. He was Area Vice President for Egypt and Sudan from 1994 through 1995 and Area Vice President for West Asia from 1990 through 1994. Mr. Mustafa is the Chairman and Founder Member of the Pepsi Education Foundation, Pakistan; Founder Member of

the Market Research Society, Pakistan; and a member of the Board of Trustees of Educational and Charitable Organizations in Pakistan.

Gill Champion - Mr. Champion, Vice President, Chief Financial Officer, and a director of Mirage Holdings, Inc., has a B.A. degree from New York University; attended Rutgers University; and attended the American Academy of Dramatic Arts. Mr. Champion was C.E.O. of American Cinema Stores, Inc., a public company, from 1990 through 1996 where he established domestic and international sales and marketing strategies and distribution channels for licensed entertainment products. He was Executive Vice President of Reel Treasures, Inc. from 1985 through 1989; Vice President of Gaylord Broadcasting from 1981 through 1984; and Vice President of Production of Producer Circle Co. from 1976 through 1981.

Saima Khan - Ms. Khan, President, Secretary, and Director of Mirage Collection, Inc., the Company's wholly-owned subsidiary, is the original founder of Mirage Collection Inc., and commenced full-time employment at Mirage Collection in 1992 as its sole proprietor. Prior to that, Ms. Khan was employed in financial public relations.

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#### Total Executive Compensation

The Company's Board of Directors authorized the compensation of several of its officers with restricted shares of the Company's Common Stock and options. The following officers of the Company receive the following annual cash salaries and other compensation:

#### SUMMARY COMPENSATION TABLE

<TABLE>

<CAPTION>

Name and Principal Position	Year	Annual Salary/(1)/	Awards/(2)/	
			Restricted Stock Awards/(3)/	Securities Underlying Options/(4)/
<S>	<C>	<C>	<C>	<C>
Najeeb U. Ghauri, President and Secretary of Mirage Holdings, Inc.	1997	\$33,500	200,000	50,000
Gill Champion, Vice President and Chief Financial Officer of Mirage Holdings, Inc.	1997	\$39,500	50,000	50,000
Saima Khan, President of Mirage Collection, Inc.	1997	\$24,000	5,000	-0-
All Officers as a Group (3 persons)	1997	\$97,000	255,000	100,000

</TABLE>

(1) No officers received or will receive any bonus or other annual compensation other than salaries during fiscal 1997. The table does not include any amounts for personal benefits extended to officers of the Company, such as the cost of automobiles, life insurance and supplemental medical insurance, because the specific dollar amounts of such personal benefits cannot be ascertained. Management believes that the value of non-cash benefits and compensation distributed to executive officers of the Company individually or as a group during fiscal year 1996 did not exceed the lesser of \$50,000 or ten percent of such officers' individual cash compensation or, with respect to the group, \$50,000 times the number of persons in the group or ten percent of the group's aggregate cash compensation.

(2) No officers received or will receive any long term incentive plan (LTIP) payouts or other payouts during fiscal 1997.

(3) All stock awards are shares of Common Stock of the Company.

(4) All securities underlying options are shares of Common Stock of the Company.

#### OPTION GRANTS IN LAST FISCAL YEAR

<TABLE>

<CAPTION>

Name	Number of securities underlying options granted	Percent of total options granted to employees in fiscal year	Exercise price (\$/Sh)	Expiration date
<S>	<C>	<C>	<C>	<C>
Najeeb U. Ghauri	50,000	42%	\$0.01 per share	May 12, 2002
Gill Champion	50,000	42%	\$0.01 per share	May 12, 2002

</TABLE>

#### Indemnification of Directors and Officers

The laws of the State of Nevada and the Company's Bylaws provide for indemnification of the Company's directors for liabilities and expenses that they may incur in such capacities. In general, directors and officers are indemnified with respect to actions taken in good faith in a manner reasonably

believed to be in, or not opposed to, the

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best interests of the Company, and with respect to any criminal action or proceeding, actions that the indemnitee had no reasonable cause to believe were unlawful.

The Company has been advised that in the opinion of the Securities and Exchange Commission, indemnification for liabilities arising under the Securities Act is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

#### EMPLOYMENT AND RELATED AGREEMENTS

##### Incentive and Nonstatutory Stock Option Plan

On April 1, 1997, the Company enacted an Incentive and Nonstatutory Stock Option Plan (the "Plan") for its employees and consultants under which a maximum of 500,000 option may be granted to purchase Common Stock of the Company. Two types of options may be granted under the Plan: (1) Incentive Stock Options (also known as Qualified Stock Options) which only may be issued to employees of the Company and whereby the exercise price of the option is not less than the fair market value of the Common Stock on the date it was reserved for issuance under the Plan; and (2) Nonstatutory Stock Options which may be issued to either employees or consultants of the Company and whereby the exercise price of the option is less than the fair market value of the Common Stock on the date it was reserved for issuance under the plan. Grants of options may be made to employees and consultants without regard to any performance measures. All options listed in the Summary Compensation Table were issued pursuant to the Plan. All options issued pursuant to the Plan vest over an 18-month period from the date of the grant per the following schedule: 33% of the Options vest on the date which is six months from the date of the grant; 33% of the Options vest on the date which is 12 months from the date of the grant; and 34% of the Options vest on the date which is 18 months from the date of the grant. All options issued pursuant to the Plan are nontransferable and subject to forfeiture. As of the date of this Prospectus, the Company had issued 120,000 Incentive Stock Options of which none have vested nor been exercised.

##### Directors Compensation

Directors of the Company do not receive any cash compensation, but are entitled to reimbursement of their reasonable expenses incurred in attending Directors' Meetings. In addition, the Company has granted to its three directors 20,000 options to purchase common stock of the Company under the Company's Incentive and Nonstatutory Stock Option Plan each.

##### Employment Agreements

The Company entered into an Employment Agreement with Saima Khan, President of Mirage Collection, Inc. on July 1, 1996. Ms. Khan commenced her employment with the Company in July 1995. Pursuant to that Agreement, Ms. Khan receives a salary of \$2,000 per month, a \$500 monthly auto allowance, and is entitled to 20% of the net profits of Mirage Collection, Inc. on an annual basis. Ms. Khan shall also be granted stock options in the Company based on performance and profits generated at the discretion of the board of directors. To date, no such options have been granted. The Agreement is terminable at will by either party upon notice to the other and contains no severance provisions. An anti-competition clause is in effect for a period of six months after termination of the Agreement that Ms. Khan will not accept employment with any and all direct competitors of the Company. However, a court of competent jurisdiction could determine not to enforce or only partially enforce such non-competition clause. Ms. Khan devotes 100% of her working hours to serving Mirage Collection, Inc.

The Company entered into an Employment Agreement with Gill Champion, Vice President, and Chief Financial Officer of the Company on May 15, 1997. Mr. Champion commenced his employment with the company on May 15, 1997. Pursuant to his Employment Agreement, Mr. Champion receives initial compensation of \$4,000 per month for four months or until the Company successfully completes its IPO (whichever occurs first) (the "Initial

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Compensation Term"), base compensation of \$5,500 per month after the Initial Compensation Term, an award of 30,000 options to purchase common stock under the Company's Incentive and Nonstatutory Stock Option Plan, and is entitled to participate in all insurance and benefit plans which may be adopted by the Company. Mr. Champion's Employment Agreement is for a term of one year with an automatic extension of one year thereafter, unless either party elects to terminate the Agreement at that time. The Agreement is terminable at will by Mr. Champion or for cause by the Company. The Agreement contains no severance or anti-competition provisions. Mr. Champion devotes 100% of his working hours to the Company.

The Company entered into an Employment Agreement with Najeeb U. Ghauri, President and Secretary of the Company on May 15, 1997. Mr. Ghauri commenced his employment with the company on May 15, 1997. Pursuant to his Employment Agreement, Mr. Ghauri receives initial compensation of \$2,000 per month for four months or until the Company successfully completes its IPO (whichever occurs first) (the "Initial Compensation Term"), base compensation of \$5,500 per month after the Initial Compensation Term, an award of 30,000 options to purchase common stock under the Company's Incentive and Nonstatutory Stock Option Plan, and is entitled to participate in all insurance and benefit plans which may be adopted by the Company. Mr. Ghauri's Employment Agreement is for a term of one year with an automatic extension of one year thereafter, unless either party

elects to terminate the Agreement at that time. The Agreement is terminable at will by Mr. Ghauri or for cause by the Company. The Agreement contains no severance or anti-competition provisions. Mr. Ghauri currently devotes 50% of his working hours to the Company, however, if this Offering is successful (i.e., the minimum amount is raised hereunder), Mr. Ghauri has committed to devote 100% of his working time to the Company commencing at that time.

#### CERTAIN TRANSACTIONS

On February 13, 1997, the Company entered into a Consulting Agreement with Manhattan West, Inc. Under the Consulting Agreement, Manhattan West, Inc. shall provide business and financial consulting services to the Company in exchange for a maximum of 50,000 options to purchase common stock of the Company (20,000 options exercisable at \$2.00 per share for five years and, if the Company completes an initial public offering, 30,000 options exercisable at \$2.50 per share for five years) and reimbursement of expenses. The Consulting Agreement has a term of two years with automatic renewal after the termination of the two-year period on a month-to-month basis unless either party elects to terminate. Tariq Khan is the Managing Director of Manhattan West, Inc. and the brother of Saima Khan, President of Mirage Collection, Inc.

On February 26, 1997, Mirage Collection, Inc. issued an unsecured note to Manhattan West, Inc. in exchange for loans in the principal amount of \$46,997. The note is due on February 26, 2000 and bears interest at the rate of 10% per annum. The note contains a conversion feature whereby Manhattan West, Inc. may, at any time, convert the balance due and owing to it into share of Common Stock of the Company at the rate of \$0.50 per share. As of the date of this Prospectus, the balance due on the note is \$46,997 plus accrued interest. Tariq Khan is the Managing Director of Manhattan West, Inc. and the brother of Saima Khan, President of Mirage Collection, Inc. Manhattan West, Inc. is an "affiliate" of the Company in that Manhattan West, Inc. is the beneficial owner of more than 5% of the Company's outstanding common stock. See "Principal Shareholders."

In April 1996, Najeeb U. Ghauri loaned \$10,000 to Mirage Collection, Inc. This sum is repayable to Mr. Ghauri upon demand without interest. Mr. Ghauri is President, Secretary, and a Director of Mirage Holdings, Inc. and Chief Financial Officer of Mirage Collection, Inc.

The Company's management believes that the terms of these transactions are no less favorable to the Company than would have been obtained from an unaffiliated third party in similar transactions. All future transactions with affiliates will be on terms no less favorable than could be obtained from unaffiliated third parties, and will be approved by a majority of the disinterested directors.

The Company has agreed with certain state regulatory authorities that so long as the Company's securities are registered in such states, or one year from the date of this prospectus, whichever is longer, the Company will not make

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loans to its officers, directors, employees, or principal shareholders, except for loans made in the ordinary course of business, such as travel advances, expense account advances, relocation advances, or reasonable salary advances.

#### Conflicts of Interest

Other than as described herein, the Company is not expected to have significant further dealings with affiliates. However, if there are such dealings, the terms of such transactions will be no less favorable to the Company than would have been obtained from an unaffiliated third party in similar transactions. All future transactions with affiliates will be on terms no less favorable than could be obtained from unaffiliated third parties, and will be approved by a majority of the disinterested directors.

A director of the Company owes fiduciary duties to the Company which may conflict with other interests. The Company has not entered into any noncompete, confidentiality, or similar agreements with its directors. The fiduciary duties that directors owe to a Company include the duty not to withhold from the Company, or appropriate, any corporate opportunity which the Company may be able to exploit, the duty not to use for their personal benefit or the benefit of any other individual or entity any information not generally known which they acquire through their association with the Company, and in short, the duty to deal fairly with the Company. The Company's current director intends to submit to the Company any potential business they become aware of which may constitute a corporate opportunity to the Company. The Company's policy is that all transactions between the Company and any affiliates be on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

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#### PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock, as of May 31, 1997 and as adjusted to reflect the sale of the Shares offered hereby by (i) each shareholder known by the Company to be the beneficial owner of more than five percent of the outstanding Common Stock, (ii) each director of the Company, (iii) each officer of the Company, and (iv) all directors and officers as a group. Unless otherwise indicated, the address for each stockholder is 225 Santa Monica Boulevard, Suite 410, Santa Monica, California, 90401.

<TABLE>  
<CAPTION>

Percentage Beneficially Owned

Name	Number of Shares/(1)/	Before Offering	After Minimum Offering	After Maximum Offering
<S> Whittington Investments, Ltd./(2)/ Suite M2 Charlotte House P.O. Box N4825 Nassau, Bahamas	<C> 895,000	<C> 49.3%	<C> 43.6%	<C> 41.5%
Najeeb U. Ghauri	250,000/(3)/	13.4%	12.2%	11.6%
Manhattan West, Inc., a California corporation/(4)/ 233 Wilshire Blvd., Ste. 930 Santa Monica, CA 90401	142,856/(5)/	7.9%	7.0%	6.6%
Irfan Mustafa	120,000/(6)/	6.6%	5.8%	5.5%
Damson Investments Limited/(7)/ P.O. Box N8318 Nassau, Bahamas	113,600/(8)/	6.3%	5.5%	5.3%
Gill Champion	100,000/(9)/	5.5%	4.8%	4.5%
Saima Khan	5,000	*	*	*
All officers and directors as a group (4 persons)	475,000	26.1%	23.1%	22.0%

</TABLE>

\* Less than one percent

- (1) Except as otherwise indicated, the Company believes that the beneficial owners of Common Stock listed below, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of Common Stock subject to options or warrants currently

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exercisable, or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage of any other person.

- (2) The principals of Whittington Investments, Ltd. are: John King, President and Director; and Niaz Ahmad Khan, Sole Shareholder.
- (3) Includes 50,000 options issued under the Company's stock option plan exercisable at \$0.01 for five years from May 12, 1997.
- (4) The principals of Manhattan West, Inc. are: Tariq S. Khan, Director; David F. Bahr, President; and Manhattan West, Intl., a B.V.I. corporation, Sole Shareholder.
- (5) Includes approximately 75,356 shares which could be issued pursuant to the conversion feature of Manhattan West, Inc.'s unsecured note with the Company having a current balance of \$37,678 and convertible at \$0.50 per share; 47,500 Bridge Warrants; and 20,000 options each to purchase one share of common stock for \$2.00 pursuant to its Consulting Agreement with the Company.
- (6) Includes 20,000 options issued under the Company's stock option plan exercisable at \$0.01 for five years from May 12, 1997.
- (7) The principals of Damson Investments Limited are: Akin Shackelford, President, Director, and Majority Shareholder; Dellareese Dorsett, Secretary and Director.
- (8) Includes 102,000 Bridge Warrants.
- (9) Includes 50,000 options issued under the Company's stock option plan exercisable at \$0.01 for five years from May 12, 1997.

#### SELLING SHAREHOLDERS

The following table sets forth the number of shares of Common Stock which may be offered for sale from time to time by the Selling Shareholders. The shares offered for sale constitute all of the shares of Common Stock known to the Company to be beneficially owned by the Selling Shareholders. To the best of management's knowledge, none of the Selling Shareholders has or have any material relationship with the Company, except as otherwise set forth below.

<TABLE>

<CAPTION>

Name of Selling Shareholder	Shares of Common Stock Offered/(1)/
<S>	<C>
Horwitz & Beam, Inc., a California corporation/(3)/	9,500
Horwitz & Beam, Inc., a California corporation/(3)/	2,500/(2)/
Normaco Capital, Inc., a corporation	10,000
Clarence W. Coffey, an individual/(4)/	20,000
Frederick T. Hull, an individual/(5)/	20,000
Rockspitz Stiftung	9,500
Rockspitz Stiftung	5,000/(2)/
Richard Houlihan, an individual/(6)/	20,000
Clearweather Investments	98,065
Clearweather Investments	259,500/(2)/

Ian R. Hendry, an individual	15,000
Damson Investments Limited, a corporation	11,600
Damson Investments Limited, a corporation	102,000/(2)/
John C. Accetta, an individual	8,000
Manhattan West, Inc., a corporation/(7)/	47,500/(2)/
Harold Mendoza and Donna Mendoza, JTWROS	20,000
Bernard Collura and Stella Collura, JTWROS	4,000
Dennis R. Johnson, an individual	5,000
Trinalta Group, LLC/(8)/	20,000
Graham Thorogood, an individual/(9)/	3,000
Richard D. David, Esq.	10,000
Ronald W. Tupper TTEE of the Winthrop Trust	40,000
Stanley Decker, an individual	40,000
Sean Kelly, an individual	6,000
Moncrieff Capital Corporation, a corporation	10,000
Whittington Investments, Ltd.	75,400
Whittington Investments, Ltd.	23,000/(2)/
Damask International, Ltd.	9,500
Damask International, Ltd.	2,500/(2)/

</TABLE>

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<TABLE>

<S>	<C>
Hawk's Nest Investments, Ltd.	9,500
Hawk's Nest Investments, Ltd.	2,500/(2)/
Winthrop Venture Fund, Ltd.	50,000
Equitrade Securities Corp.	10,000
Noreen S. Khan, an individual/(10)/	10,000
Abdul S. Khan, an individual/(11)/	20,000
Total	1,008,565

</TABLE>

- (1) All of these Shares are currently restricted under Rule 144 of the 1933 Act.
- (2) Represents Shares underlying Private Placement Warrants.
- (3) Legal counsel to the Company. Horwitz & Beam, Inc. acquired the securities in the Private Placement as an investor on April 24, 1997 pursuant to a subscription agreement and the payment of \$5,000.
- (4) Clarence W. Coffey is a member of the Advisory Board of Manhattan West, Inc. Manhattan West, Inc. has a Consulting Agreement with the Company. See "Certain Transactions."
- (5) Frederick Hull is a member of the Advisory Board of Manhattan West, Inc. Manhattan West, Inc. has a Consulting Agreement with the Company. See "Certain Transactions."
- (6) Richard Houlihan is a member of the Advisory Board of Manhattan West, Inc. Manhattan West, Inc. has a Consulting Agreement with the Company. See "Certain Transactions."
- (7) Manhattan West, Inc., a California corporation, has a Consulting Agreement with the Company. See "Certain Transactions."
- (8) Scott Thorogood, Manager of Investor, Trinalta Group LLC, is a member of the Advisory Board of Manhattan West, Inc. Manhattan West, Inc. has a Consulting Agreement with the Company. See "Certain Transactions."
- (9) Graham Thorogood, works for Manhattan West, Inc. from time to time as an independent contractor. Manhattan West, Inc. has a Consulting Agreement with the Company. See "Certain Transactions."
- (10) Noreen Khan is the mother of Tariq Khan, who is the Managing Director of Manhattan West, Inc. Manhattan West, Inc. has a Consulting Agreement with the Company. See "Certain Transactions."
- (11) Abdul Khan is the father of Tariq Khan, who is the Managing Director of Manhattan West, Inc. Manhattan West, Inc. has a Consulting Agreement with the Company. See "Certain Transactions."

#### PLAN OF DISTRIBUTION

The Shares will be offered and sold by the Selling Shareholders for their own accounts. The Company will not receive any of the proceeds from the sale of the Shares by the Selling Shareholders pursuant to this Prospectus. The Company will pay all of the expenses of the registration of the Shares, but shall not pay any commissions, discounts, and fees of underwriters, dealers, or agents.

The Selling Shareholders may offer and sell the Shares from time to time in transactions in the over-the-counter market or in negotiated transactions, at market prices prevailing at the time of sale or at negotiated prices. The Selling Shareholders have advised the Company that they have not entered into any agreements, understandings, or arrangements with any underwriters or broker-dealers regarding the sale of their Shares, nor is there an underwriter or coordinating broker acting in connection with the proposed sale of Shares by the Selling Shareholders. Sales may be made directly or to or through broker-dealers who may receive compensation in the form of discounts, concessions, or commissions from the Selling Shareholders or the purchasers of the Shares for whom such broker-dealers may act as agent or to whom they may sell as principal, or both (which compensation as to a particular broker-dealer may be in excess of customary commissions).

The Selling Shareholders and any broker-dealers acting in connection with the sale of the Shares hereunder may be deemed to be "underwriters" within the meaning of Section 2(11) of the Act, and any commissions received by them and any profit realized by them on the resale of Shares as principals may be deemed underwriting compensation under the Act.

Under the Exchange Act and the regulations thereunder, any person engaged in a distribution of the Shares offered by this Prospectus may not simultaneously engage in market making activities with respect to the Common Stock of the Company during the applicable "cooling off" periods prior to the commencement of such distribution. In

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addition, and without limiting the foregoing, the Selling Shareholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Rules 10b-6 and 10b-7, which provisions may limit the timing of purchases and sales of Common Stock by the Selling Shareholders.

Selling Shareholders may also use Rule 144 under the Act to sell the Shares if they meet the criteria and conform to the requirements of such Rule.

#### DESCRIPTION OF SECURITIES

The authorized capital stock of the Company consists of twenty-five million shares of Common Stock, \$0.001 par value. The Company's Transfer Agent is American Securities Transfer & Trust, Inc., 1825 Lawrence Street, Suite 444, Denver, Colorado, 80202.

The following summary of certain terms of the Company's securities does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the Company's Articles of Incorporation and Bylaws, which are included as exhibits to the Registration Statement of which this Prospectus is a part, and the provisions of applicable law.

#### Units

The Company is offering a maximum of 342,857 Units and a minimum of 240,000 Units for \$5.25 per Unit. Each Unit consists of one share of the Company's Common Stock and one warrant to purchase one share of the Company's Common Stock at an exercise price of \$6.00 for a term of five years. The Warrants are detachable from the Units at the discretion of the Company upon individual Unit holder request.

#### Common Stock

As of the date of this Prospectus, there are 1,814,065 shares of Common Stock outstanding, and after completion of this Offering, 2,054,065 shares of Common Stock will be issued and outstanding if the minimum amount hereunder is sold and 2,156,922 shares of Common Stock if the maximum amount hereunder is sold (without giving effect to the exercise of any warrants). Holders of Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. At all elections of directors of the Company, each holder of stock possessing voting power is entitled to as many votes as equal to the number of his or her shares of stock multiplied by the number of directors to be elected, and he or she may cast all of such votes for a single director or may distribute them among the number to be voted for or any two or more of them, as he or she may see fit (cumulative voting). Subject to preferences that may be applicable to any then outstanding Preferred Stock, holders of Common Stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefor. See "Dividend Policy." In the event of a liquidation, dissolution or winding up of the Company, holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding Preferred Stock. Holders of Common Stock have no right to convert their Common Stock into any other securities. The Common Stock has no preemptive or other subscription rights. There are no redemption or sinking fund provisions applicable to the Common Stock. All outstanding shares of Common Stock are, and the Common Stock to be outstanding upon completion of this Offering will be, duly authorized, validly issued, fully paid and nonassessable.

#### Warrants

As of the date of this Prospectus, there are 444,500 warrants outstanding (the "Private Placement Warrants"). These warrants were issued by the Company to private individuals in connection with the Company's Private Placement Bridge Financing commenced on April 10, 1997. The Private Placement Warrants are each exercisable for one share of Common Stock of the Company at \$0.75 per share. The term of the Private Placement Warrants is five years from the date of issuance.

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The Company is also offering hereunder, as part of the Units, a minimum of 240,000 warrants and a maximum of 342,857 warrants (the "Warrants"). The Warrants are each exercisable for one share of Common Stock of the Company at \$6.00 per share. The term of the Warrants is five years from the date of issuance.

If the minimum amount is raised hereunder, the Company will have a total of 684,500 warrants outstanding. If the maximum amount is raised hereunder, the Company will have a total of 787,357 warrants outstanding.

#### SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this Offering, the Company will have outstanding 2,054,065 shares of Common Stock if the minimum amount is sold hereunder and 2,156,922 shares if the maximum amount is sold hereunder (without giving effect to the exercise of any warrants). All shares acquired in this Offering, other

than shares that may be acquired by "affiliates" of the Company as defined by Rule 144 under the Securities Act, will be freely transferable without restriction or further registration under the Securities Act.

All of the 1,814,065 shares outstanding prior to this offering were shares issued by the Company and sold by the Company in private transactions in reliance on an exemption from registration. Accordingly, such shares are "restricted shares" within the meaning of Rule 144 and cannot be resold without registration, except in reliance on Rule 144 or another applicable exemption from registration.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are required to be aggregated), including any affiliate of the Company, who beneficially owns "restricted shares" for a period of at least one year is entitled to sell within any three-month period, shares equal in number to the greater of (i) 1% of the then outstanding shares of Common Stock, or (ii) the average weekly trading volume of the Common Stock during the four calendar weeks preceding the filing of the required notice of sale with the Securities and Exchange Commission. The seller also must comply with the notice and manner of sale requirements of Rule 144, and there must be current public information available about the Company. In addition, any person (or persons whose shares are aggregated) who is not, at the time of the sale, nor during the preceding three months, an affiliate of the Company, and who has beneficially owned restricted shares for at least two years, can sell such shares under Rule 144 without regard to notice, manner of sale, public information or the volume limitations described above.

The Private Placement Stock and the shares underlying the Private Placement Warrants are being registered herein. Therefore, 564,065 shares of stock and 444,500 shares of stock issuable upon exercise of warrants will be freely tradeable upon the effective date hereof.

#### UNDERWRITING

The several Underwriters, acting through Veera Capital Corporation as Representative, have jointly and severally agreed, subject to the terms and conditions of the Underwriting Agreement, to offer to the public on a "best efforts, 240,000 Unit minimum, 342,857 Unit maximum" basis, at a price of \$5.25 per Unit. The Underwriters do not intend to sell the Units to any accounts for which they exercise discretionary authority.

The Underwriters shall receive 10% commission for the sale of the securities.

The Company has agreed to pay to the Representative at the closing of the Offering a non-accountable expense allowance of 3% of the aggregate public offering price to cover expenses incurred by the Representative in connection with this Offering. The Company has also agreed to issue the Representative at the closing of the Offering warrants (the "Representative Warrants") to purchase common stock of the Company at an exercise price of 120% of the public offering price in an amount equal to 10% of the number of Units actually sold herein.

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The Company has agreed with the Representative that, without the Representative's consent (which may not be unreasonably withheld), it will not issue any additional Common Stock between the effective date of this Offering and the expiration of 12 months thereafter if such issuance would cause any provision made in the Registration Statement to be materially misleading or would otherwise subject the Representative to any reasonable likelihood of liability under the Act.

The directors, officers, and employees of the Company who are also shareholders of the Company have entered into a contractual agreement with Veera Capital Corporation that restricts, for a period of 12 months from the effective date of the registration statement for the Units being offered hereby, their ability to sell the Common Stock beneficially owned by them including stock registered pursuant to any Form SB-2 Registration Statement.

Prior to this Offering, there was no public securities market for the Company's Common Stock and the price of such securities may be volatile to a degree that might not occur in securities that are more widely held or more actively traded. The initial public offering price was negotiated by the Company and the Representative. In determining the offering price, the Representative considered, among other things, the business potential and earning prospects of the Company and prevailing market conditions. Additionally, potential investors should be aware that the securities of the Company have recently sold at a substantial discount to the public offering price herein. The Company and the Representative considered the following factors in pricing the securities issued in the recent private placement of the Company at \$0.50 per share of Common Stock and \$0.10 per warrant versus the initial public offering price: at the time of the private placement the Company was still developing its business plan, the Company had minimal officer and director support, key personnel of the Company were not yet in place, the Company was in the process of structuring its public offering plan, the Company had not yet secured an underwriter for a public offering, and there could be no assurance of a public market for the securities.

The Company has agreed to indemnify the Underwriters, any controlling person of an Underwriter, and other persons related to the Underwriters and identified in the Underwriting Agreement, against certain liabilities, including liabilities arising (i) under the Securities Act, (ii) out of any untrue statement or material fact contained in the Registration Statement, this Prospectus, any amendments thereto, and certain other documents, or (iii) out of any omission of a material fact required to be stated therein or necessary to



make the statements therein not misleading, unless the statement or omission is made in reliance upon and in conformity with written information furnished to the Company or on behalf of the Underwriters for use in the document in which it was used. However, the Company has been advised that in the opinion of the Securities and Exchange Commission, indemnification for liabilities arising under the Securities Act is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

There is no assurance that all or any of the Units will be sold. If the Company fails to receive subscriptions for a minimum of 240,000 Units within 120 days from the date of this Prospectus (or 150 days if extended by the Company), the Offering will be terminated and any subscription payments received will be promptly refunded within 5 days to subscribers, without any deduction therefrom or any interest thereon. If subscriptions for at least the minimum amount are received within such period, funds will not be returned to investors and the Company may continue the Offering until such period expires or subscriptions for all 342,857 Units have been received, whichever comes first.

The Units shall be held in an Escrow Account for up to 150 days. During this time, investors cannot demand the return of their investments. If the Company does not meet the required minimum number of Units to be sold (240,000 Units), the investors, the investors will be refunded their investment in full without interest.

#### LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for the Company by Horwitz & Beam, Irvine, California. Certain legal matters in connection with this Offering will be passed upon for the Underwriters by Horwitz & Beam. Horwitz & Beam, Inc., a California corporation, is the owner of 9,500 shares of Private Placement Stock and 2,500 Private Placement Warrants. Horwitz & Beam, Inc. acquired securities in the Private Placement as an investor on April 24, 1997 pursuant to a subscription agreement and the payment of \$5,000.

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#### EXPERTS

The Financial Statements of the Company for the fiscal year ended June 30, 1996 and the fiscal year ended June 30, 1997 included herein and elsewhere in the registration statement, have been included herein and in the registration statement in reliance on the reports of Hoffski & Pisano, P.C. and Stonefield Josephson, Inc., appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

#### ADDITIONAL INFORMATION

The Company is not presently subject to the reporting requirements of the Securities Exchange Act of 1934. The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form SB-2 (together with all amendments and exhibits thereto, the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act") with respect to the securities offered hereby. This Prospectus, which constitutes a part of the Registration Statement, omits certain information contained in the Registration Statement on file with the Commission pursuant to the Securities Act and the rules and regulations of the Commission thereunder. The Registration Statement, including the exhibits thereto, may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Copies of such material may be obtained by mail at prescribed rates from the Public Reference Branch of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Such material may also be accessed electronically by means of the Commission's home page on the Internet at <http://www.sec.gov>.

This Prospectus contains a complete summary of the terms of the contracts or other documents filed as exhibits to the Registration Statement which the Company believes are material to an investor. However, statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

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#### MIRAGE HOLDINGS, INC.

#### CONSOLIDATED FINANCIAL STATEMENTS

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

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Statement of Stockholders' Equity	4
Statement of Cash Flows	5
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STONEFIELD JOSEPHSON, INC.

[LETTERHEAD OF STONEFIELD JOSEPHSON, INC.]

Board of Directors  
Mirage Holdings, Inc.  
Santa Monica, California

We have audited the accompanying consolidated balance sheet of Mirage Holdings, Inc. as of June 30, 1997, and the related consolidated statements of operations, stockholders' equity and cash flows for the period from inception of operations on April 1, 1997 to June 30, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mirage Holdings, Inc. as of June 30, 1997, and the results of its consolidated operations and its cash flows for the period from inception of operations on April 1, 1997 to June 30, 1997 in conformity with generally accepted accounting principles.

As discussed in note 2, certain factors are present which raise doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to the financial statements that might be necessary should the Company be unable to continue as a going concern.

/s/ STONEFIELD JOSEPHSON, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

Santa Monica, California  
August 26, 1997

MIRAGE HOLDINGS, INC.

CONSOLIDATED BALANCE SHEET - JUNE 30, 1997

<TABLE>  
<CAPTION>

	ASSETS	<C>	<C>
<S>			
CURRENT ASSETS:			
Cash and cash equivalents		\$ 12,763	
Accounts receivable		4,009	
Inventory		46,891	
Marketable securities		57,570	
Stock subscription receivable		20,316	
		-----	
Total current assets			\$141,549
NOTE RECEIVABLE			113,104
PROPERTY, PLANT AND EQUIPMENT			41,945
OTHER ASSETS:			
Investment		200,000	
Deferred offering costs		40,000	
Deposits		3,730	
		-----	
Total other assets			243,730
			-----
			\$540,328
			=====

</TABLE>

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>  
<CAPTION>

CURRENT LIABILITIES:  
<S>

<C>

Accounts payable and accrued expenses	\$ 38,630
Current maturities of notes payable	92,279
	-----
Total current liabilities	\$130,909
LOAN PAYABLE, RELATED PARTY	113,104
NOTES PAYABLE, less current maturities	22,371
STOCKHOLDERS' EQUITY:	
Common stock; \$.001 par value, 25,000,000 shares authorized, 1,814,065 shares issued and outstanding	1,814
Additional paid-in capital	289,210
Deficiency accumulated from April 1, 1997 (inception) to June 30, 1997	(17,080)
	-----
Total stockholders' equity	273,944
	-----
	\$540,328
	=====

</TABLE>

See accompanying independent auditors' report and notes to financial statements.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

<TABLE>  
<CAPTION>

<S>	<C>
Net sales	\$ 54,828
Cost of sales	33,188
	-----
Gross profit	21,640
Operating expenses	75,081
Other income	36,361
	-----
Net loss	\$ (17,080)
	=====
Net loss per share	\$ (.01)
	=====
Weighted average shares outstanding	1,517,475
	=====

</TABLE>

See accompanying independent auditors' report and notes to financial statements.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

<TABLE>  
<CAPTION>

	Common stock		Additional	Deficiency	Total
	Shares	Amount	paid-in capital		stockholders' equity
<S>	<C>	<C>	<C>	<C>	<C>
Issuance of common stock for cash	564,065	\$ 564	\$244,760	\$ -	\$245,324
Issuance of common stock for services	355,000	355			355
Issuance of common stock for acquisition (see note 3)	895,000	895			895
Issuance of warrants for cash (convertible to common stock)			44,450		44,450

Net loss for the period from inception  
of operations on April 1, 1997  
to June 30, 1997

				(17,080)	(17,080)
Balance at June 30, 1997	1,814,065	\$1,814	\$289,210	\$ (17,080)	\$ 273,944

</TABLE>

See accompanying independent auditors' report and notes to financial statements.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

INCREASE (DECREASE) IN CASH

<TABLE>

<CAPTION>

<S>

<C>

<C>

Cash flows provided by (used for) operating activities:

Net loss \$ (17,080)

Changes in assets and liabilities:

(Increase) decrease in assets:

Accounts receivable \$ (4,009)

Stock subscriptions receivable (20,316)

Inventory 15,467

Increase (decrease) in liabilities -

accounts payable and accrued expenses 6,225

Total adjustments (2,633)

Net cash used for operating activities (19,713)

Cash flows used for investing activities -

purchase of investments (257,570)

Cash flows provided by (used for) financing activities:

Issuance of common stock and warrants, net 289,774

Proceeds from note payable 40,272

Deferred offering costs (40,000)

Net cash provided by financing activities 290,046

Net increase in cash 12,763

Cash and cash equivalents, beginning of period -

Cash and cash equivalents, end of period \$ 12,763

</TABLE>

See accompanying independent auditors' report and notes to financial statements.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

(1) General:

Mirage Holdings, Inc. was incorporated under the laws of the State of Nevada on March 18, 1997. Mirage Collection, Inc., a wholly-owned subsidiary of Mirage Holdings, Inc., began business as a partnership July 1, 1995, and was reorganized into a corporation in the State of Nevada pursuant to Internal Revenue Code Section 351 on April 1, 1997.

(2) Summary of Significant Accounting Policies:

Business Activity:

The operating subsidiary of the Company was formed for the purpose of marketing unique fashions. The subsidiary Company specializes in the marketing of fashions targeted toward the segment where discriminating customers are always looking for unique and innovative products.

Principles of Consolidation:

The accompanying financial statements include the accounts of the Company and its wholly-owned subsidiary, Mirage Collection, Inc. All material intercompany accounts have been eliminated in consolidation.

*Use of Estimates:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Fair Value:*

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments, including marketable securities held for trading purposes, approximate carrying values of such amounts.

*Cash Equivalents:*

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

See accompanying independent auditors' report.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

(2) Summary of Significant Accounting Policies, Continued:

*Earnings Per Share:*

Earnings per share have been calculated based upon the weighted average number of shares outstanding during the period. Common stock equivalents have been excluded since their effect would be anti-dilutive.

The Financial Accounting Standards Board (FASB) has issued a new statement recently (FASB No. 128) which requires companies to report "basic" earnings per share, which will exclude options, warrants and other convertible securities. The accounting and disclosure requirements of this statement are effective for financial statements for fiscal years beginning after December 15, 1997, with earlier adoption encouraged. Management does not believe that the adoption of this pronouncement will have a material impact on the financial statements.

*Realization of Assets:*

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles which contemplates continuation of the Company as a going concern. However, the Company has incurred a net loss of \$17,080 for the period from inception of operations on April 1, 1997 to June 30, 1997 and has been dependent on proceeds from its private common stock offerings (see note 11) to finance its operating needs. Accordingly, continuation as a going concern is dependent upon maintaining sufficient cash flow from the sale of its common stock as part of a initial public offering.

*Accounting for Stock-Based Compensation:*

During October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, which applies the fair-value method of accounting for stock-based compensation plans. In accordance with this recently issued standard, the Company expects to continue to account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Proforma information regarding net income and earnings per share under the fair-value method has not been presented as the amounts are immaterial.

*Income Taxes:*

Deferred income taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some

portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

See accompanying independent auditors' report.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

(2) Summary of Significant Accounting Policies, Continued:

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of:

On April 1, 1997, the Company adopted the provision of FASB No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair values of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Adoption of this statement did not have a material impact on the Company's financial position, results of operations or liquidity.

Inventory:

Inventory, consisting principally of finished goods, is valued at the lower of cost (first-in, first-out) or market.

(3) Basis of Consolidation:

On April 1, 1997, the Company entered into an acquisition agreement whereby the Company acquired 100% of the outstanding capital stock of Mirage Collection, Inc. ("Collection"), a Nevada Corporation. In full consideration and exchange for the Collection stock, the Company issued and delivered 895,000 shares of its restricted common stock. The transaction has been accounted for by the purchase method of accounting. The par value of the Company's stock issued was recorded for this transaction as it approximated the fair value for the assets acquired (see note 12 for proforma presentation on Collection).

Upon completion of the merger and acquisition agreement, Collections' stockholder become a director and stockholder of the Company.

(4) Note Receivable:

The note receivable is a bridge loan to a product development company and is unsecured and bears interest at 10% per annum. The note is due the earlier of the development company's completion of an initial public offering or March 19, 1999. The purpose of the loan is to provide bridge financing to an unrelated company. In the event of default there will be no obligation to repay the note payable referred to in note 8.

See accompanying independent auditors' report.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

(5) Property and Equipment:

<TABLE>

A summary is as follows:

<S>

Leasehold improvements  
Machinery and equipment  
Furniture and office equipment

<C>

\$29,196  
6,381  
6,368

-----

\$41,945

=====

</TABLE>

(6) Accounts Payable and Accrued Expenses:

<TABLE>

A summary is as follows:

<S>	<C>
Fees relating to private offering	\$15,474
Accrued interest	8,675
Month end bills	8,417
Sales tax	6,064
	-----
	\$38,630
	=====

</TABLE>

(7) Notes Payable:

<TABLE>

A summary is as follows:

<S>	<C>
Note payable, unsecured, payable on demand, with interest at approximate Prime Base Rate (8.25%).	\$37,500
Note payable, unsecured, payable on demand, with interest at approximate Prime Base Rate (8.25%) to a stockholder and unsecured to all notes of Mirage Holdings, Inc.	10,000
Note payable, unsecured, payable on demand, with interest at approximate Prime Base Rate (8.25%).	8,272
Note payable, unsecured, payable on demand, with interest at approximate Prime Base Rate (8.25%) to a party related to a stockholder of Mirage Holdings, Inc.	21,200

</TABLE>

See accompanying independent auditors' report.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

(7) Notes Payable, Continued:

<TABLE>

<S>	<C>
On February 26, 1997, Mirage Collection, Inc. issued an unsecured note to a related party in exchange for loans. The note is due on February 26, 2000 and bears interest at the rate of 10% per annum. The note contains a conversion feature whereby the holder of the note may, at any time, convert the balance due and owing to it into shares of common stock of the Company at the rate of \$0.50 per share. The holder of the note is a related party to a stockholder of Mirage Holdings, Inc.	37,678
	-----
	114,650
Less current maturities	92,279
	-----
	\$ 22,371
	=====

</TABLE>

Interest on these obligations amounted to \$1,987 for the period from inception of operations on April 1, 1997 to June 30, 1997.

(8) Loan Payable, Related Party:

The loan payable, related party is secured by, and due upon payment of the bridge loan receivable from the product development company (referred to in note 4) and bears interest at 10% per annum. Kightrider Investments, Ltd., a related party through a common stockholder, is the holder of the loan.

(9) Commitments:

The Company leases a 2,500 square feet showroom in Artesia, California. The lease expires on August 31, 2000 and requires monthly payments of approximately \$3,200. The Company has an option to renew the lease for an additional five year term, from September 1, 2000 to August 31, 2005. The terms of such renewal shall be agreed upon prior to execution of the lease option.

The Company also leases a 1,150 square feet showroom in Diamond Bar, California. The lease expires on September 30, 2001 and requires monthly payments of approximately \$1,150. Prior to its termination, the Company has

an option to renew the lease for an additional five year term at the then fair market value of the property.

See accompanying independent auditors' report.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

(9) Commitments, Continued:

The following is a schedule by years of future minimum rental payments required under operating leases that have noncancellable lease terms in excess of one year as of June 30, 1997:

<TABLE>

Year ending June 30,	
<S>	<C>
1998	\$ 52,200
1999	52,200
2000	39,400
2001	10,350
	-----
	\$154,150
	=====

</TABLE>

Rent expense amounted to \$14,186 for the period from inception of operations on April 1, 1997 to June 30, 1997.

(10) Incentive and Nonstatutory Stock Option Plan:

On April 1, 1997, the Company adopted an Incentive and Nonstatutory Stock Option Plan (the "Plan") for its employees and consultants under which a maximum of 500,000 options may be granted to purchase common stock of the Company. Two types of options may be granted under the Plan: (1) Incentive Stock Options (also known as Qualified Stock Options) which only may be issued to employees of the Company and whereby the exercise price of the option is not less than the fair market value of the common stock on the date it was reserved for issuance under the Plan; and (2) Nonstatutory Stock Options which may be issued to either employees or consultants of the Company and whereby the exercise price of the option is less than the fair market value of the common stock on the date it was reserved for issuance under the plan. Grants of options may be made to employees and consultants without regard to any performance measures. All options listed in the summary compensation table were issued pursuant to the Plan. All options issued pursuant to the Plan vest over an 18 month period from the date of the grant per the following schedule: 33% of the options vest on the date which is six months from the date of the grant; 33% of the options vest on the date which is 12 months from the date of the grant; and 34% of the options vest on the date which is 18 months from the date of the grant. All options issued pursuant to the Plan are nontransferable and subject to forfeiture. As of June 30, 1997, the Company has issued 120,000 Incentive Stock Options and 20,000 Nonstatutory Stock Options, of which 39,600 Incentive and 20,000 Nonstatutory Stock Options have vested but have not been exercised.

Proforma net income and earnings per share, as if the fair value method of accounting were used, has not been presented because the amounts are immaterial.

See accompanying independent auditors' report.

STONEFIELD JOSEPHSON, INC.

MIRAGE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FROM INCEPTION OF OPERATIONS ON  
APRIL 1, 1997 TO JUNE 30, 1997

(11) Private Placement:

On April 10, 1997, the Company commenced a private placement (the "Private Placement") of 564,065 shares of the Company's common stock at a purchase price of \$0.50 per share (the "Private Placement Stock") and 444,500 warrants, each warrant to purchase one share of the Company's common stock at an exercise price of \$0.75 for a term of five years at a purchase price of \$0.10 per warrant (the "Private Placement Warrants"). The Private Placement was exempt from the registration provisions of the Act by virtue of Section 4(2) of the Act, as transactions by an issuer not involving any public offering. The securities issued pursuant to the Private Placement were restricted securities as defined in Rule 144. The offering generated



gross proceeds of approximately \$326,500.

(12) Investment:

On March 30, 1997, the Company purchased 10% of the outstanding capital stock of Network Solutions (PVT) Limited, a software development firm in Lahore, Pakistan ("NetSol"), in exchange for the payment of \$200,000. The cash consideration of \$200,000 was paid by the Company from the net proceeds of the Private Placement (note 11). NetSol was incorporated in Pakistan on August 22, 1996, under the Companies Ordinance 1984, as a private company limited by shares. The principal business of NetSol is the development and export of software. A stockholder of the Company is a related party to the officers of NetSol.

(13) Deferred Acquisition Costs:

The Company is in the registration process of a proposed public offering. Deferred stock offering costs of \$40,000 will be charged against the proceeds of the proposed public offering when, and if, it becomes effective.

(14) Mirage Collections Statement of Operations:

The following is the results of operations for the twelve months ended June 30, 1997 of Mirage Collection, Inc., which is the operating subsidiary of Mirage Holdings, Inc.:

<TABLE>

<S>	<C>
Net sales	\$ 212,972
Cost of sales	149,501
	-----
Gross profit	63,471
Operating expenses	180,098
	-----
	(116,627)
Other income	36,293
	-----
Net loss	\$ (80,334)
	=====
Net loss per share	\$(.05)
	=====
Weighted average shares outstanding	1,517,475
	=====

</TABLE>

See accompanying independent auditors' report.

STONEFIELD JOSEPHSON, INC.

INDEPENDENT AUDITORS' REPORT

To The Partners  
Mirage Collection  
Artesia, California

We have audited the accompanying balance sheet of Mirage Collection, a Partnership, as of June 30, 1996, and the related statements of operations, partnership equity, and cash flows for the twelve month period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mirage Collection at June 30, 1996, and the results of its operations and its cash flows for the twelve month period then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 9-11, is presented for purposes of additional information and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the examination of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ HOFFSKI & PISANO, P.C.

MIRAGE COLLECTION, A PARTNERSHIP

BALANCE SHEET

JUNE 30, 1996

<TABLE>

<S>	ASSETS	<C>
-----		
<b>CURRENT ASSETS:</b>		
Cash.....		\$ 85
Accounts Receivable.....		8,049
Inventory.....		62,615
		-----
Total Current Assets.....		70,749
<b>PROPERTY, PLANT, AND EQUIPMENT, AT COST:</b>		
Equipment.....		5,191
Furniture And Fixtures.....		703
Leasehold Improvements.....		40,562
		-----
Total Property, Plant, And Equipment.....		46,456
Less Accumulated Depreciation (Note A).....		(6,827)
		-----
Net Property, Plant, And Equipment.....		39,629
<b>OTHER ASSETS:</b>		
Deposits.....		3,730
		-----
Total Other Assets.....		3,730
		-----
Total Assets.....		\$114,108
		=====

**LIABILITIES AND PARTNERS' EQUITY**

<b>CURRENT LIABILITIES:</b>		
Bank Overdraft.....		\$ 14,664
Accounts Payable.....		12,848
Accrued Expenses.....		5,640
Interest Payable.....		1,490
Notes Payable (Note B).....		70,200
		-----
Total Current Liabilities.....		104,842
		-----
Partners' Equity.....		9,266
		-----
Total Liabilities and Partners' Equity.....		\$114,108
		=====

</TABLE>

See accompanying notes and independent auditors' report.

MIRAGE COLLECTION, A PARTNERSHIP

STATEMENT OF OPERATIONS

FOR YEAR ENDED JUNE 30, 1996

<TABLE>

<S>	<C>
Sales.....	\$199,230
<b>Costs of Sales</b>	
Beginning Inventory.....	5,000
Purchases.....	217,058
Customs.....	907
Less: Ending Inventory.....	(62,615)
	-----
Total Costs of Sales.....	160,350
	-----
Gross Profit.....	38,880
General & Administrative Expenses.....	97,192
	-----
Income From Operations.....	(58,312)
<b>Other Income (Expense):</b>	
Interest Expense.....	(4,000)
Interest Income.....	17
	-----
Total Other Income (Expense).....	(3,983)
	-----
Net Income/(Loss).....	\$(62,295)
	=====

</TABLE>

See accompanying notes and independent auditors' report.

## MIRAGE COLLECTION, A PARTNERSHIP

## STATEMENT OF PARTNERS' EQUITY

FOR YEAR ENDED JUNE 30, 1996

<TABLE>	
<S>	
BEGINNING PARTNERS' EQUITY.....	\$ 5,950
Capital Contributions.....	65,611
Net Loss.....	(62,295)
	-----
ENDING PARTNERS' EQUITY.....	\$ 9,266
	=====
</TABLE>	

See accompanying notes and independent auditors' report.

## MIRAGE COLLECTION, A PARTNERSHIP

## STATEMENT OF CASH FLOWS

JUNE 30, 1996

<TABLE>	
<S>	
<C>	
CASH FLOWS USED IN OPERATING ACTIVITIES:	
Net Loss.....	\$ (62,295)
Non Cash Items Included In Net Loss:	
Depreciation.....	6,827
Changes In:	
Accounts Receivable.....	(8,049)
Inventory.....	(57,615)
Deposits.....	(3,730)
Accounts Payable.....	12,848
Accrued Expenses.....	5,640
Interest Payable.....	1,490
	-----
Net Cash Used In Operating Activities.....	(104,884)
CASH FLOWS USED IN INVESTING ACTIVITIES:	
Purchase of Fixed Assets.....	(46,406)
	-----
Net Cash Used In Investing Activities.....	(46,406)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Notes Payable.....	70,200
Capital Contributions.....	65,611
	-----
Net Cash From Financing Activities.....	135,811
	-----
Net Change In Cash.....	(15,479)
Cash at Beginning of the Year.....	900
	-----
Cash at End of the Year.....	\$ (14,579)
	=====
SUPPLEMENTAL CASH FLOW INFORMATION:	
Interest Paid.....	\$ 2,510
	=====
Income Taxes Paid.....	\$ 0
	=====
</TABLE>	

See accompanying notes and independent auditors' report.

## MIRAGE COLLECTION, A PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

## NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## (1) NATURE OF BUSINESS

Mirage Collection, A Partnership is engaged in the retail clothing business. The Company's financial statements are presented in accordance with generally accepted accounting principles.

## (2) BASIS OF ACCOUNTING

The Company uses the accrual method of accounting for financial statement purposes. Revenue is recognized at the point of sale.

## (3) PROPERTY, PLANT, AND EQUIPMENT

Depreciable assets are stated at cost; major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. For financial statement purposes, assets are depreciated using the straight line method of depreciation over lives of five to seven years.

(4) INVENTORY

Inventory consists primarily of clothing garments held for resale and are valued at the lower of actual cost or market. Cost is determined by specific identification of each unit.

(5) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B: NOTES PAYABLE

Notes Payable consists of four notes to various individuals all maturing within the next six months. Interest has been accrued in accordance with the terms of the loan agreements.

NOTE C: COMMITMENTS

The Company leases its store facilities under a five-year operating lease for \$3,200 per month. The lease expires on August 31, 2000 and requires minimum annual lease rentals as follows:

<S>	<C>
1996-97.....	\$ 38,400
1997-98.....	38,400
1998-99.....	38,400
1999-00.....	38,400
2000.....	6,400
	-----
	\$160,000
	=====

</TABLE>

Rent expense for the year ended June 30, 1996 totaled \$28,800.

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MIRAGE COLLECTION, A PARTNERSHIP

SCHEDULE OF REVENUE

FOR YEAR ENDED JUNE 30, 1996

<S>	<C>
REVENUE:	
Sales Revenue.....	\$204,482
Less: Sales Returns.....	(5,252)
	-----
TOTAL REVENUE.....	\$199,230
	=====

</TABLE>

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MIRAGE COLLECTION, A PARTNERSHIP

SCHEDULE OF GENERAL & ADMINISTRATIVE EXPENSES

FOR THE TWELVE MONTHS ENDED JUNE 30, 1996

<S>	<C>
GENERAL & ADMINISTRATIVE EXPENSES:	
Advertising.....	\$ 6,315
Alterations.....	292
Bad Debt.....	1,869
Bank Charges.....	389
Commissions.....	75
Contributions.....	50
Credit Card Expense.....	1,321
Depreciation.....	6,827
Dues & Subscriptions.....	155
Entertainment.....	95
Exhibition.....	13,687
Freight.....	38
Insurance.....	1,891
Miscellaneous.....	336
Office Expenses.....	263
Office Supplies.....	2,846
Outside Services.....	5,205
Postage.....	53
Printing.....	755
Rent.....	28,800
Repairs & Maintenance.....	262
Tax & License.....	109
Telephone.....	3,973
Travel.....	19,760
Utilities.....	1,826
	-----

</TABLE>

=====  
No dealer, sales representative or other person has been authorized to give any information or to make any representations in connection with this Offering other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or any Underwriter. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Ordinary Shares to which it relates or an offer to sell or a solicitation of an offer to buy to any person in any jurisdiction in which such an offer or solicitation would be unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

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Until \_\_\_\_\_, \_\_\_\_ (25 days after the date of this Prospectus), all dealers effecting transactions in the distribution may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters with respect to their unsold allotments or subscriptions.

=====  
342,857 Units, Each Unit Consisting  
of One Share of Common Stock and  
One Warrant to Purchase One Share  
of Common Stock for \$6.00

\$5.25 Per Unit

MIRAGE HOLDINGS, INC.

PROSPECTUS

September 16, 1997

=====  
MIRAGE HOLDINGS, INC.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24. Indemnification of Directors and Officers.

The Nevada Corporation Law and the Company's Certificate of Incorporation and Bylaws authorize indemnification of a director, officer, employee or agent of the Company against expenses incurred by him or her in connection with any action, suit, or proceeding to which such person is named a party by reason of having acted or served in such capacity, except for liabilities arising from such person's own misconduct or negligence in performance of duty. In addition, even a director, officer, employee or agent of the Company who was found liable for misconduct or negligence in the performance of duty may obtain such indemnification if, in view of all the circumstances in the case, a court of competent jurisdiction determines such person is fairly and reasonably entitled to indemnification. Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers, or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Item 25. Other Expenses of Issuance and Distribution

<S>	<C>
SEC Registration Fee	\$ 1,913
NASD Fee	\$ 680
Accounting Fees and Expenses	\$ 10,000
Legal Fees and Expenses	\$ 50,000
Printing Expenses	\$ 10,000
Blue Sky Fees and Expenses	\$ 10,000
Underwriters' Non-accountable Expense Allowance	\$ 37,500
Miscellaneous	\$ 907
Total	\$121,000

Item 26. Recent Sales of Unregistered Securities

On April 1, 1997, in connection with the reorganization of the Company from a partnership to a corporation, the Company issued 895,000 shares of its Common Stock, to Whittington Investments, Ltd., the owner of the limited partnership in exchange for ownership of the Company. This transaction was exempt from the registration provisions of the Act by virtue of Section 4(2) of the Act, as transactions by an issuer not involving any public offering. The securities issued pursuant to this transaction were restricted securities as defined in Rule 144.

Also on April 1, 1997, in connection with the reorganization of the Company from a partnership to a corporation, the Company issued 5,000 shares of its Common Stock, to Saima Khan, in consideration of past services rendered for the Company and to entice Ms. Khan to continue working with the Company in its new corporate form. This transaction was exempt from the registration provisions of the Act by virtue of Section 4(2) of the Act, as transactions by an issuer not involving any public offering. The securities issued pursuant to this transaction were restricted securities as defined in Rule 144.

Also on April 1, 1997, in connection with the reorganization of the Company from a partnership to a corporation, the Company issued the following denominations of shares of its Common Stock to the following individuals to entice such individuals to work with the Company in its new corporate form:

1

Najeeb Ghauri	200,000 shares
Irfan Mustafa	100,000 shares
Gill Champion	50,000 shares

These transactions were exempt from the registration provisions of the Act by virtue of Section 4(2) of the Act, as transactions by an issuer not involving any public offering. The securities issued pursuant to these transactions were restricted securities as defined in Rule 144.

On April 10, 1997, the Company commenced a private placement (the "Private Placement") of 564,065 shares of the Company's common stock at a purchase price of \$0.50 (the "Private Placement Stock") and 444,500 warrants, each warrant to purchase one share of the Company's common stock at an exercise price of \$0.75 for a term of five years at a purchase price of \$0.10 (the "Private Placement Warrants"). The Private Placement was exempt from the registration provisions of the Act by virtue of Section 4(2) of the Act, as transactions by an issuer not involving any public offering. The securities issued pursuant to the Private Placement were restricted securities as defined in Rule 144. The Private Placement Stock and the Common Stock underlying the Private Placement Warrants are being registered herein. The offering generated net proceeds of approximately \$300,000. All investors in the Private Placement were accredited investors as that term is defined in Rule 501 of Regulation D adopted under the Securities Act of 1933.

Item 27. Exhibits

<TABLE>  
<CAPTION>  
Exhibit

<S>	<C>
1.1	Underwriting Agreement (form)*
1.2	Agreement Among Underwriters (form)*
3.1	Articles of Incorporation of Mirage Holdings, Inc., a Nevada corporation, dated March 18, 1997*
3.2	Bylaws of Mirage Holdings, Inc., dated March 18, 1997*
4	Lock-Up Agreement (form)*
5	Opinion of Horwitz & Beam*
10.1	Employment Agreement, dated July 1, 1996, between Mirage Collection, Inc., and Saima Khan*
10.2	Lease Agreement, dated August 1, 1995*
10.3	Lease Agreement, dated September 19, 1996
10.4	Lease Agreement, dated March 12, 1997
10.5	Company Stock Option Plan, dated April 1, 1997*
10.6	Employment Agreement, dated May 15, 1997 between Mirage Holdings, Inc. and Najeeb U. Ghauri
10.7	Employment Agreement, dated May 15, 1997 between Mirage Holdings, Inc. and Gill Champion
10.8	Consulting Agreement, dated February 13, 1997, between Mirage Holdings, Inc. and Manhattan West, Inc.
10.9	Unsecured Promissory Note, dated February 26, 1997, between Mirage Collection, Inc. and Manhattan West, Inc.
10.10	Agreement of Purchase and Sale of Stock, dated March 30, 1997, between Mirage Holdings, Inc. and Network Solutions (PVT), Ltd.
24.1	Consent of Horwitz & Beam (included in their opinion set forth in Exhibit 5 hereto)
24.2	Consent of Hoffski & Pisano, P.C.*
24.3	Consent of Stonefield Josephson, Inc., Certified Public Accountants
25	Power of Attorney (see signature page)
28	Specimen of Common Stock Certificate of Mirage Holdings, Inc.*

</TABLE>

\* Previously Filed

Item 28. Undertakings  
-----

The undersigned registrant hereby undertakes to:

(1) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(2) File, during any period in which it offers or sells securities, a post effective amendment to this registration statement to:

- (i) Include any prospectus required by section 10(a)(3) of the Securities Act;
- (ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement; and
- (iii) Include any additional or changed material information on the plan of distribution.

For determining liability under the Securities, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this Registration Statement to be signed on its behalf by the undersigned, in the City of Santa Monica, State of California on June 5, 1997.

MIRAGE HOLDINGS, INC.

By: \_\_\_\_\_  
Najeeb U. Ghauri, President

Each person whose signature appears appoints Najeeb U. Ghauri and Gill Champion, in the alternative, as his agents and attorneys-in-fact, with full power of substitution to execute for him and in his name, in any and all capacities, all amendments (including post-effective amendments) to this Registration Statement to which this power of attorney is attached. In accordance with the requirements of the Securities Act of 1933, this Registration Statement was signed by the following persons in the capacities and on the dates stated.

<TABLE>  
<CAPTION>

Signature -----	Title -----	Date -----
<S> * ----- Najeeb U. Ghauri	<C> President, Secretary, Director	<C> September 12, 1997
* ----- Gill Champion	Vice President, Chief Financial Officer, Director	September 12, 1997
* ----- Irfan Mustafa	Director	September 12, 1997

</TABLE>

\*By: /s/ Najeeb U. Ghauri  
-----  
Najeeb U. Ghauri  
Attorney in Fact



EXHIBIT 1.1

UNDERWRITING AGREEMENT (FORM)

UNDERWRITING AGREEMENT

\_\_\_\_\_, 1997

VEERA CAPITAL CORPORATION  
19 Rector Street, Suite 2301  
New York, NY 10006

Dear Ladies and Gentlemen:

Mirage Holdings, Inc., a Nevada corporation (the "Company"), proposes to issue and sell a minimum of 240,000 Units and a maximum of 342,857 Units for \$5.25 per Unit, each Unit consisting of one share of the Company's Common Stock and one warrant to purchase one share of the Company's Common Stock for \$6.00, on a best-efforts basis (the "Units" or the "Securities"). The Company confirms as follows its agreement with you.

1. Registration Statement and Prospectus: The Company has prepared and

-----  
filed with the Securities and Exchange Commission (the "Commission") in accordance with the Securities Act of 1933, as amended (the "Act") and the rules and regulations of the Commission promulgated thereunder (the "Rules and Regulations"), a registration statement on Form SB-2, including a preliminary prospectus, relating to the Securities. As used in this Agreement, the term "Registration Statement" means such registration statement, including exhibits, financial statements and schedules, as amended, when it becomes effective and any information (if any) contained in the prospectus subsequently filed with the Commission pursuant to Rule 424(b) under the Act, and the term "Prospectus" means such prospectus in the final form filed on behalf of the Company with the Commission pursuant to Rule 424(b) under the Act.

2. Agreement to Sell: Upon the basis of the representations, warranties

-----  
and agreements herein contained and subject to all the terms and conditions of this Agreement, you agree to use best efforts to sell on behalf of the Company the aggregate principal amount of Securities which are offered in this Offering. The Units sold and the proceeds therefrom will be placed in an escrow account. However, that if the Company fails to receive subscriptions for a minimum of 240,000 Units within 120 days from the date of the final Prospectus (or 150 days, if extended by the Company), the Offering will be terminated and any subscriptions received will be promptly refunded within 5 days to subscribers, without any deduction therefrom or any interest thereon and this Agreement shall terminate. You shall receive a 10% cash commission for the sale of the Units after the minimum offering has been sold.

It is understood that you currently intend to execute an Agreement Among Underwriters providing for the purchase of a portion of the principal amount, at whatever price you may elect, at your own discretion (the "Agreement Among Underwriters").

The Company also agrees to pay to you a non-accountable expense allowance equal to 3% of the aggregate principal amount of Securities sold. In the event that the Company's public offering of the Securities is terminated for any reason, the Company shall pay you for any reasonable accountable expenses you have incurred.

In addition to the sums payable to you, as provided elsewhere herein, Veera Capital Corporation, in its individual capacity and not as representative of the several Underwriters, shall be entitled to receive, as partial compensation for its services, warrants (the "Warrants") for the purchase of an amount of shares of Common Stock of the Company equal to 10% of the number of Units actually sold in the public offering. The Warrants shall be issued pursuant to the Underwriter's Warrant in the form of Exhibit B attached hereto and shall be

exercisable, in whole

or in part, for a period of four years commencing one year from the date of the completion of the Offering at an exercise price of \$6.30 per share. The Warrants shall be non-exercisable for one year from the issuance of the Warrants, and non-transferable (whether by sale, transfer, assignment, or hypothecation) except for (i) transfers to officers of Veera Capital Corporation who are also shareholders of Veera Capital Corporation; and (ii) transfers occurring by operation of law.

3. Delivery and Payment: Delivery of and payment for any securities

-----  
purchased in the Offering shall be made at 10:00 A.M., Eastern time, on [\_\_\_\_], 1997 or at such other time and date as may be agreed between you and the Company, but not less than seven nor more than ten full business days after the effective date of the Registration Statement (such time and date are referred to herein as the "Closing Date"). Delivery of and payment for the Securities shall take place at the office of Veera Capital Corporation, 19 Rector Street, Suite 2301, New York, NY, 10006. The Closing Date and the place of delivery of and payment for the Securities may be varied by agreement between you and the Company.

Delivery of the Securities (in temporary or definitive form and registered in such names and in such denominations as you shall request at least two business days prior to the Closing Date by written notice to the Company) shall be made to you against payment of the purchase price therefor in good (same day) funds, to the order of the Company. For the purpose of expediting the checking and packaging of the Securities, the Company agrees to make such Securities available for inspection at least 24 hours prior to the Closing Date.

4. Agreements of the Company: The Company agrees with you as follows:

-----  
(a) The Company shall use its best efforts to cause the Registration Statement and any amendments to become effective as promptly as practicable and will not at any time, whether before or after the effective date of the Registration Statement, file any amendment to the Registration Statement or supplement to the Prospectus or file any document under the Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act") before termination of the offering of the Securities by you of which you and your counsel shall not previously have been advised and furnished with a copy, or to which you or your counsel shall have objected (except if deemed necessary by counsel for the Company, in which case you shall have the right to terminate this Agreement upon prompt notice to the Company), or which is not in compliance with the Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the Rules and Regulations.

As soon as the Company is advised or obtains knowledge thereof, the Company will advise you, and as soon as practicable, confirm in writing, (i) when the Registration Statement, as amended, becomes effective and, if the provisions of Rule 430A promulgated under the Act will be relied upon, when the Prospectus has been filed in accordance with said Rule 430A and when any post-effective amendment to the Registration Statement becomes effective, (ii) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceeding suspending the effectiveness of the Registration Statement or any order preventing or suspending the use of any preliminary prospectus or the Prospectus, or any amendment or supplement thereto, or the institution of proceedings for that purpose, (iii) of the issuance by the Commission or by any state securities commission of any proceedings for the suspension of the qualification of any Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose, (iv) of the receipt of any comments from the Commission, and (v) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company will make every effort to obtain promptly the lifting of such order or suspension.

(b) The Company will furnish to you, without charge, three signed copies of the Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and all exhibits.

(c) The Company will give you advance notice of its intention to file any amendment to the Registration Statement or any amendment or supplement to the Prospectus, and will not file any such amendment or supplement to which you shall reasonably object in writing or which is not in compliance with the Act.

2

(d) From the date hereof, and thereafter from time to time, the Company will deliver to you, without charge, as many copies of the Prospectus, or any amendment or supplement thereto as you may reasonably request. The Company consents to the use of the Prospectus or any amendment or supplement thereto by you and by all dealers to whom the Securities may be sold, both in connection with the offering or sale of the Securities and for such period of time thereafter as the Prospectus is required to be delivered under the Act in connection therewith. If during such period of time any event shall occur which in the reasonable judgment of the Company or your counsel should be set forth in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to supplement or amend the Prospectus to comply with law, the Company will forthwith prepare and duly file with the Commission an appropriate supplement or amendment thereto and will deliver to you, without charge, such number of copies thereof as you may reasonably request.

(e) Prior to any public offering of the Securities by you, the Company will cooperate with you and your counsel in connection with the registration or qualification of the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as you request. The Company will pay all reasonable fees and expenses (including reasonable fees and expenses of counsel) relating to qualification of the Securities under such securities or Blue Sky laws and in connection with the determination of the eligibility of the Securities for investments under the laws of such jurisdictions as you may designate, including the reasonable expenses of any opinion of local counsel required by any state securities or Blue Sky authorities.

(f) So long as any of the Securities remain outstanding, the Company will furnish to its securityholders, as soon as practicable, annual reports (including financial statements audited by independent public accountants), and will deliver to you, as representative for the underwriters:

(i) concurrently with furnishing such quarterly reports to its securityholders, statements of income of the Company for each quarter in the form furnished to the Company's securityholders and certified by the Company's principal financial or accounting officer;

(ii) concurrently with furnishing such annual reports to its securityholders, a balance sheet of the Company as at the end of the preceding fiscal year, together with statements of operations, stockholders' equity and cash flows of the Company for such fiscal year, accompanied by a copy of the report thereon of independent certified public accountants;

(iii) as soon as they are available, copies of all reports (financial or other) mailed to stockholders;

(iv) as soon as they are available, copies of all reports and financial statements furnished to or filed with the Commission, any state securities commission, NASDAQ/SCMS, the NASD or any securities exchange;

(v) every press release and every material news item regarding each of the Company and the Subsidiaries or their respective affairs which were released or prepared by or on behalf of the Company or any of the Subsidiaries; and

(vi) any additional information of a public nature concerning the Company or any of the Subsidiaries (and any future subsidiaries) or their respective businesses which you may request.

During such period, if the Company has active subsidiaries, the foregoing financial statements will be on a consolidated basis to the extent that the accounts of the Company and its subsidiaries are consolidated, and will be accompanied by similar financial statements for any significant subsidiary which is not so consolidated.

(g) The Company will pay all expenses in connection with (1) the preparation, printing and filing of the Registration Statement, each preliminary prospectus, the Prospectus, any legal investment memoranda and the Blue Sky Survey, (2) the issuance and delivery of the Securities (other than transfer taxes), (3) the rating of the Securities by rating agencies, (4) furnishing such copies of the Registration Statement, the Prospectus and any preliminary prospectus, all

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amendments and supplements thereto, as may reasonably be requested for use in connection with the offering and sale of the Securities by you or by dealers to whom Securities may be sold, and (5) filings with the National Association of Securities Dealers, Inc. ("NASD").

(h) The Company will use the net proceeds from the sale of the Securities in the manner specified in the Prospectus under the caption "Use of Proceeds." No portion of the net proceeds will be used, directly or indirectly, to acquire or redeem any securities issued by the Company.

(i) The Company will appoint and retain, while any of the Securities remain outstanding, a transfer agent for the Securities, and, if necessary, a registrar for the Securities (who may be the transfer agent), and will make arrangements to have available at the offices of the transfer agent certificates for the Securities in such quantities as may, from time to time, be necessary. As of the date of this Agreement, the transfer agent for the securities of the Company is American Securities Transfer and Trust Corporation, 1825 Lawrence Street, Suite 1825, Denver, CO 80202.

(j) For a period of five years from the date hereof, the Company shall use its best efforts to maintain the listing of its common stock on the National Association of Securities Dealers, Inc. ("NASD") over-the-counter market.

(k) Neither the Company nor any of the Subsidiaries nor any of their respective executive officers, directors, principal stockholders or affiliates (within the meaning of the Rules and Regulations) will take, directly or indirectly, any action designed to, or which might in the future reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company in violation of the Exchange Act.

(l) Until the completion of the distribution of the Securities, neither the Company nor any of the Subsidiaries shall, without prior written consent of you and your counsel, issue, directly or indirectly, any press release or other communication or hold any press conference with respect to the Company, any of the Subsidiaries, their respective activities or the offering contemplated hereby, other than trade releases issued in the ordinary course of the Company's business consistent with past practices with respect to the Company's operations.

5. Representations and Warranties of the Company: The Company

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represents and warrants to you that:

(a) Each preliminary prospectus filed as part of any Registration Statement as originally filed or as part to any amendment thereto, or filed pursuant to Rule 424 under the Act, complied when so filed in all material respects with the Act, and when the Registration Statement becomes effective and at all times subsequent thereto up to the Closing Date, the Registration Statement and the Prospectus, and any supplements or amendments thereto, will comply in all material respects with the provisions of the Act and the Registration Statement and the Prospectus, and any such supplement or amendment thereto, at all such times will not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements therein not misleading, except that this representation and warranty does not apply to statements or omissions in the Registration Statement or the Prospectus or any preliminary prospectus made in reliance upon information furnished to the Company in writing by you expressly for use therein.

(b) This Agreement has been duly authorized and validly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms, except that (i) the enforceability hereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect, relating to

creditors' rights generally, (ii) the enforceability thereof may be limited by the application of equitable principles (whether such enforceability is considered in a proceeding at law or in equity) and (iii) rights to indemnity and contribution hereunder may be limited by Federal or state securities laws.

(c) The Securities have been duly authorized, validly issued, fully paid and nonassessable, and the Company has duly authorized and reserved for issuance the number of shares of common stock required for the firm commitment offering and the over-allotment option. The Securities are not and will not be subject to any preemptive or other similar rights of any security holder of the Company or any of the Subsidiaries (as defined below); the holders

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thereof will not be subject to any liability for the Company's acts or omissions solely as such holders; all corporate action required to be taken for the authorization, issuance and sale of the Securities has been duly and validly taken; and the certificates representing the Securities will be in due and proper form. Upon the issuance and delivery of the Securities pursuant to the terms of this Agreement, you will acquire good and marketable title thereto free and clear of any lien, charge, claim, encumbrance, pledge, security interest, defect or other restriction or equity of any kind whatsoever resulting from the affirmative act of the Company or from a judgment or nonconsensual lien rendered against the Company.

(d) The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Nevada. The Company and each of its subsidiaries listed on Exhibit A hereto (the "Subsidiaries") have full corporate power and authority to own and occupy its properties and carry on its business as presently conducted and as described in the Prospectus and holds all licenses and permits and is duly registered or qualified to conduct business, and is in good standing, in each jurisdiction in which it owns or leases property or transacts business and in which such licensing, registration or qualification is necessary except where the failure to be so licensed, registered or qualified would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole. The Company has a duly authorized, issued and outstanding capitalization as set forth in the Registration Statement. All of the outstanding capital stock or other equity securities of the Company and each of the Subsidiaries has been duly and validly authorized and issued, is fully paid and nonassessable; the holders thereof have no rights of rescission with respect thereto and are not subject to personal liability for the Company's acts or omissions solely by reason of being such holders; and none of such securities were issued in violation of the preemptive rights of any security holder of the Company or any of the Subsidiaries or similar contractual rights granted by the Company or any of the Subsidiaries. There are no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, or agreements or understandings with respect to the sale or issuance of, any shares of capital stock or other equity interest in any Subsidiary. Neither the Company nor any of the Subsidiaries is a party to or bound by any material instrument, agreement or other arrangements, including, but not limited, to any voting trust agreement, stockholders' agreement or other agreement or instrument, affecting the securities or options, warrants or rights or obligations of security holders of the Company or any of the Subsidiaries or providing for any of them to issue, sell, transfer or acquire any capital stock, rights, warrants, options or other securities of the Company or any of the Subsidiaries, except for this Agreement and as described or referred to in the Registration Statement and the Prospectus.

(e) There are no legal or governmental proceedings pending, or to the knowledge of the Company, threatened or contemplated to which the Company or any of its Subsidiaries is a party or of which the business or property of the Company or any of its Subsidiaries is the subject which are material to the Company and its Subsidiaries, taken as whole and which are not disclosed in the Registration Statement and the Prospectus, and there is no contract or document concerning the Company or any of its Subsidiaries of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required.

(f) Neither the Company nor any of its Subsidiaries is in violation of its charter or bylaws or is in default in any respect in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any indenture, mortgage, deed of trust or

any other agreement or instrument of the Company or of any such Subsidiary, which default would be material to the Company and its Subsidiaries, taken as a whole and there exists, and at the Closing Date shall exist, no condition which, with the passage of time or otherwise, would constitute a default under any such document or instrument or result in the imposition of any penalty or acceleration of any indebtedness which would be material to the Company and its Subsidiaries, taken as a whole. The execution and delivery by the Company of this Agreement, the authorization, issuance and sale of the Securities, the fulfillment by the Company of this Agreement and the consummation by the Company of the transactions contemplated by this Agreement will not conflict with or constitute a breach of, or default (with the passage of time or otherwise) under, or result in the imposition of a lien on any properties of the Company or its Subsidiaries or an acceleration of indebtedness pursuant to, the certificate of incorporation or bylaws of the Company or any of its Subsidiaries, or any bond, debenture, note or any other evidence of indebtedness or any indenture, mortgage, deed of trust or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party to or by which it or any of them is bound or to which any of the property or assets of the Company or any of its Subsidiaries is

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subject, or any law, administrative regulation or order of any court or governmental agency or authority applicable to the Company or any of its Subsidiaries which in any event would be material to the Company and its Subsidiaries, taken as a whole. No consent, approval, authorization or other order of any regulatory body, administrative agency, or other governmental body is legally required by the Company or its Subsidiaries for the valid issuance and sale of the Securities, except such as may be required by the NASD or under the Act or the securities or blue sky laws of any jurisdiction.

(g) The consolidated financial statements of the Company and its Subsidiaries together with the related notes and schedules included in the Registration Statement and Prospectus comply in all material respects with the requirements of the Act and fairly present the financial position, income, change in stockholder's equity, cash flow and the results of operations of the Company and the Subsidiaries at the respective dates and for the respective periods to which they apply. There has been no adverse change or development involving a material prospective change in the condition, financial or otherwise, or in the earnings, business affairs, position, prospects, value, operation, properties, business or results of operations of the Company or any of the Subsidiaries, whether or not arising in the ordinary course of business, since the date of the financial statements included in the Registration Statement and the Prospectus, except as set forth in the Registration Statement and the Prospectus, and the outstanding debt, the property, both tangible and intangible, and the businesses of each of the Company and the Subsidiaries described in the Registration Statement and the Prospectus conform in all material respects to the descriptions thereof contained in the Registration Statement and the Prospectus. Such consolidated financial statements (including the related notes and schedules) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved except as otherwise stated therein.

(h) Each of the Company and the Subsidiaries (i) has paid all federal, state and local taxes for which it is currently liable, including, but not limited to, withholding taxes and amounts payable under Chapters 21 through 24 of the Internal Revenue Code of 1986, as amended (the "Code"), and has furnished all information returns it is required to furnish pursuant to the Code, (ii) has established adequate reserves for such taxes that are not due and payable and (iii) does not have any tax deficiency or claims outstanding, proposed or assessed against its respective business or assets.

(i) Each of the Company and the Subsidiaries maintains insurance policies, including, but not limited to, general liability, property and product liability insurance and surety bonds which insures the Company and the Subsidiaries and their respective professional staffs against such losses and risks generally insured against by comparable businesses. Neither the Company nor any of the Subsidiaries (A) has failed to give notice or present any insurance claim with respect to any matter, including, but not limited to, the Company's or any of the Subsidiaries' businesses, property or professional staff under any insurance policy or surety bond in a due and timely manner, (B) has any disputes or claims against any underwriter of such insurance policies or surety bonds or has failed to pay any premiums due and payable thereunder or (C) has failed to comply with

all conditions contained in such insurance policies and surety bonds. The Company has not received notice or facts or circumstances under any insurance policy or surety bond which would relieve any insurer of its obligation to satisfy in full any valid claim of the Company or any of the Subsidiaries.

(j) Subsequent to the respective dates as of which information is set forth in the Registration Statement and Prospectus, and except as may otherwise be indicated or contemplated herein or therein, neither the Company nor any of the Subsidiaries has (i) entered into any material transaction other than in the ordinary course of business or (ii) declared or paid any dividend or made any other distribution on or in respect of its capital stock of any class and there has not been any change in the capital stock, debt (long or short term) or liabilities or any material change in or affecting the general affairs, management, financial operations, stockholders' equity or results of operations of the Company or any of the Subsidiaries.

(k) Each of the Company and its Subsidiaries is in material compliance with all federal, state, local and foreign laws and regulations respecting employment and employment practices, terms and conditions or employment and wages and hours. The Company has not received notice of any pending investigations involving the Company or any of the Subsidiaries by the U.S. Department of Labor or any other governmental agency responsible for the

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enforcement of such federal, state, local or foreign laws and regulations. The Company has not received notice of any unfair labor practice charge or complaint against the Company or any of the Subsidiaries pending before the National Labor Relations Board or any strike, picketing, boycott, dispute, slowdown or stoppage pending or threatened against or involving the Company or any of the subsidiaries or any predecessor entity of the Company or any of the Subsidiaries, and none has ever occurred. No collective bargaining agreement or modification thereof is currently being negotiated by the Company or any of the Subsidiaries. No material labor dispute with the employees of the Company or any of the Subsidiaries exists, or to the best of the Company's knowledge, is imminent.

(l) The Company hereby agrees that it will not nor shall it permit any of the Subsidiaries to, for a period of twelve months from the effective date of the Registration Statement, adopt, propose to adopt or otherwise permit to exist any employee, officer, director, consultant or other benefit or compensation plan or arrangement (i) permitting the grant, issue, sale or entry into any agreement to grant, issue or sell any capital stock at a price that is less than, or permitting the grant, issue, sale or entry into any agreement to grant, issue or sell any option, warrant or other contract right with respect to capital stock at an exercise price that is less than, the greater of (x) the market price of the Company's common stock on the effective date of the Registration Statement (being \$5.25 per share) and (y) the fair market value per share of common stock on the date of grant or sale or to any of its or the Subsidiaries' executive officers or directors or to any holder of five percent or more of the common stock; (ii) permitting the maximum number shares of common stock or other securities of the Company purchasable at any time pursuant options, warrants or other contract rights issued or granted by the Company to exceed shares of common stock; (iii) permitting the payment for the securities covered thereby with any form of consideration other than cash; or (iv) permitting the existence of stock appreciation rights, phantom options or similar arrangements.

(m) Each of the Company and the Subsidiaries (i) has not received any notice of infringement of or conflict with asserted rights of others with respect to any copyrights, trademarks, service marks and trade names, together with all applications for any of the foregoing, presently used or held for use by it in connection with its businesses as described in the Registration Statement, which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, might have a material adverse effect on the condition, financial or otherwise, or the business taken as a whole, and (ii) is not obligated or under any liability whatsoever to make any material payments by way of royalties, fees or otherwise to any owner or licensee of, or other claimant to, any trademark, service mark, trade name or copyright or other intangible asset with respect to the use thereof or in connection with the conduct of its business or otherwise.

(n) The Company is not an "investment company" within the meaning of the

6. Indemnification: The Company agrees to indemnify you and hold you

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harmless, and each person, if any, who controls you, within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated herein or necessary to make the statements therein not misleading.

If any action or proceeding (including any governmental investigation) shall be brought or asserted against you or any person controlling you in respect of which indemnity may be sought from the Company, you or such controlling person shall promptly notify the Company in writing, and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to you or such controlling person, as the case may be and the payment of all expenses. You or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof at your own cost. The Company shall not be liable for any settlement of any such action or proceeding effected without its written consent, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the Company agrees as provided in the preceding paragraph to indemnify you and hold you or such controlling person harmless from and against any loss or liability by reason of such settlement or judgment.

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You agree, severally and not jointly, to indemnify and hold harmless the Company, its directors and officers, and each person, if any, who controls the Company within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to you, but only with respect to information furnished in writing by you or on your behalf expressly for use in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any preliminary prospectus. In case any action or proceeding shall be brought against the Company or its directors or officers or any such controlling person, in respect of which indemnity may be sought against you, you shall have the rights and duties given to the Company, and the Company or its directors or officers or such controlling person shall have the rights and duties given to you, by the preceding paragraph.

7. Conditions of Your Obligations: Your obligations hereunder shall be

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subject to the continuing accuracy of the representations and warranties of the Company herein as of the date hereof and as of the Closing Date as if they had been made on and as of the Closing Date; the accuracy on and as of the Closing Date of the statements of officers of the Company made pursuant to the provisions hereof; and the performance by the Company on and as of the Closing Date of its covenants and obligations hereunder and to the following further conditions:

(a) Notification that the Registration Statement has become effective and that the Prospectus has been filed with the Commission on a timely basis pursuant to Rule 424(b) under the Act shall be received by you;

(b) No stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall be pending or contemplated by the Commission; and you shall have received a certificate, dated the Closing Date and signed by the Chairman or President of the Company (who may, as to proceedings contemplated, rely upon the best of his information and belief), to that effect and to the effect set forth in clause (g) of this Section 7;

(c) On or prior to the Closing Date, you shall have received from Underwriter's Counsel, such opinion or opinions with respect to the organization of the Company, the validity of the Securities, the Registration Statement, the Prospectus and other related matters as you may request and Underwriter's Counsel shall have received such papers and information as they request to enable them to pass upon such matters.



(d) At Closing Date, you shall have received from counsel to the Company, dated the Closing Date, addressed to the Underwriters an opinion in the form attached hereto as Exhibit C. In rendering such opinion, such counsel may rely: (A) as to matters involving the application of laws other than the laws of the United States and jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance satisfactory to Underwriters' Counsel) of other counsel acceptable to Underwriters' Counsel, familiar with the applicable laws; and (B) as to matters of facts, to the extent they deem proper, on certificates and written statements of responsible officers of the Company and certificates or other written statements of officers of departments of various jurisdictions having custody of documents respecting the corporate existence or good standing of the Company and the Subsidiaries, provided copies of any such statements or certificates shall be delivered to Underwriters' Counsel if requested. The opinion of such counsel for the Company shall state that the opinion of any such other counsel is in form satisfactory to such counsel and that the Underwriters and they are justified in relying thereon.

(e) At the time this Agreement is executed, you shall have received a letter, dated such date, addressed to you in form and substance satisfactory in all respects (including the nonmaterial nature of the changes or decreases, if any, referred to in clause (iii) below) to you and your counsel, from Stonefield Josephson, Inc., Certified Public Accountants:

(i) confirming that they are independent certified public accountants with respect to the Company within the meaning of the Act and the Exchange Act and the applicable Rules and Regulations;

(ii) stating that it is their opinion that the consolidated financial statements and supporting schedules of the Company and the Subsidiaries, as applicable, included in the Registration Statement comply as to form

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in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the Rules and Regulations thereunder;

(iii) and stating that, on the basis of a limited review which included a reading of the latest available unaudited interim consolidated financial statements of the Company and the Subsidiaries, as applicable, (with an indication of the date of the latest available unaudited interim consolidated financial statements of the Company and the Subsidiaries, as applicable), a reading of the latest available minutes of the stockholders and board of directors and the various committees of the board of directors or each of the Company and the Subsidiaries, consultations with officers and other employees of each of the Company and the Subsidiaries responsible for financial and accounting matters and other specified procedures and inquiries, nothing has come to their attention which would lead them to believe that (A) the unaudited consolidated financial statements and supporting schedules of the Company and the Subsidiaries, as applicable, included in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the Rules and Regulations or are not fairly presented in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements and supporting schedules of the Company and the Subsidiaries, as applicable, included in the Registration Statements, (B) at a specified date not more than five days prior to the later of the date of this Agreement or the effective date of the Registration Statement, there has been any change in the capital stock or long-term debt of the Company or any of the Subsidiaries, or any decrease in the stockholders' equity or net current assets or net assets of the Company, as compared with amounts shown in the June 30, 1997 balance sheet included in the Registration Statement other than as set forth in or contemplated by the Registration Statement, or, if there was any change or decrease, setting forth the amount of such change or decrease, and (C) during the period from June 30, 1997 to a specified date not more than five days prior to the later of the date of this Agreement or the effective date of the Registration Statement, there was any decrease in net revenues, net earnings or net earnings per common share of the Company and its consolidated Subsidiaries or any of the Company's unconsolidated Subsidiaries, in each case as compared with the corresponding period beginning June 30, 1997, other than as set forth in or contemplated by the Registration Statement, or, if there was any such decrease, setting forth the amount of such decrease;

(iv) stating that they have compared specific dollar amounts, numbers of shares, percentages of revenues and earnings, statements and/or other financial information pertaining to the Company and the Subsidiaries set forth in the Prospectus in each case to the extent that such amounts, numbers, percentages, statements and information may be derived from the general accounting records, including work sheets, of the Company and/or the Subsidiaries and excluding any questions requiring an interpretation by legal counsel, with the results obtained from the application of specified readings, inquiries and other appropriate procedures (which procedures need not constitute an examination in accordance with generally accepted auditing standards) set forth in the letter and found them to be in agreement; and

(v) statements as to such other matters incident to the transaction contemplated hereby as you may reasonably request.

(f) At the Closing Date you shall have received from Stonefield Josephson, Inc., Certified Public Accountants, a letter, dated as of the Closing Date to the effect that they reaffirm that statements made in the letter furnished pursuant to subsection (f) of this Section 7, except that the specified date referred to shall be a date not more than five days prior to the Closing Date and, if the Company has elected to rely on Rule 430A of the Rules and Regulations, to the further effect that they have carried out procedures as specified in clause (v) of subsection (f) of this Section 7 with respect to certain amounts, percentages and financial information as specified by you and deemed to be a part of the Registration Statement pursuant to Rule 430A(b) and have found such amounts, percentages and financial information to be in agreement with the records specified in such clause (v).

(g) At the Closing Date you shall have received a certificate of the Company signed by the principal executive officer and by the chief financial or chief accounting officer of the Company, dated the Closing Date, to the effect that each of such persons has examined the Registration Statement, the Prospectus, and this Agreement, and that:

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(i) the representations and warranties of the Company in this Agreement are true and correct, as if made on and as of the Closing Date and the Company has complied with all agreements and covenants and satisfied all conditions contained in this Agreement on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued, and no proceedings for that purpose have been instituted or are pending or, to the best of each of such person's knowledge after due inquiry, are contemplated or threatened under the Act;

(iii) the Registration Statement and the Prospectus and, if any, each amendment and each supplement thereto, contain all statements and information required to be included therein, and none of the Registration Statement, the Prospectus or any amendment or supplement thereto includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading and none of the Preliminary Prospectus or any supplement thereto included any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(iv) subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus: (a) neither the Company nor any of the Subsidiaries has incurred up to and including the Closing Date, other than in the ordinary course of its business, any material liabilities or obligations, direct or contingent (except as otherwise contemplated in subclause (d) of this clause (iv)); (b) neither the Company nor any of the Subsidiaries has paid or declared any dividends or other distributions on its capital stock; (c) neither the Company nor any of the Subsidiaries has entered into any material transactions not in the ordinary course of business (except as otherwise contemplated in subclause (d) of this clause (iv)); (d) there has not been any material change in the capital stock or long-term debt or any increase in the short-term borrowings (other than any increase in the short-term borrowings in the ordinary course of business) of the Company or any of the

Subsidiaries; (e) neither the Company nor any of the Subsidiaries has sustained any material loss or damage to its property or assets, whether or not insured; (f) there is no material litigation which is pending or, to the best of the Company's knowledge, threatened against the Company, any of the Subsidiaries or any affiliated party of any of the foregoing which is required to be set forth in an amended or supplemented Prospectus which has not been set forth; and (g) there has occurred no event required to be set forth in an amended or supplemented Prospectus which has not been set forth.

References to the Registration Statement and the Prospectus in this Subsection (h) are to such documents as amended and supplemented at the date of such certificates.

(h) The Company shall maintain its Board of Directors to at least three of which one director shall be an outside director. The Company shall cause such persons to be nominated, and to use its best efforts to cause them to be elected to its Board. The Company will have an authorized number of directors totaling three as of the date of the filing of the Registration Statement. All directors must have such qualifications as would generally be found for directors of similarly situated public companies.

(i) Prior to the Closing Date: (i) there shall have been no materially adverse change nor development involving a prospective change in the condition, financial or otherwise, prospects, stockholders' equity or the business activities of the Company and the Subsidiaries taken as a whole, whether or not in the ordinary course of business, from the latest dates as of which such condition is set forth in the Registration Statement and Prospectus; (ii) there shall have been no transaction, not in the ordinary course of business, entered into by the Company or any of the Subsidiaries, from the latest date as of which the financial condition of the Company and the Subsidiaries is set forth in the Registration Statement and Prospectus which is adverse to the Company and the Subsidiaries taken as a whole; (iii) neither the Company nor any of the Subsidiaries shall be in material default under any provision of any instrument relating to any outstanding indebtedness; (iv) neither the Company nor any of the Subsidiaries shall have issued any securities (other than the Securities or underlying common stock from the exercise of options or warrants) or declared or paid any dividend or made any distribution in respect of its capital stock of any class and there has not been any change in the capital stock, or any change in the debt (long or short term) or liabilities or obligations (contingent or otherwise) of the Company or any of the Subsidiaries; (v) no material amount of the assets of the Company or any of the Subsidiaries

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shall have been pledged or mortgaged other than in the ordinary course of the Company's business, except as set forth in the Registration Statement and Prospectus; (vi) no action, suit or proceeding, at law or in equity, shall have been pending or, to the best of the Company's knowledge, threatened against the Company or any of the Subsidiaries, or affecting any of their respective properties or businesses, before or by any court or federal, state or foreign commission board or other administrative agency wherein an unfavorable decision, ruling or finding may materially adversely affect the business, operations, prospects, financial condition or income of the Company and the Subsidiaries taken as a whole, except as set forth in the Registration Statement and Prospectus; and (vii) no stop order shall have been issued under the Act and no proceedings therefor shall have been initiated, threatened or contemplated by the Commission or any state regulatory authority.

(j) At the Closing Date, you shall have received a letter from Stonefield Josephson, Inc., Certified Public Accountants, dated as of the Closing Date, substantially in the form heretofore approved by you.

If any condition to your obligations hereunder to be fulfilled prior to or at the Closing Date, is not so fulfilled you may terminate this Agreement or, if you so elect, you may waive any such conditions which have not been fulfilled or extend the time for their fulfillment. In the event you so elect to terminate, you shall have no recourse against the Company for any expenses incurred by you. However, the Company shall remain liable for all reasonable Blue Sky counsel fees of the Company and expenses and Blue Sky filing fees of the Company.

8. **Effective Date of Agreement:** This Agreement shall become effective  
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(i) if Rule 430A under the Act is not used, when you shall have received notification of the effectiveness of the Registration Statement or (ii) if Rule 430A under the Act is used, when the parties hereto have executed and delivered this Agreement.

9. Notice: Notice given pursuant to any of the provisions of this

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Agreement shall be in writing and shall be mailed or delivered (a) to the Company at its office at 225 Santa Monica Boulevard, Suite 410, Santa Monica, CA, 90401, Attention: Najeeb U. Ghauri; and (b) to you, at 19 Rector Street, Suite 2301, New York, NY, 10006, Attention: John Kenney. Any notice under Section 7(a) hereof may be given by facsimile or telephone, but if so given shall be subsequently confirmed in writing.

10. Termination.

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(a) Subject to Subsection (b) of this Section 10, you shall have the right to terminate this Agreement (i) if any domestic or international event or act or occurrence has or in your reasonable opinion will in the immediate future have a material adverse effect on the Company or the securities market in general or (ii) if trading on the New York Stock Exchange, the American Stock Exchange or in the over-the-counter market shall have been suspended, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required on the over-the-counter market by the NASD or by order of the Commission or any other government authority having jurisdiction; or (iii) if the United States shall have become involved in a war or major hostilities, or there shall have been an escalation in an existing war or major hostilities, or a national emergency shall have been declared in the United States; or (iv) if a banking moratorium has been declared by a state or federal authority; or (v) if a moratorium in foreign exchange trading has been declared; or (vi) if the Company or any of the Subsidiaries shall have sustained a loss material or substantial to the Company or any of the Subsidiaries by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in your reasonable opinion, make it inadvisable to proceed with the delivery of the Securities; or (vii) if there shall have been such a material adverse change in the conditions or prospects of the Company or any of the Subsidiaries, or such material adverse change in the general market, political or economic conditions in the United States or elsewhere, as in your judgment would make it inadvisable to proceed with the offering, sale and/or delivery of the Securities.

(b) If this Agreement is terminated by you in accordance with the provisions of Section 4(a), Section 10(a)(i), 10(a)(ii), Section 10(a)(iii), Section 10(a)(iv), Section 10(a)(v), Section 10(a)(vi), Section 10(a)(vii), or Section 11 or if this Agreement shall not be carried out within the time specified herein, or any extension thereof granted to you, by reason of any failure on the part of the Company to perform any material undertaking or satisfy any material condition of this Agreement by it to be performed or satisfied (including without limitation, pursuant to Section 7,

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Section 10(a) or Section 11), then you shall not be entitled to any compensation. However, the Company shall remain liable for all reasonable Blue Sky counsel fees of the Company and expenses and Blue Sky filing fees of the Company. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement (including, without limitation, pursuant to Sections 7, 10 and 11 hereof), and whether or not this Agreement is otherwise carried out, the provisions of Section 6 shall not be in any way affected by such election or termination or failure to carry out the terms of this Agreement or any part hereof.

11. Default by the Company. If the Company shall fail at the Closing Date

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to sell and deliver the number of Securities which it is obligated to sell hereunder on such date, then this Agreement shall terminate, you may, at your option, by notice from you to the Company, terminate your obligation to purchase the Securities from the Company on such date without any liability on the part of any non-defaulting party other than pursuant to Sections 5, 7 and 10 hereof. No action taken pursuant to this Section 11 shall relieve the Company from liability, if any, in respect of such default.

12. Representations and Agreements to Survive Delivery. All

representations, warranties and agreements contained in this Agreement or contained in certificates of officers of the Company submitted pursuant hereto shall be deemed to be representations, warranties and agreements at the Closing Date, and such representations, warranties and agreements of the Company and the respective indemnity agreements contained in Section 6 hereof shall remain operative and in full force and effect as of such dates, regardless of any investigation made by or on behalf of you, the Company, any of the Subsidiaries or any controlling person, and shall survive termination of this Agreement or the issuance and delivery of the Securities to you.

13. Entire Agreement; Amendments. This Agreement constitutes the entire

agreement of the parties hereto and supersedes all prior written or oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may not be amended except in a writing signed by you and the Company.

14. Miscellaneous. This Agreement has been and is made solely for the

benefit of you and the Company and of the controlling persons, directors and officers referred to in Section 6 hereof, and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" as used in this Agreement shall not include a purchaser, as such purchaser, of Securities from you.

This Agreement may be signed in various counterparts which together shall constitute one and the same agreement.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

Please confirm that the foregoing correctly sets forth the agreement between the Company and you.

Very truly yours,  
MIRAGE HOLDINGS, INC.

-----  
By: Najeeb A. Ghauri  
Its: President

Confirmed as of the date first above mentioned:

VEERA CAPITAL CORPORATION

-----  
By: John Kenney  
Its: President

EXHIBIT A

SUBSIDIARIES

<TABLE>  
<CAPTION>

NAME	STATE OR COUNTRY IN WHICH INCORPORATED	PERCENTAGE OF CAPITAL STOCK OWNED BY MIRAGE HOLDINGS, INC.
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<S>

<C>

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&lt;/TABLE&gt;

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## EXHIBIT B

MIRAGE HOLDINGS, INC.  
(A NEVADA CORPORATION)

UNDERWRITERS WARRANT ("WARRANT") TO PURCHASE  
SHARES OF COMMON STOCK

NEITHER THIS WARRANT NOR THE COMMON STOCK UNDERLYING THIS WARRANT HAVE BEEN REGISTERED UNDER EITHER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE. CONSEQUENTLY, NEITHER THIS WARRANT NOR THE COMMON STOCK UNDERLYING THIS WARRANT MAY NOT BE SOLD, PLEDGED, TRANSFERRED OR OTHERWISE HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE APPLICABLE SECURITY OR AN EXEMPTION THEREFROM, ACCOMPANIED BY AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

1. Grant of Warrant. For value received in connection with the offering

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(the "Offering") of a minimum of 240,000 Units and a maximum of 342,857 Units for \$5.25 per Unit, each Unit consisting of one share of the Company's Common Stock and one warrant to purchase one share of the Company's Common Stock for \$6.00, on a best-efforts basis. Mirage Holdings, Inc., a Nevada corporation (the "Company"), hereby grants to Veera Capital Corporation, a corporation, or its registered assigns ("Holder"), the right to purchase from the Company ("Warrant") an amount of shares of Common Stock of the Company (the "Shares"), \$0.001 par value, equal to 10% of the number of Units issued in the public offering ("Common Stock") upon the Closing Date (as defined in Section 3 of the Underwriting Agreement, dated \_\_\_\_\_, 1997, between the Company and Veera Capital Corporation) of the Offering on the terms and conditions set forth herein. The Exercise Price for such Warrant shall be \$6.30 per share. The Exercise Price is subject to adjustment as provided in Section 6 below.

2. Right and Manner of Exercise. This Warrant shall be exercisable at

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any time from and after the first anniversary of the date hereof and ending at 5:00 p.m. California time on the fifth anniversary of the date hereof (the "Exercise Period"). The Holder may elect to exercise this Warrant anytime during the Exercise Period as to any or all of the Shares by delivering written notice, or successive written notices, of exercise to the Company (as provided in Section 11) in the form attached hereto as Exhibit A accompanied by payment of an amount equal to the product of (i) the number of Shares being purchased and (ii) the Exercise Price, as each may have been adjusted pursuant to the terms of this Agreement.

3. Issuance of Shares and New Warrant. If the purchase rights evidenced

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by this Warrant are exercised in whole or in part, one or more certificates for the Shares so purchased shall be issued at the Company's expense as soon as practicable thereafter to the Holder exercising such rights. Such Holder shall also be issued at such time at the Company's expense a new Warrant on the same terms and conditions as this Warrant, but representing the number of Shares (if any) for which the purchase rights under this Warrant remain unexercised.

4. Privilege of Stock Ownership. The Holder shall for all purposes be

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deemed to have become the holder of record of Shares issued upon an exercise of this Warrant on, and the certificate evidencing such Shares shall be dated, the date upon which the Holder presents to the Company each of notice of an intent to exercise this Warrant pursuant to Section 2 and payment of the Exercise Price. Holder shall receive good and marketable title to all Shares that Holder purchases and the Company delivers upon the exercise of any or all of the Warrants. Prior to exercise of this Warrant, the Holder shall not be entitled to any rights as a shareholder of the Company, including (without limitation) the right to vote, receive dividends or other distributions, exercise preemptive rights or be notified of shareholder meetings, and such Holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company except as otherwise provided herein.

5. Reservation and Availability of Shares. The Company will at all times

reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Stock for the purpose of

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enabling it to satisfy any obligation to issue Shares upon exercise of this Warrant, the full number of Shares deliverable upon the exercise or conversion of the entire outstanding amount of this Warrant. Before taking any action which would cause an adjustment pursuant to Section 6 reducing the Exercise Price, the Company will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and non-assessable Shares at the Exercise Price as to adjusted. The Company covenants that all Shares which may be issued upon exercise of this Warrant will, upon issue, be fully paid and non-assessable, free and clear of all voting and other trust arrangements, liens, encumbrances, equities and claims whatsoever, and the Company shall have paid all taxes, if any, in respect of the issuance thereof.

6. Adjustment of Exercise Price/Anti-Dilution. The Exercise Price and

the number and kind of securities purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the happening of the events enumerated in this Section 6.

6.1 Stock Splits and Combinations. If the Company shall at any time

subdivide or combine its outstanding Common Stock, or fix a record date for payment of a dividend in Common Stock or other securities of the Company exercisable, convertible or exchangeable for Common Stock (in which latter event the maximum number of shares of Common Stock issuable upon the exercise, conversion or exchange of such securities shall be deemed to have been distributed), after that subdivision, combination or dividend, the number of Shares subject to purchase shall be adjusted to that number of Shares which is determined by (A) multiplying the number of shares of Common Stock purchasable immediately prior to such adjustment by the Exercise Price in effect immediately prior to such adjustment, and then (B) dividing that product by the Exercise Price in effect immediately after such adjustment. If the Company shall at any time subdivide the outstanding shares of Common Stock or fix a record date for payment of a dividend in Common Stock or other securities exercisable, convertible or exchangeable into Common Stock, the Exercise Price then in effect immediately before that subdivision or dividend shall be proportionately decreased, and, if the Company shall at any time combine the outstanding shares of Common Stock, then the Exercise Price in effect immediately before that combination shall be proportionately increased. Any adjustment under this Section 6.1 shall become effective at the close of business on the date the subdivision or combination becomes effective or the dividend is distributed.

6.2 Reclassification, Exchange and Substitution. If the Shares

issuable upon exercise of the Warrant shall be changed into the same or a different number of shares of any other class or classes of securities, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination or payment of dividend of securities provided for above), the Holder of this Warrant shall, on its exercise, be entitled to purchase for the same aggregate consideration, in lieu of the Shares which the Holder would have become entitled to purchase but for such change, a number of shares of such other class or classes of securities which such Holder would have been entitled to receive as the holder of that number of Shares subject to purchase by the Holder on exercise of this Warrant immediately before that change.

6.3 Reorganizations, Mergers, Consolidations or Sales of Assets. If

at any time there shall be a capital reorganization of the Common Stock (other than a subdivision, combination, payment of dividend, reclassification or exchange of Common Stock provided for above), or merger or consolidation of the Company with or into another corporation, or the sale of the Company's properties and assets as, or substantially as, an entirety to any other person, then, as a part of such reorganization, merger, consolidation or sale, lawful provision shall be made so that the Holder of this Warrant shall thereafter be

entitled to receive upon exercise of this Warrant, during the period specified in this Warrant and upon payment of the Exercise Price then in effect, the number of Shares or other securities or property of the Company, or of the successor corporation resulting from such merger or consolidation, to which a Holder of the Shares issuable upon exercise of this Warrant would have been entitled in such capital reorganization, merger, or consolidation or sale if this Warrant had been exercised immediately before that capital reorganization, merger, consolidation, or sale. In any such case, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder of this Warrant after the reorganization, merger, consolidation, or sale such that the provisions of this Warrant (including adjustment of the Exercise Price then in effect and number and kind of securities purchasable upon exercise of this Warrant) shall be applicable after that event in relation to any securities purchasable after that event upon exercise of this Warrant.

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6.4 Minimum Exercise Price Adjustment. No adjustment in the Exercise

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Price shall be required unless such adjustment would require an increase or decrease of at least one-half of one percent (0.5%) or more of the Exercise Price, provided, however, that any adjustments which by reason of this Subsection 6.4 are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 6 shall be made to the nearest cent or to the nearest one-hundredth of a Share as the case may be.

7. Notices to Holder. Upon any adjustment of the Exercise Price pursuant

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to Section 6, the Company within 20 days thereafter shall cause to be given to the Holder pursuant to Section 11 hereof written notice of such adjustment, which notice shall set forth in a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made. Where appropriate, such notice may be given in advance and included as a part of the notice required to be mailed under the other provisions of this Section 7.

In the event of any of the following:

7.1 the Company shall authorize the issuance of its shares of Common Stock of rights or warrants to subscribe for or purchase shares of Common Stock or of any other subscription rights or warrants; or

7.2 the Company shall authorize the distribution to all holders of shares of Common Stock of evidences of its indebtedness or assets (other than cash dividends not exceeding [\$\_\_\_\_\_] per share of Common Stock payable during any three-month period or distributions or dividends payable in shares of Common Stock); or

7.3 any consolidation or merger to which the Company is a party and for which approval of any shareholder of the Company is required, or of the conveyance or transfer of the properties and assets of the Company as, or substantially as, an entirety, or of any reclassification or change of outstanding shares of Common Stock issuable upon exercise of this Warrant (other than a change in par value, or from par value to \$0.001 par value, or from \$0.001 par value to par value, or as a result of a subdivision or combination); or

7.4 the voluntary or involuntary dissolution, liquidation or winding up of the Company; or

7.5 the Company proposes to take any action (other than actions of the character described in Subsection 6.1 except as required under Subsection 7.3 above) which would require an adjustment of the Exercise Price pursuant to Section 6;

then the Company shall cause to be given to the Holder, at least 20 days (or ten days in any case specified in Subsections 7.1 and 7.2 above) prior to the applicable record date hereinafter specified, a written notice stating (i) the date as of which the holders of record of shares of Common Stock to be entitled to receive any such rights, warrants, or distribution are to be determined, or (ii) the date on which any such consolidation, merger, conveyance, transfer,



dissolution, liquidation, or winding up is expected to become effective, and the date as of which it is that holders of record of shares of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation, or winding up. The failure to give the notice required by this Section 7 or any defect therein shall not affect the legality or validity of any distribution, right, warrant, consolidation, merger, conveyance, merger, dissolution, liquidation, or winding up, or the vote upon any such action.

8. *Transfers.* The Holder acknowledges and agrees that this Warrant and -----  
the Common Stock underlying this Warrant may not be sold, pledged, assigned, transferred or otherwise hypothecated without registration under the Act except in certain limited circumstances where an exemption from registration exists, supported by an opinion of counsel satisfactory to the Company and its counsel that registration is not required thereunder. The Warrants are non-transferable (whether by sale, transfer, assignment or hypothecation) except for (i) transfers to officers of Veera Capital Corporation who are also shareholders of Veera Capital Corporation, (ii) transfers occurring by operation of law.

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9. *Fractional Shares.* No fractional shares of Common Stock shall be -----  
issued in connection with any exercise of this Warrant. In lieu of the issuance of such fractional share, the Company shall make a cash payment equal to the then fair market value of such fractional share as determined in good faith by the Company's Board of Directors.

10. *Successors and Assign.* The terms and provisions of this Warrant shall -----  
inure to the benefit of, and be binding upon the Company and the Holder hereof and their respective successors and assigns.

11. *Notices.* All notices, requests, demands and other communications -----  
(collectively, "Notices") under this Warrant shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom Notice is to be given, or on the third business day after the date of mailing if mailed to the party to whom Notice is to be given, by first class mail, registered to the Holder, at his address as shown in the Company records; and if to the Company, at its principal office. Any party may change its address for purposes of this Section by giving the other party written Notice of the new address in the manner set forth above.

12. *Governing Law.* This Warrant shall be governed by and construed in -----  
accordance with the laws of the State of California without regard to principles of conflicts of laws.

13. *Loss or Mutilation of Warrant.* Upon receipt of evidence reasonably -----  
satisfactory to the Company regarding the loss, theft, mutilation or destruction of this Warrant and upon delivery of appropriate indemnification with respect thereto or upon surrender or cancellation of the mutilated Warrant, the Company will make and deliver to the Holder a new Warrant of like tenor.

MIRAGE HOLDINGS, INC.

\_\_\_\_\_  
By: Najeeb A. Ghauri  
Its: President

Attest:

\_\_\_\_\_  
By: Najeeb A. Ghauri  
Its: Secretary

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ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sell(s), assign(s), and transfer(s) unto \_\_\_\_\_, of \_\_\_\_\_, the right to purchase Shares evidenced by the within Warrant, and does hereby irrevocable constitute and appoint \_\_\_\_\_ to transfer such right on the books on the Company, with full power of substitution.

DATED: \_\_\_\_\_, 199\_\_

\_\_\_\_\_  
SIGNATURE

NOTICE:

This Warrant or the Common Stock underlying the Warrant, have not been registered under the Securities Act of 1933 (the "Act") or any states' securities laws (the "laws") and may not be sold, pledged, transferred or otherwise disposed of in the absence of an effective registration statement covering these securities under the Act or laws, or an available exemption therefrom, accompanied by an opinion of counsel satisfactory to the Company and its counsel that registration is not required thereunder.

The signature to this Assignment must correspond with the name as written upon the fact of the within Warrant, in every particular, without alteration or enlargement, or any change whatsoever.

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EXHIBIT A

EXERCISE NOTICE

Mirage Holdings, Inc.  
225 Santa Monica Boulevard, Suite 410  
Santa Monica, CA 90401

Ladies and Gentlemen:

\_\_\_\_\_ (the "Undersigned") hereby elects to purchase, pursuant to the provisions of the Mirage Holdings, Inc. Underwriter's Warrant dated \_\_\_\_\_, held by the undersigned, \_\_\_\_\_ shares of the Common Stock of Mirage Holdings, Inc.

As an inducement to your acceptance hereunder, the undersigned certifies that the Common Stock is being purchased for the undersigned's own account, for investment purposed, and not with a view toward a public distribution in violation of the registration requirements of the Securities Act of 1933, as amended.

Payment of the purchase price of \$6.30 per share of Common Stock is being purchased for the undersigned's own account, for investment purposed, and not with a view toward a public distribution in violation of the registration requirements of the Securities Act of 1933, as amended.

Payment of the purchase price of \$6.30 per share of Common Stock in U.S. funds required under such Warrant accompanies this subscription.

DATED: \_\_\_\_\_, 199\_\_

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Address: \_\_\_\_\_



EXHIBIT 1.2

AGREEMENT AMONG UNDERWRITERS (FORM)

A MAXIMUM OF 342,857 UNITS, EACH UNIT CONSISTING  
OF ONE SHARE OF COMMON STOCK AND  
ONE WARRANT TO PURCHASE ONE SHARE OF COMMON STOCK  
FOR \$6.00 OF

MIRAGE HOLDINGS, INC.

\$5.25 PER UNIT

AGREEMENT AMONG UNDERWRITERS

\_\_\_\_\_, 1997

Veera Capital Corporation  
19 Rector Street, Suite 2301  
New York, NY 10006

Ladies and Gentlemen:

1. **Underwriting Agreement.** We understand, Mirage Holdings, Inc. (the "Company"), proposes to enter into an underwriting agreement in substantially the form attached hereto as Exhibit A (the "Underwriting Agreement") with Veera Capital Corporation (the "Lead Underwriter") providing for the purchase by the Lead Underwriter and certain other underwriters (collectively, the "Underwriters") of a minimum of 240,000 Units and a maximum of 342,857 Units for \$5.25 per Unit, each Unit consisting of one share of the Company's Common Stock and one warrant to purchase one share of the Company's Common Stock for \$6.00, on a best-efforts basis all upon the terms stated in the Underwriting Agreement. We agree in accordance with the terms thereof to purchase from the Company the amount of Securities set forth opposite our name in Exhibit B hereto, subject to increase as provided in the Underwriting Agreement. The amount of Securities to be purchased by us pursuant to the Underwriting Agreement is herein referred to as "our Securities."

2. **Registration Statement and Prospectus.** The Securities are described in a registration statement relating thereto filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). One or more amendments to such registration statement have been or will be filed in which, with our consent hereby confirmed, we have been named as one of the Underwriters of the Securities. A copy of the registration statement as filed and of each amendment as filed (excluding exhibits) has heretofore been delivered to us. The registration statement and the related prospectus may be further amended or supplemented, but no such amendment or supplement shall release or affect our obligations hereunder or under the Underwriting Agreement. The registration statement as amended at the time when it becomes effective and the final prospectus relating to the Securities as filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act are hereinafter respectively referred to as the "Registration Statement" and the "Prospectus."

We hereby agree to deliver all preliminary and final prospectuses required for compliance with the provisions of Rule 15c2-8 under the Securities Exchange Act of 1934, as amended (the "1934 Act"). The Company has heretofore delivered to us such preliminary prospectuses as have been requested by us, receipt of which is hereby acknowledged.

We represent to you that we have taken all action on our part required to have been taken to satisfy the applicable rules and regulations under the Securities Act, including the distribution of copies of the preliminary prospectus relating to the Securities (or, if you have so requested, copies of any amended preliminary prospectus) to all persons to whom we expect to mail confirmations of sale. We understand that we are not authorized to give any information or to make any representations in connection with the sale of the Securities other than as contained in the Prospectus.

3. *Authority of the Representative.* We authorize you as our representative (the "Representative"): (a) to complete, execute and deliver the Underwriting Agreement in substantially the form attached hereto as Exhibit A, with such changes, if any, as in your judgment are appropriate, provided that the amount of Securities set forth opposite our name in Schedule I thereto shall not be increased without our consent, except as provided herein and in the Underwriting Agreement; (b) to waive any conditions to the obligations of the Underwriter under the Underwriting Agreement; and (c) to take such action as in your discretion may be necessary or advisable to carry out the Underwriting Agreement, this Agreement and the transactions for the accounts of the several Underwriters contemplated thereby and hereby, including the date the Securities are to be released for sale to the public. We also authorize you to determine all matters relating to the public advertisement of the Securities, including the determination of the form and manner of any public advertisement, and we agree that we will not commence any public advertising until you shall have done so and that any such advertisement we may then make will be on our own responsibility and at our own expense.

4. *Public Offering.* You agree to sell the amount of Securities set forth adjacent to the name of each of the Underwriters in Exhibit A hereto, at the price set forth in Exhibit A hereto.

After notice from you that the Securities are released for sale to the public, we will offer to the public, in conformity with the terms of the offering set forth in the Prospectus, such of our Securities as you advise us are not reserved. We authorize you after the Securities are released for sale to the public, in your discretion, to change at any time and from time to time the public offering price of the Securities.

5. *Purchase Price to Underwriters, Payment and Delivery.* It is understood that the Securities shall be sold at a price equal to the initial offering price, less a total concession to you not in excess of \$0.2625 per share with respect to the total Securities so sold of which \$0.2625 per share will be the selling concession to the Underwriters. As compensation to you for your services to each of the Underwriters in connection herewith, each Underwriter agrees to pay to you the management fee set forth in Section 8 hereof.

At your request, we will deliver to you the funds needed to make payment pursuant to the Underwriting Agreement for the Securities being purchased by us in such manner, at such time and place, and in such form as you may advise, and we authorize you to deliver such funds, or otherwise make payment for such Securities, pursuant to the Underwriting Agreement. It is understood that the current closing date for sales of the Securities shall be as soon as practicable after the effective date of the Registration Statement;

Unless we notify you at least three full business days prior to the closing date, to make other arrangements, you may, in your discretion, advise the Company to prepare certificates for our Securities in our name and, so far as possible, in denominations to be determined by you. If you have not received our funds as required, you may in your discretion make such payment on our behalf, in which event we will reimburse you promptly. Any such payment by you shall not relieve us from any of our obligations hereunder or under the Underwriting Agreement.

We authorize you for our account to accept delivery of our Securities from the Company and to hold such of our Securities as you have reserved for sale to Dealers and others and to deliver such Securities against such sales. You will deliver to us our unreserved Securities as promptly as practicable.

As promptly as practicable after you receive payment for reserved Securities sold for our account, you will remit to us the purchase price paid by us for such Securities and credit or debit our account with the difference between the sale price and such purchase price.

6. *Authority to Borrow.* In connection with the transactions contemplated in the Underwriting Agreement or this Agreement, we authorize you, in your discretion, to advance your own funds for our account, charging current interest rates, and to arrange loans for our account, and in connection therewith to execute and deliver any notes or other instruments and hold or pledge as security any of the Shares, Warrants or Securities purchased for our account. Any lender may rely upon your instructions in all matters relating to any such

loan.

Any of our Securities purchased for our account and held by you may, from time to time, be delivered to us for carrying purchases, and any such securities will be redelivered to you upon demand.

7. *Stabilization and Other Matters.* We authorize you, in your discretion, to make purchases and sales of the Securities and the Shares in the open market or otherwise, for long or short account, on such terms and at such prices as you may determine, and to over-allot in arranging for sales of the Securities to retail purchasers and Dealers. We authorize you, during the term of this Agreement or for such longer periods as you may determine, to cover any short position incurred pursuant to this section by purchasing Securities or shares of the Common Stock of the Company on such terms and in such manner as you deem advisable. All purchases and sales under this section shall be made for the accounts of the several Underwriters as nearly as practicable in proportion to their respective underwriting obligations. On demand by you, we will take up and pay for at cost any Securities purchased for our account, deliver any Securities, or shares of common stock so sold or over-allotted for our account, and we will pay you on demand by you the amount of any losses or expenses incurred for our account pursuant to this section. In the event of default by one or more Underwriters in respect to their obligations under this section, each non-defaulting Underwriter shall assume its proportionate shares of the obligations of such defaulting Underwriter without relieving such defaulting Underwriter of its liability hereunder. The existence of this provision is no assurance that the price of the Securities or the Shares will be stabilized or that stabilizing, if commenced, may not be discontinued at any time.

We agree to advise you, from time to time upon your request, during the term of this Agreement, of the number of Shares retained by us remaining unsold, and will, upon your request, sell to you for the accounts of one or more of the several Underwriters, the number of such Securities as you may designate at a price, not less than the net price to Dealers nor more than the public offering price as you may determine.

If any Securities sold by us (otherwise than through you), shall be purchased or contracted for purchase by you during the term of this Agreement, you are authorized in your discretion to charge our account with an amount equal to the Dealer's concession with respect to such Securities, or to require us to repurchase such Securities at a price equal to the total cost of your purchase, including commission and transfer taxes on the redelivery.

In the event you effect any stabilizing purchase pursuant to this section, you will notify us promptly of the date and time when the first stabilizing purchase is effected and the date and time when stabilizing is terminated. We agree that if stabilizing is effected we will, not later than five business days following the day on which stabilizing is terminated, file in duplicate with you all documentation required by the Commission pursuant to the 1934 Act. We authorize you to file with the Commission any such documentation (not as manager) and any notices and reports which may be required as a result of any transactions made by you for the accounts of the Underwriters pursuant to this section.

We represent that we have not effected any transaction in violation of the provisions of Rule 10b-6 under the 1934 Act applicable to this offering. We and you agree, during the term of this Agreement, not to bid for, purchase, attempt to induce others to purchase, or sell, directly or indirectly, any Securities or Shares of the Company: (a) except offers to sell or the solicitation of offers to buy Securities or Shares to be acquired by an Underwriter pursuant to the Underwriting Agreement; (b) except as brokers pursuant to unsolicited orders; (c) except that with your consent any of the Underwriters may make purchases and sales of Securities or Shares from or to any of the other Underwriters; and (d) except as otherwise provided in this Agreement.

8. *Settlement.* It is agreed that you shall retain from your account an amount equal to \$0.08 per \$5.25 Unit purchased by us which amount represents your management fee in connection with the services provided to each Underwriter pursuant to the transaction contemplated hereby as well as any and all expenses incurred by you in performing hereunder, including, but not limited to: (a) all transfer taxes on Securities purchased by us pursuant to the Underwriting

Agreement and sold by you for our account; (b) any and all expenses incurred by you as our Representative, in connection with the purchase, carrying, offering, sale and distribution of the Securities for our account; and (c) all expenses incurred by you under this Agreement and in connection with the purchase, carrying, offering, sale and distribution of the Securities. Your determination of the amount and allocation of such expenses shall be conclusive. In the event of the default of any Underwriter in carrying out its obligations hereunder, as well as any

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additional losses or expenses arising from such default, you may proportionately charge against the other Underwriters not so defaulting, without, however, relieving such defaulting Underwriter from its liability therefor.

As soon as practicable after termination of this Agreement, the accounts established hereunder will be settled, but you may reserve for distribution such amount as you may deem necessary to cover possible additional expenses. You may at any time make partial distributions of credit balances or call for payment of debit balances. Any of our funds in your hands may be held with your general funds without accountability for interest. Notwithstanding the termination of this Agreement or any settlement, we will pay: (a) our proportionate share (based on our underwriting obligation) of all expenses and liabilities which may be incurred by or for the accounts of the Underwriters, including any liability based on the claim that the Underwriters constitute a partnership or an association, unincorporated business or other separate entity, and of any expenses incurred by you or any other Underwriter with your approval in contesting any such claim or liability; and (b) any transfer taxes paid after such settlement on account of any sale or transfer for our account.

9. Termination. This Agreement shall terminate 30 business days after the earlier to occur of either: (a) a written notice sent by you of your intention to terminate the offering of the Securities; (b) December 31, 1997; or (c) the sale of the maximum amount of Securities pursuant to the Prospectus. You may in your discretion, on notice to us prior to such time, terminate the effectiveness of this Agreement or any portion of it. You are authorized to extend this Agreement for an additional period or periods not exceeding an aggregate of 30 business days with the concurrence of a majority in interest of the Underwriters (including you).

10. Default by Underwriters. Default by one or more Underwriters in respect of their obligations hereunder or under the Underwriting Agreement shall not release us from any of our obligations or in any way affect the liability of any defaulting Underwriter to the other Underwriters for damages resulting from such default. In case of such default by one or more Underwriters, you are authorized to arrange, but shall not be obligated to arrange, for the purchase by other persons, who may include you or other Underwriters, of all or a portion of any Securities not purchased. In the event any such arrangements are made, or if non-defaulting Underwriters are required pursuant to the provisions of this Agreement to purchase Securities not purchased by defaulting Underwriters, the respective number of Securities to be purchased by the non-defaulting Underwriters and by any such other persons shall be taken as the basis for the underwriting obligations under this Agreement.

11. Position of the Representative. Except as in this Agreement otherwise specifically provided, you shall have full authority to take such action as you may deem advisable in respect of all matters pertaining to the Underwriting Agreement and this Agreement and in connection with the purchase, carrying, sale and distribution of the Securities (including authority to terminate the Underwriting Agreement or to prevent it from becoming effective as provided therein), but you shall not be under any liability to us except for your own want of good faith, for obligations expressly assumed by you in this Agreement and for any liabilities imposed upon you by the Securities Act or applicable rules, laws or regulations. No obligations on your part shall be implied or inferred herefrom. Authority with respect to matters to be determined by you, or by you and the Company, pursuant to the Underwriting Agreement, shall survive the termination of this Agreement.

Nothing herein contained shall constitute the several Underwriters a partnership, association, unincorporated business or other separate entity, and the rights and liabilities of the Underwriters (including you) are several and not joint.

12. *Acknowledgment of Registration Statement, Etc.* We hereby confirm that we have examined the Registration in Statement (including all amendments thereto) relating to the Securities as heretofore filed with the Commission, that we are familiar with the amendment or amendments to the Registration Statement and the final form of the Prospectus proposed to be filed, that we are willing to accept the responsibilities of an Underwriter thereunder, and that we are willing to proceed as therein contemplated. We further reconfirm that the statements made under the heading "Underwriting" in such proposed final form of the Prospectus are correct and we authorize you so to advise the Company on our behalf. We understand that the aforementioned documents are subject to further change and that we will be supplied with copies of any amendment or amendments to the Registration Statement and of any amended

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prospectus promptly, if and when received by you, but the making of such changes and amendments will not release us or affect our obligations hereunder or under the Underwriting Agreement.

13. *Indemnification.* We agree to indemnify and hold harmless each other Underwriter (including you) and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the 1934 Act to the extent, for any and all liabilities related to or arising from our performance hereunder, including, but not limited to, liabilities arising under the federal and state securities laws.

In the event that at any time any claim or claims shall be asserted against you, as Representative, or otherwise involving the Underwriters generally, relating to any preliminary prospectus relating to the Securities, the Prospectus, the Registration Statement, the public offering of the Securities, or any of the transactions contemplated by this Agreement, we authorize you to make such investigation, to retain such counsel and to take such other action as you may deem necessary or desirable under the circumstances, including settlement of any such claim or claims if such course of action shall be recommended by counsel retained by you. We agree to pay to you, on request, our proportionate share (based on our underwriting obligations) of all expenses incurred by you (including, but not limited to, the disbursements and fees of counsel retained by you) in investigating and defending against such claim or claims, and our proportionate share (based on our underwriting obligations) of any liability incurred by you in respect of such claim or claims, whether such liability shall be the result of a judgment against you, as a result of any such settlement or otherwise.

14. *Capital Requirements.* We confirm that our ratio of aggregate indebtedness to net capital is such that we may, in accordance with and pursuant to Rule 15c3-1 promulgated by the Commission under the 1934 Act and in accordance with the "net capital" rules of each governmental and self-regulatory agency having jurisdiction over us for such purposes, agree to purchase the number of Shares we may be obligated to purchase under any provision of this Agreement.

15. *NASD Membership.* Each of us represents that it is a member in good standing of the NASD or that we are exempt from the rules and regulations of the NASD and will, in making sales of Securities, comply with the Rules of Fair Practice of the NASD. In connection with our sale of the Securities, and without limiting the foregoing, we specifically agree to comply with Section 24 of Article III of the NASD Rules of Fair Practice.

16. *Underwriters' Questionnaire.* Each Underwriter represents and warrants that all of the information contained in the Underwriters' Questionnaire which it has furnished in connection with the offering of the Securities, as updated pursuant to the terms of the Questionnaire, is true and correct as of the date hereof.

17. *Notices, etc.* Any notice from you to us shall be duly given if mailed or telegraphed to us at our address as set forth in the Underwriters' Questionnaire previously furnished by us to you. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California.

This instrument may be signed by the Underwriters in various counterparts which together shall constitute one and the same agreement among all the



*Underwriters and shall become effective at such time as all the Underwriters shall have signed such counterparts and you shall have confirmed all such counterparts. Such confirmations may be by facsimile signature.*

*SIGNATURE PAGE FOLLOWS*

*5*

*Please confirm that the foregoing correctly states the understanding between us by signing and returning to us a counterpart hereof.*

*Very truly yours,*

*VEERA CAPITAL CORPORATION*

---

*By: John Kenney  
Its: President*

*Confirmed as of the date first above written:*

*NAME OF UNDERWRITER: \_\_\_\_\_*

*By: \_\_\_\_\_*

*Title: \_\_\_\_\_*

*6*

EXHIBIT 10.3

LEASE AGREEMENT, DATED SEPTEMBER 19, 1996

[LETTERHEAD OF GRUBB&ELLIS]

Michael P. Stein  
Senior Associate

September 19, 1996

Mr. Steve Porretta  
Southland Management, Inc.  
601 S. Glenoaks Boulevard, #301  
Burbank, California 91502

RE: Proposal to Lease  
Diamond Bar Village, Diamond Bar, Ca

Dear Mr. Porretta:

On behalf of Saima Khan, I am pleased to present the following lease proposal:

<TABLE>

<C>	<S>
Tenant:	Saima Khan, a married woman
DBA:	Mirage Collection
Use:	A retail store specializing in the sale of Indian women's Ready-to-Wear Clothing and Accessories and Tailoring.
Space:	23361 E. Golden Spring Drive
Size:	1,150 SF approximately (size to be verified)
Rate:	\$862.50/month (\$0.87/SF) plus triple net
Tripe Net:	Approximately \$0.25/SF/month
Term:	Five (5) years
Escalations:	\$0.03/SF/month annual increases
Option to Renew:	One (1) five (5) year option to renew at the then fair market value of space at Phase III of Diamond Bar Village.
Condition of Premises:	Tenant shall take possession of the premises in its current condition, subject to HVAC, plumbing and electrical systems being in proper working order.
Tenant Improvements:	Tenant shall at its own expense remove existing interior offices, replacing existing carpet, paint and patch walls, make the drop ceiling of uniform height and perform its own fixurization.
Possession:	Upon lease execution, but not later than October 1, 1996.
Rent Commencement:	November 1, 1996 or upon opening for business, whichever is sooner.
Advance Rent:	Tenant shall pay one month's advance rent plus triple net charges upon lease execution.

</TABLE>

1

<TABLE>

<C>	<S>
Security Deposit:	Tenant shall pay the equivalent of one month's base rent upon lease execution.
Signage:	Tenant shall install a business sign in conformance with the Center's Sign Criteria and City requirements within sixty (60) days of lease execution. Tenant shall obtain a bid from a licensed sign company and submit a sign deposit to Landlord in that amount upon lease execution. Deposit shall be refunded to Tenant upon presentation of invoices and installation of sign.
Expiration:	This proposal shall expire September 27, 1996.

</TABLE>

Landlord and Tenant acknowledge that this proposal is not a lease and it is intended as the basis for the preparation of a lease by the Landlord. The lease shall be subject to Landlord's and Tenant's approval and only a fully executed lease shall constitute a lease for the premises. Broker makes no warranty or representation to Landlord or Tenant that acceptance of this proposal will guarantee the execution of a lease for the premises.

Sincerely,

GRUBB & ELLIS COMPANY  
COMMERCIAL REAL ESTATE SERVICES

/s/ Michael P. Stein

-----  
Michael P. Stein  
Senior Associate

Retail/Investment Division

MPS:cmp

Agreed and Accepted:

-----  
Landlord Date

/s/ SAIMA KHAN 10/14/96  
-----

Tenant Date

EXHIBIT 10.4

LEASE AGREEMENT, DATED MARCH 12, 1997

STANDARD OFFICE LEASE-GROSS  
AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION

1. Basic Lease Provisions ("Basic Lease Provisions")

1.1 Parties: This Lease, dated for reference purposes only, March 12, 1997,  
-----  
is made by and between Amcal Partners (herein called "Lessor") and  
-----  
Noreen Khan, doing business under the name of Payne Financial (herein called  
-----  
"Lessee").

1.2 Premises: Suite Number(s) 404/10 floors, consisting of 700 sq. ft. feet,  
-----  
more or less, as defined in paragraph 2 and as shown on Exhibit "A" hereto (the  
"Premises").

1.3 Building: Commonly described as being located at 225 Santa Monica  
-----  
Boulevard in the City of Santa Monica, County of Los Angeles, State of  
-----  
California, as more particularly described in Exhibit N/A hereto, and  
-----  
as defined in paragraph 2.

1.4 Use: Office use only, subject to paragraph 6.  
-----

1.5 Term: 1 year + option to renew 5%, commencing March 17, 1997  
-----  
("Commencement Date") and ending February 17, 1998, as defined in  
-----  
paragraph 3.

1.6 Base Rent: \$1,250.00 per month, payable on the 1st day  
-----  
of each month, per paragraph 4.1 \_\_\_\_\_  
\_\_\_\_\_

1.7 Base Rent Increase: On June 5, 1997 by 3% increase, the monthly Base  
-----  
Rent payable under paragraph 1.6 above shall be adjusted as provided in  
paragraph 4.3 below.

1.8 Rent Paid Upon Execution: \$1,287.50 for See \_\_\_\_\_

1.9 Security Deposit: 1,250  
-----

1.10 Lessee's Share of Operating Expense Increase: N/A% as defined in  
-----  
paragraph 4.2.

2. Premises, Parking and Common Areas.

2.1 Premises: The Premises are a portion of a building, herein sometimes  
referred to as the "Building" identified in paragraph 1.3 of the Basic Lease  
Provisions. The Premises, the Building, the Common Areas, the land upon which  
the same are located, along with all other buildings and improvements thereon or  
thereunder, are herein collectively referred to as the Office Building Project."  
Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at  
the rental, and upon all of the conditions set forth herein, the real property  
referred to in the Basic Lease Provisions, paragraph 1.2, as the "Premises,"

including rights to the Common Areas as hereinafter specified.

2.2 (Intentionally omitted.)

2.3 Common Areas--Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Office Building Project that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and of other lessees of the Office Building Project and their respective employees, suppliers, shippers, customers and invites, including but not limited to common entrances, lobbies, corridors, stairways and stairwells, public restrooms, elevators, escalators, parking areas to the extent not otherwise prohibited by this Lease, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, ramps, driveways, landscaped areas and decorative walls.

2.4 Common Areas-Rules and Regulations. Lessee agrees to abide by and conform to the rules and regulations attached hereto as Exhibit B with respect to the Office Building Project and Common Areas, and to cause its employees, suppliers, shippers,

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customers, and invites to so abide and conform. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to modify, amend and enforce said rules and regulations. Lessor shall not be responsible to Lessee for the noncompliance with said rules and regulations by other lessees, their agents, employees and invites of the Office Building Project,

2.5 Common Areas-Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Building Interior and exterior and Common Areas, including, without limitation, changes in the location, size, shape, number, and appearance thereof, including but not limited to the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, decorative walls, landscaped areas and walkways; provided, however, Lessor shall at all times provide the parking facilities required by applicable law;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land and improvements outside the boundaries of the Office Building Project to be a part of the Common Areas, provided that such other land and improvements have a reasonable and functional relationship to the Office Building Project;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Office Building Project, or any portion thereof;

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Office Building Project as Lessor may, in the exercise of sound business judgment deem to be appropriate.

3. Term.

3.1 Term. The term and Commencement Date of this Lease shall be as specified in paragraph 1.5 of the Basic Lease Provisions.

3.2 Delay in Possession. Notwithstanding said Commencement Date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date and subject to paragraph 3.2.2, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof--but, in such case, Lessee shall not be obligated to pay rent or perform any other obligation of Lessee under the terms of this Lease, except as may be otherwise provided in this Lease, until possession of the Premises is tendered to lessee as herein under defined, provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days following said Commencement Date, as the same may be extended under the terms of work Letter executed by Lessor and Lessee, Lessee may, at Lessee's option by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided, however, that, as

to Lessee's obligations, Lessee first reimburses Lessor for all costs incurred for Non-Standard Improvements and, as to Lessor's obligations, Lessor shall return any money previously deposited by Lessee (less any offsets due Lessor for non-standard Improvements); and provided further, that if such written notice by Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect.

3.2.1 *Possession Tendered-Defined.* Possession of the Premises shall be deemed tendered to Lessee ("Tender of Possession") when (1) the improvements to be provided by Lessor under this Lease are substantially completed, (2) the Building utilities are ready for use in the Premises (3) Lessee has reasonable access to the Premises, and (4) ten (10) days shall have expired following advance written notice to Lessee of the occurrence of the matters described in (1), (2) and (3), above of this paragraph 3.2.1.

3.3 *Early Possession.* If Lessee occupies the Premises prior to said Commencement Date, such occupancy shall be subject to all provisions of this Lease, such occupancy shall not change the termination date, and Lessee shall pay rent for such occupancy.

3.4 *Uncertain Commencement.* In the event commencement of the Lease term is defined as the completion of the Improvements, Lessee and Lessor shall execute an amendment to this Lease establishing the date of Tender of Possession (as defined in paragraph 3.2.1) or the actual taking of possession by Lessee, whichever first occurs, as the Commencement Date.

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#### 4. Rent.

4.1 *Base Rent.* Subject to adjustment as hereinafter provided in paragraph 4.3, and except as may be otherwise expressly provided In this Lease, Lessee shall pay to Lessor the Base Rent for the Premises set forth in paragraph 1.6 of the Basic Lease Provisions, without offset or deduction. Lessee shall pay Lessor upon execution hereof the advance Base Rent described in paragraph 1.8 of the Basic Lease Provisions. Rent for any period during the term hereof which is for less than one month shall be prorated based upon the actual number of days of the calendar month involved. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

4.2 (Intentionally omitted.)

4.3 (Intentionally omitted.)

5. *Security Deposit.* Lessee shall deposit with Lessor upon execution hereof the security deposit set forth in paragraph 1.9 of the Basic Lease Provisions as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provisions of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount then required of Lessee. If the monthly Base Rent shall, from time to time, increase during the term of this Lease, Lessee shall, at the time of such increase, deposit with Lessor additional money as a security deposit so that the total amount of the security deposit held by Lessor shall at all times bear the same proportion to the then current Base Rent as the initial security deposit bears to the initial Base Rent set forth in paragraph 1.6 of the Basic Lease Provisions. Lessor shall not be required to keep said security deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not heretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit.

6. Use.

6.1 Use. The Premises shall be used and occupied only for the purpose set forth in paragraph 1.4 of the Basic Lease Provisions or any other use which is reasonably comparable to that use and for no other purpose.

6.2 Compliance with Law.

(a) Lessor warrants to Lessee that the Premises, in the state existing on the date that the Lease term commences, but without regard to alterations or improvements made by Lessee or the use for which Lessee will occupy the Premises, does not violate any covenants or restrictions of record, or any applicable building code, regulation or ordinance in effect on such Lease term Commencement Date. In the event it is determined that this warranty has been violated, then it shall be the obligation of the Lessor, alter written notice from Lessee, to promptly, at Lessor's sole cost and expense, rectify any such violation.

(b) Except as provided in paragraph 6.2(a) Lessee shall, at Lessee's expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements of any fire insurance underwriters or rating bureaus, now in effect or which may hereafter come into effect, whether or not they reflect a change in policy from that now existing, during the term or any part of the term hereof, relating in any manner to the Premises and the occupation and use by Lessee of the Premises. Lessee shall conduct its business in a lawful manner and shall not use or permit the use of the Premises or the Common Areas in any manner that will tend to create waste or a nuisance or shall tend to disturb other occupants of the Office Building Project.

6.3 Condition of Premises.

(a) Lessor shall deliver the Premises to Lessee in a clean condition on the Lease Commencement Date (unless Lessee is already in possession) and Lessor warrants to Lessee that the plumbing, lighting, and heating system in the Premises shall be

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in good operating condition. In the event that it is determined that this warranty has been violated, then it shall be the obligation of Lessor, after receipt of written notice from Lessee setting forth with specificity the nature of the violation, to promptly, at Lessor's sole cost, rectify such violation.

(b) Except as otherwise provided in this Lease. Lessee hereby accepts the Premises and the Office Building Project in their condition existing as of the Lease Commencement Date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that neither Lessor nor Lessor's agent or agents has made any representation or warranty as to the present or future suitability of the Premises, Common Areas, or Office Building Project for the conduct of Lessee's business.

7. Maintenance, Repairs, Alterations and Common Area Services.

7.1 Lessor's Obligations. Lessor shall keep the Office Building Project, including the Premises, interior and exterior walls, roof and common areas and the equipment whether used exclusively for the Premises or in common with other premises, in good condition and repair provided; however, Lessor shall not be obligated to paint, repair or replace wall coverings, or to repair or replace any improvements that are not ordinarily a part of the Building or are above then Building standards except as provided in paragraph 9.5, there shall be no abatement of rent or liability of Lessee on account of any injury or interference with Lessee's business with respect to any improvements, alterations or repairs made by Lessor to the Office Building Project or any part thereof. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep

the Premises in good order, condition and repair.

## 7.2 Lessee's Obligations.

(a) Notwithstanding Lessor's obligation to keep the Premises in good condition and repair. Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises. To the extent such cost is attributable to causes beyond normal wear and tear. Lessee shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any Premises improvements that are not ordinarily a part of the Building or that are above then Building standards Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder.

(b) On the last day of the term hereof or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Lessee. Lessee shall repair any damage to the Premises occasioned by the installation or removal of Lessee's trade fixtures, alterations, furnishings and equipment. Except as otherwise stated in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, air conditioning, window coverings, wall coverings, carpets, wall paneling, ceilings and plumbing on the Premises and in good operating condition.

## 7.3 Alterations and Additions.

(a) Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions. Utility installations or repairs in, on or about the Premises, or the Office Building Project. As used in this paragraph 7.3 the term Utility Installation shall mean carpeting, window and wall coverings. Power panels, electrical distribution systems, lighting fixtures, air conditioning, plumbing, and telephone and telecommunication wiring and equipment. At the expiration of the term, Lessor may require the removal of any or all of said alterations, improvements, additions or Utility Installations, and the restoration of the Premises and the Office Building Project to their prior condition, at Lessee's expense. Should Lessor permit Lessee to make its own alterations, improvements, additions or utility installations, Lessee shall use only such contractor as has been expressly approved by Lessor, and Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions or Utility Installations without the prior approval

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of Lessor, or use a contractor not expressly approved by Lessor, Lessor may, at any time during the term of this Lease, require that Lessee remove any part or all of the same.

(b) Any alterations, improvements, additions or Utility Installations in or about the Premises or the Office Building Project that Lessee shall desire to make shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent to Lessee's making such alteration, improvement, addition or Utility Installation, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from the applicable governmental agencies, furnishing a copy thereof to Lessor prior to the commencement of the work, and compliance by Lessee with all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises. Which claims are or may be secured by any mechanic's or materialmen's lien against the Premises, the Building or the Office Building Project, or any interest therein.

(d) Lessee shall give Lessor not less than ten (10) days notice prior to the commencement of any work in the Premises by Lessee, and Lessor shall have



the right to post notices of non-responsibility in or on the Premises or the Building as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, the Building or the Office Building Project upon the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises, the Building and the Office Building Project free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's reasonable attorneys fees and costs in participating in such action if Lessor shall decide it is to Lessor's best interest to so do.

(e) All alterations, improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Lessee), which may be made to the Premises by Lessee, including but not limited to floor coverings, panelings, doors, drapes, built-ins, moldings, sound attenuation, and lighting and telephone or communication systems, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials and shall be the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the Lease term, unless Lessor requires their removal pursuant to paragraph 7.3(a). Provided Lessee is not in default, notwithstanding the provisions of this paragraph 7.3(e), Lessee's personal property and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises or the building, and other than utility installations, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of paragraph 7.2.

(f) Lessee shall provide Lessor with as-built plans and specifications for any alterations, improvements, additions or utility installations.

7.4 Utility Additions. Lessor reserves the right to install new or additional utility facilities throughout the Office Building Project for the benefit of Lessor or Lessee, or any other lessee of the Office Building Project, including, but not by way of limitation, such utilities as plumbing, electrical systems, communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Lessee's use of the Premises.

## 8. Insurance; Indemnity.

8.1 Liability Insurance-Lessee. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of Comprehensive General Liability insurance utilizing an Insurance Services Office standard form with Broad Form General Liability Endorsement (GL0404), or equivalent, in an amount of not less than \$1,000,000 per occurrence of bodily injury and property damage combined or in a greater amount as reasonably determined by Lessor and shall insure Lessee with Lessor as an additional insured against liability arising out of the use, occupancy or maintenance of the Premises. Compliance with the above requirement shall not, however, limit the liability of Lessee hereunder.

8.2 Liability Insurance-Lessor. Lessor shall obtain and keep in force during the term of this Lease a policy of Combined Single Limit Bodily Injury and Broad Form Property Damage insurance, plus coverage against such other risks Lessor deems advisable

from time to time, insuring Lessor but not Lessee, against liability arising out of the ownership, use, occupancy or maintenance of the Office Building Project in an amount not less than \$5,000,000.00 per occurrence.

8.3 Property Insurance-Lessee. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease for the benefit of Lessee, replacement cost fire and extended coverage insurance, with vandalism and malicious mischief, sprinkler leakage and earthquake sprinkler leakage endorsements, in an amount sufficient to cover not less than 100% of the full replacement cost, as the same may exist from time to time, of all of Lessee's personal property, fixtures, equipment and tenant improvements.

8.4 *Property Insurance-Lessor.* Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Office Building Project improvements, but not Lessee's personal property, fixtures, equipment or tenant improvements, in the amount of the full replacement cost thereof, as the same may exist from time to time, utilizing Insurance Services Office standard form, or equivalent, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass, and such other perils as Lessor deems advisable or may be required by a lender having a lien on the Office Building Project. In addition, Lessor shall obtain and keep in force, during the term of this Lease, a policy of rental value insurance covering a period of one year, with loss payable to Lessor which insurance shall also cover all Operating Expenses for said period. Lessee will not be named in any such policies carried by Lessor and shall have no right to any proceeds therefrom. The policies required by those paragraphs 8.2 and 8.4 shall contain such deductibles as Lessor or the aforesaid lender may determine. In the event that the Premises shall suffer an insured loss as defined in paragraph 9.1(f) hereof, the deductible amounts under the applicable insurance policies shall be deemed an Operating Expense. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies carried by Lessor. Lessee shall pay the entirety of any increase in the property insurance premium for the Office Building Project over what it was immediately prior to the commencement of the term of this Lease if the increase is specified by Lessor's insurance carrier as being caused by the nature of Lessee's occupancy or any act or omission of Lessee.

8.5 *Insurance Policies.* Lessee shall deliver to Lessor copies of liability insurance policies required under paragraph 8.1 or certificates evidencing the existence and amounts of such insurance within seven (7) days after the Commencement Date of this Lease. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Lessor. Lessee shall, at least thirty (30) days prior to the expiration of such policies, furnish Lessor with renewals thereon.

8.6 *Waiver of Subrogation.* Lessee and Lessor each hereby release and relieve the other, and waive their entire right of recovery against the other, for direct or consequential loss or damage arising out of or incident to the perils covered by property insurance carried by such party, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. If necessary all property insurance policies required under this Lease shall be endorsed to so provide.

8.7 *Indemnity.* Lessee shall indemnify and hold harmless Lessor and its agents, Lessor's master or ground lessor, partners and lenders, from and against any and all claims for damage to the person or property of anyone or any entity arising from Lessee's use of the Office Building Project, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims, costs and expenses arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any act or omission of Lessee, or any of Lessee's agents, contractors, employees, or invitees, and from and against all costs, attorneys' fees expenses and liabilities incurred by Lessor as the result of any such use, conduct, activity, work, things done, permitted or suffered, breach, default or negligence, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim or any action or proceeding involved therein; and in case any action or proceeding be brought against Lessor by reason of any such matter, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be so indemnified. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Office Building Project arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.8 *Exemption of Lessor from Liability.* Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for loss of or damage to the goods, wares, merchandise or other property of Lessee. Lessee's employees, invitees, customers, or any other person in or about the Premises or the Office Building Project, nor shall Lessor be liable for injury to the person of Lessee. Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from theft,

fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires,

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appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Premises or upon other portions of the Office Building Project, or from other sources or places, or from new construction or the repair, alteration or improvement of any part of the Office Building Project, or of the equipment, fixtures or appurtenances applicable thereto, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible, Lessor shall not be liable for any damages arising from any act or neglect of any other lessee, occupant or user of the Office Building Project, nor from the failure of Lessor to enforce the provisions of any other lease or any other lessee of the Office Building Project.

8.9 *No Representation of Adequate Coverage.* Lessor makes no representation that the limits or forms of coverage of insurance specified in this paragraph 8 are adequate to cover Lessee's property or obligations under this Lease.

9. *Damage or Destruction.*

9.1 *Definitions.*

(a) "Premises Damage" shall mean if the Premises are damaged or destroyed to any extent.

(b) "Premises Building Partial Damage" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is less than fifty percent (50%) of the then Replacement Cost of the building.

(c) "Premises Building Total Destruction" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is fifty percent (50%) or more of the then Replacement Cost of the Building.

(d) "Office Building Project Buildings" shall mean all of the buildings on the Office Building Project site.

(e) "Office Building Project Buildings Total Destruction" shall mean if the Office Building Project buildings are damaged or destroyed to the extent that the cost of repair is fifty percent (50%) or more of the then Replacement Cost of the Office Building Project Buildings.

(f) "Insured Loss" shall mean damage or destruction which was caused by an event required to be covered by the insurance described in paragraph 8. The fact that an Insured Loss has a deductible amount shall not make the loss an uninsured loss.

(g) "Replacement Cost" shall mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to the condition that existed immediately prior to the damage occurring, excluding all improvements made by lessees, other than those installed by Lessor at Lessee's expense.

9.2 *Premises Damage: Premises Building Partial Damage.*

(a) *Insured Loss:* Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of either Premises Damage or Premises Building Partial Damage, then Lessor shall, as soon as reasonably possible and to the extent the required materials and labor are readily available through usual commercial channels, at Lessor's expense, repair such damage (but not Lessee's fixtures, equipment or tenant improvements originally paid for by Lessee) to its condition existing at the time of the damage, and this Lease shall continue in full force and effect.

(b) *Uninsured Loss:* Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the terms of this Lease there is damage which is not an Insured Loss and which falls into the classification of either Premises Damage or Premises Building Partial Damage, then Lessor shall, as soon as reasonably possible and to the extent be required materials and labor are

readily available through usual commercial channels, at Lessor's expense, repair such damage (but not Lessee's fixtures, equipment or tenant improvements originally paid for by Lessee) to its condition existing at the time of the damage, and this Lease shall continue in full force and effect.

9.3 Premises Building; Total Destruction; Office Building Project Total Destruction. Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage, whether or not it is an Insured Loss, which falls into the classifications of either (i) Premises Building Total Destruction, or (ii) Office Building Project total Destruction, then lessor may at Lessor's option either (i) repair such damage or destruction as soon as reasonably possible at lessor's expense (to the extent the required

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materials are readily available through usual commercial channels) to its condition existing at the time of the damage, but not Lessee's fixtures, equipment or tenant improvements, and this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of occurrence of such damage of Lessor's intention to cancel and terminate this Lease, in which case this Lease shall terminate as of the date of the occurrence of such damage.

#### 9.4 Damage Near End of Term.

(a) Subject to paragraph 9.4(b), if at any time during the last twelve (12) months of the term of this Lease there is substantial damage to the Premises, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

(b) Notwithstanding paragraph 9.4(a), in the event that Lessee has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Lessee shall exercise such option, if it is to be exercised at all, no later than twenty (20) days after the occurrence of an Insured Loss falling within the classification of Premises Damage during the last twelve (12) months of the term of this Lease. If Lessee duly exercises such option during said twenty (20) day period, Lessor shall, at Lessor's expense, repair such damage, but not Lessee's fixtures, equipment or tenant improvements, as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option during said twenty (20) day period, then Lessor may at Lessor's option terminate and cancel this Lease as of the expiration of said twenty (20) day period by giving written notice to Lessee of Lessor's election to do so within ten (10) days after the expiration of said twenty (20) day period by giving written notice to Lessee of Lessor's election to do so within ten (10) days after the expiration of said twenty (20) day period, notwithstanding any term or provision in the grant of option to the contrary.

#### 9.5 Abatement of Rent; Lessee's Remedies.

(a) In the event Lessor repairs or restores the Building or Premises pursuant to the provisions of this paragraph 9, and any part of the Premises are not usable (including loss of use due to loss of access or essential services), the rent payable hereunder (including Lessee's Share of Operation Expense Increase) for the period during which such damage, repair or restoration continues shall be abated, provided (1) the damage was not the result of the negligence of Lessee, and (2) such abatement shall only be to the extent the operation and profitability of Lessee's business was operated from the Premises is adversely affected. Except for said abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises or the Building under the provisions of this Paragraph 9 and shall not commence such repair or restoration within ninety (90) days after such occurrence, or if Lessor shall not complete the restoration and repair within six (6) months after such occurrence, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement or completion, respectively, of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

(c) Lessee agrees to cooperate with Lessor in connection with any such restoration and repair, including but not limited to, the approval and/or execution of plans and specifications required.

9.6 Termination -- Advance Payments. Upon termination of this Lease pursuant to this paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

9.7 Waiver. Lessor and Lessee waive the provisions of any statute which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

#### 10. Real Property Taxes.

10.1 Payment of Taxes. Lessor shall pay the real property tax, as defined in paragraph 10.3, applicable to the Office Building Project.

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10.2 Additional Improvements. Lessee shall not be responsible for paying any increase in real property tax specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Office Building Project by other lessees or by Lessor for the exclusive enjoyment of any other lessee. Lessee shall, however, pay to Lessor at the time that Operating Expenses are payable under paragraph 4.2(c) the entirety of any increase in real property tax if assessed solely by reason of additional improvements placed upon the Premises by Lessee or at Lessee's request.

10.3 Definition of "Real Property Tax." As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estates taxes) imposed on the Office Building Project or any portion thereof by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Office Building Project or in any portion thereof, as against Lessor's right to rent or other income therefrom, and as against Lessor's business of leasing the Office Building Project. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed for a service or right not charged prior to June 1, 1978, or, if previously charged, has been increased since June 1, 1978, or (iv) which is imposed as a result of a change in ownership, as defined by applicable local statutes for property tax purposes, of the Office Building Project or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such change of ownership, or (v) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereof.

10.4 Joint Assessment. If the improvements or property, the taxes for which are to be paid separately by Lessee under paragraph 10.2 or 10.5 are not separately assessed, Lessee's portion of that tax shall be equitably determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information (which may include the cost of construction) as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

#### 10.5 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay to Lessor the taxes attributable to Lessee within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, and janitorial service as are reasonably required, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures.

11.2 Services Exclusive to Lessee. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If any such services are not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises in the Building.

11.3 Hours of Service. Said services and utilities shall be provided during generally accepted business days and hours or such other days or hours as may hereafter be set forth. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 Excess Usage by Lessee. Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premiss that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to, security services, over standard office usage for the Office Building Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach

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of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 Interruptions. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in the Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a material default and breach of this Lease without the need for notice to Lessee under paragraph 13.1. "Transfer" within the meaning of this paragraph 12 shall include the transfer or transfers aggregating: (a) if Lessee is a corporation, more than twenty-five percent (25%) of the voting stock of such corporation, or (b) if Lessee is a partnership, more than twenty-five percent (25%) of the profit and loss participation in such partnership.

12.2 Lessee Affiliate. Notwithstanding the provisions of paragraph 12.1 hereof, Lessee may assign or sublet the Premises, or any portion thereof, without Lessor's consent, to any corporation which controls, is controlled by or is under common control with Lessee, or to any corporation resulting from the merger or consolidation with Lessee, or to any person or entity which acquires all the assets of Lessee as a going concern of the business that is being conducted on the Premises, all of which are referred to as "Lessee Affiliate;" provided that before such assignment shall be effective, (a) said assignee shall assume, in full, the obligations of Lessee under this Lease, and (b) Lessor shall be given written notice of such assignment and assumption. Any such assignment shall not, in any way, affect or limit the liability of Lessee under the terms of this Lease even if after such assignment or subletting the terms of this Lease are materially changed or altered without the consent of Lessee, the consent of whom shall not be necessary.

### 12.3 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall release Lessee of Lessee's obligations hereunder or alter the primary liability of Lessee to pay the rent and other sums due Lessor hereunder including Lessee's Share of Operating Expense Increase, and to perform all other obligations to be performed by Lessee hereunder.

(b) Lessor may accept rent from any person other than Lessee pending approval or disapproval of such assignment.

(c) Neither a delay in the approval or disapproval of such assignment or subletting, nor the acceptance of rent, shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the breach of any of the terms or conditions of this paragraph 12 or this Lease.

(d) If Lessee's obligations under this Lease have been guaranteed by third parties, then an assignment or sublease, and Lessor's consent thereto shall not be effective unless said guarantors give their written consent to such sublease and the terms thereof.

(e) The consent by Lessor to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Lessee or to any subsequent or successive assignment or subletting by the sublessee. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Lessee or anyone else liable on the Lease or sublease and without obtaining their consent and such action shall not relieve such persons from liability under this Lease or said sublease; however, such persons shall not be responsible to the extent any such amendment or modification enlarges or increases the obligations of the Lessee or sublessee under this Lease or such sublease.

(f) In the event of any default under this Lease, Lessor may proceed directly against Lessee, any guarantors or anyone else responsible for the performance of this Lease, including the sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor or Lessee.

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(g) Lessor's written consent to any assignment or subletting of the Premises by Lessee shall not constitute an acknowledgment that no default then exists under this Lease of the obligations to be performed by Lessee nor shall such consent be deemed a waiver of any then existing default, except as may be otherwise stated by Lessor at the time.

(h) The discovery of the fact that any financial statement relied upon by Lessor in giving its consent to an assignment or subletting was materially false shall, at Lessor's election, render Lessor's said consent null and void.

12.4 Additional Terms and Conditions Applicable to Subletting. Regardless of Lessor's consent, the following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease heretofore or hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease; provided, however, that until a default shall occur in the performance of Lessee's obligations under this Lease, Lessee may receive, collect and enjoy the rents accruing under such sublease. Lessor shall not, by reason of this or any other assignment of such sublease to Lessor nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee under such sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a default exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents due and to become due under the sublease. Lessee agrees that such sublessee shall have the right to rely upon any such statement and request from Lessor, and that such sublessee shall pay such rents to Lessor without any

obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Lessee to the contrary. Lessee shall have no right or claim against said sublessee or Lessor for any such rents so paid by said sublessee to Lessor.

(b) No sublease entered into by Lessee shall be effective unless and until it has been approved in writing by Lessor. In entering into any sublease, Lessee shall use only such form of sublessee as is satisfactory to Lessor, and once approved by Lessor, such sublease shall not be changed or modified without Lessor's prior written consent. Any sublease shall, by reason of entering into a sublease under this Lease, be deemed, for the benefit of Lessor, to have assumed and agreed to conform and comply with each and every obligation herein to be performed by Lessee other than such obligations as are contrary to or inconsistent with provisions contained in a sublease to which Lessor has expressly consented in writing.

(c) In the event Lessee shall default in the performance of its obligations under this Lease, Lessor at its option and without any obligation to do so, may require any sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of Lessee under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to Lessee or for any other prior defaults of Lessee under such sublease.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) With respect to any subletting to which Lessor has consented, Lessor agrees to deliver a copy of any notice of default by Lessee to the sublessee. Such sublessee shall have the right to cure a default of Lessee within three (3) days after service of said notice of default upon such sublessee, and the sublessee shall have a right of reimbursement and offset from and against Lessee for any such defaults cured by the sublessee.

12.5 Lessor's Expenses. In the event Lessee shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if Lessee shall request the consent of Lessor for any act Lessee proposes to do then Lessee shall pay Lessor's reasonable costs and expenses incurred in connection therewith, including attorneys', architects', engineers' or other consultants' fees.

12.6 Conditions to Consent. Lessor reserves the right to condition any approval to assign or sublet upon Lessor's determination that (a) the proposed assignee or sublessee shall conduct a business on the Premises of a quality substantially equal to that of Lessee and consistent with the general character of the other occupants of the Office Building Project and not in violation of any exclusives or rights then held by other tenants, and (b) the proposed assignee or sublessee be at least as financially responsible as Lessee was expected to be at the time of the execution of this Lease or of such assignment or subletting, whichever is greater.

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### 13. Default; Remedies.

13.1 Default. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Lessee:

(a) The vacation or abandonment of the Premises by Lessee. Vacation of the Premises shall include the failure to occupy the Premises for a continuous period of sixty (60) days or more, whether or not the rent is paid.

(b) The breach by Lessee of any of the covenants, conditions or provisions of paragraphs 7.3(a), (b) or (d) (alterations), 12.1 (assignment or subletting), 13.1(a) (vacation or abandonment), 13.1(e) (insolvency), 13.1(f) (false statement), 16(a) (estoppel certificate), 30(b) (subordination), 33 (auctions), or 41.1 (easements), all of which are hereby deemed to be material, non-curable defaults without the necessity of any notice by Lessor to Lessee thereof.

(c) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such



failure shall continue for a period of three (3) days after written notice thereof from Lessor to Lessee. In the event that Lessor serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

(d) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee other than those referenced in subparagraphs (b) and (c), above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) day period and thereafter diligently pursues such cure to completion. to the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Lessee under applicable Unlawful Detainer statutes.

(e) (i) The making by Lessee of any general arrangement or general assignment for the benefit of creditors; (ii) Lessee becoming a "debtor" as defined in U.S.C. (S)101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days; (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days. In the event that any provision of this paragraph 13.1(e) is contrary to any applicable law, such provision shall be of no force or effect.

(f) The discovery by Lessor that any financial statement given to Lessor by Lessee, or its successor in interest or by any guarantor of Lessee's obligation hereunder, was materially false.

13.2 Remedies. In the event of any material default or breach of this Lease by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to paragraph 15 applicable to the unexpired term of this Lease.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have vacated or abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

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(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing,

specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently pursues the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of Base Rent, Lessee's Share of Operating Expense Increase or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Office Building Project. Accordingly, if any installment of Base Rent, Operating Expense Increase, or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof or the Office Building Project are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs; provided that if so much of the Premises or the Office Building Project are taken by such condemnation as would substantially and adversely affect the operation and profitability of Lessee's business conducted from the Premises, Lessee shall have the option, to be exercised only in writing within thirty (30) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent and Lessee's Share of Operating Expense Increase shall be reduced in the proportion that the floor area of the Premises taken bears to the total floor area of the Premises. Common Areas taken shall be excluded from the Common Areas usable by Lessee and no reduction of rent shall occur with respect thereto or by reason thereof. Lessor shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Lessee of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Premises or the Office Building Project. Any award for the taking of all or any part of the Premises or the Office Building Project under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any separate award for loss of or damage to Lessee's trade fixtures, removable personal property and unamortized tenant improvements that have been paid for by Lessee. For that purpose the cost of such improvements shall be amortized over the original term of this Lease excluding any options. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee.

(Intentionally omitted.)

16. Estoppel Certificate.

(a) Each party (as "responding party") shall at any time upon not less than ten (10) days' prior written notice from the other party ("requesting party") execute, acknowledge and deliver to the requesting party a statement in writing (i) certifying that this Lease

is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the requesting party, or specifying such defaults, if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrances of the Office Building Project or of the business of Lessee.

(b) At the requesting party's option, the failure to deliver such statement within such time shall be a material default of this Lease by the party who is to respond, without any further notice to such party, or it shall be conclusive upon such party that (i) this Lease is in full force and effect, without modification except as may be represented by the requesting party, (ii) there are no uncured defaults in the requesting party's performance, and (iii) if Lessor is the requesting party, not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance, refinance, or sell the Office Building Project, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statements of Lessee as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Lessee. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Lessor's Liability.** The term "Lessor" as used herein shall mean only the owner or owners, at the time in question, of the fee title or a lessee's interest in a ground lease of the Office Building Project, and except as expressly provided in paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

18. **Severability.** The invalidity of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

19. **Interest in Past-due Obligations.** Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at the maximum rate then allowable by law or judgments from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease; provided, however, that interest shall not be payable on late charges incurred by Lessee nor on any amounts upon which late charges are paid by Lessee.

20. **Time of Essence.** Time is of the essence with respect to the obligations to be performed under this Lease.

21. **Additional Rent.** All monetary obligations of Lessee to Lessor under the terms of this Lease, including but not limited to, Lessee's Share of Operating Expense Increase and any other expenses payable by Lessee hereunder shall be deemed to be rent.

22. **Incorporation of Prior Agreements; Amendments.** This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only signed by the parties in interest at the time of the modification except as otherwise stated in this Lease. Lessee hereby acknowledges that neither the real estate broker listed in paragraph 15 hereof nor any cooperating broker on this transaction nor the Lessor or any employee or agents of any of said persons has made any oral or written warranties or representations to Lessee relative to the condition or use by Lessee of the Premises or the Office Building Project and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act the legal use and adaptability of the Premises and the compliance thereof

with all applicable laws and regulations in effect during the term of this Lease.

23. **Notices.** Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified or registered mail, and shall be deemed sufficiently given if delivered or addressed to Lessee or to Lessor at the address noted below or adjacent to the signature of the respective parties, as the case may be. Mailed notices shall be deemed given upon actual receipt at the address required, or forty-eight hours following deposit in the mail, postage prepaid, whichever first occurs. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder

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shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee.

24. **Waivers.** No waiver by Lessor of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

25. **Recording.** Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

26. **Holding Over.** If Lessee with Lessor's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, except that the rent payable shall be two hundred percent (200%) of the rent payment payable immediately preceding the termination date of this Lease, and all Options, if any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions.** Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

29. **Binding Effect; Choice of Law.** Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns of this Lease shall be governed by the laws of the State where the Office Building Project is located and any litigation concerning this Lease between the parties hereto shall be initialed in the county in which the Office Building Project is located.

30. **Subordination.**

(a) This Lease, and any Option or right of first refusal granted hereby, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Office Building Project and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease and any Options granted hereby prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease and such Options shall be deemed prior to such mortgage, deed of trust or

ground lease, whether this Lease or such Options are dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an attornment, a subordination, or to make this Lease or any Option granted herein prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within ten (10) days after written demand shall constitute a material default by Lessee hereunder without further notice to Lessee or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessee's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead, to execute such documents in accordance with this paragraph 30(b).

### 31. Attorneys' Fees.

31.1 If either party or the broker(s) named herein bring an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, trial or appeal thereon, shall be entitled to his reasonable attorneys' fees to be paid by the losing party

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as fixed by the court in the same or a separate suit, and whether or not such action is pursued to decision or judgment. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.

31.2 The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred in good faith.

31.3 Lessor shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of notice of default and consultations in connection therewith, whether or not a legal transaction is subsequently commenced in connection with such default.

### 32. Lessor's Access.

32.1 Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, performing any services required of Lessor, showing the same to prospective purchasers, lenders, or lessees, taking such safety measures, erecting such scaffolding or other necessary structures, making such alterations, repairs, improvements or additions to the Premises or to the Office Building Project as Lessor may reasonably deem necessary or desirable and the erecting, using, and maintaining of utilities, services, pipes, and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. Lessor may at any time place on or about the Premises or the Building any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs.

32.2 All activities of Lessor pursuant to this paragraph shall be without abatement of rent, nor shall Lessor have any liability to Lessee for the same.

32.3 Lessor shall have the right to retain keys to the Premises and to unlock all doors in or upon the Premises other than to files, vaults and safes and in the case of emergency to enter the Premises by any reasonably appropriate means and any such entry shall not be deemed a forcible or unlawful entry or detainer of the Premises or an eviction. Lessee waives any charges for damages or injuries or interference with Lessee's property or business in connection therewith.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Common Areas without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent. The holding of any auction on the Premises or Common Areas in violation of this paragraph shall constitute a material default of this Lease.

34. *Signs.* Lessee shall not place any sign upon the Premises or the Office Building Project without Lessor's prior written consent. Under no circumstances shall Lessee place a sign on any roof of the Office Building Project.

35. *Merger.* The voluntary or other surrender of this Lease by Lessee or a mutual cancellation thereof, or a termination by Lessor shall not work a merger and shall, at the option of Lessor terminate all or any existing subtenancies or may at the option of Lessor operate as an assignment to Lessor of any or all of such subtenancies.

36. *Consents.* Except for paragraphs 33 (auctions) and 34 (signs) hereof, wherever in this Lease the consent of one party is required to an act of the other party such consent shall not be unreasonably withheld or delayed.

37. *Guarantor.* In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Lessee under this Lease.

38. *Quiet Possession.* Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership interest in the Office Building Project.

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39. *Options.*

39.1 *Definition.* As used in this paragraph the word "Option" has the following meaning: (1) the right or option to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (2) the option of right of first refusal to lease the Premises or the right of first offer to lease the Premises or the right of first refusal to lease other space within the Office Building Project or other property of Lessor or the right of first offer to lease other space within the Office Building Project or other property of Lessor; (3) the right or option to purchase the Premises or the Office Building Project or the right of first refusal to purchase the Premises or the Office Building Project or the right of first offer to purchase the Premises or the Office Building Project or the right or option to purchase other property of Lessor or the right of first refusal to purchase other property of Lessor or the right of first offer to purchase other property of Lessor.

39.2 *Options Personal.* Each Option granted to Lessee in this Lease is personal to the original Lessee and may be exercised only by the original Lessee while occupying the Premises who does so without the intent of thereafter assigning this Lease or subletting the Premises or any portion thereof, and may not be exercised or be assigned voluntarily or involuntarily by or to any person or entity other than Lessee; provided, however, that an Option may be exercised by or assigned to any Lessee Affiliate as defined in paragraph 12.2 of this Lease. The Options, if any herein granted to Lessee, are not assignable separate and apart from this Lease nor may any Option be separated from this Lease in any manner either by reservation or otherwise.

39.3 *Multiple Options.* In the event that Lessee has any multiple options to extend or renew this Lease a later option cannot be exercised unless the prior option to extend or renew this Lease has been so exercised.

39.4 *Effect of Default on Options.*

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary (i) during the time commencing from the date Lessor gives to Lessee a notice of default pursuant to paragraph 13.1(c) or 13.1(d) and continuing until the noncompliance alleged in said notice of default is cured, or (ii) during the Period of time commencing on the day after a monetary obligation to Lessor is due from Lessee and unpaid (without any necessity for notice thereof to Lessee) and continuing until the obligation is paid, or (iii) in the event that Lessor has given to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, during the 12 month period of

time immediately prior to the time that Lessee attempts to exercise the subject Option, (iv) if Lessee has committed any non-curable breach, including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants or conditions of this Lease.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of paragraph 39.4(a).

(c) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation of Lessee for a period of thirty (30) days after such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii) Lessee fails to commence to cure a default specified in paragraph 13.1(d) within thirty (30) days after the date that Lessor gives notice to Lessee of such default and/or Lessee fails thereafter to diligently prosecute said cure to completion, or (iii) Lessor gives to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, or (iv) if Lessee has committed any non-curable breach, including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants and conditions of this Lease.

#### 40. Security Measures -- Lessor's Reservations.

40.1 Lessee hereby acknowledges that Lessor shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Office Building Project. Lessee assumes all responsibility for the protection of Lessee, its agents, and invitees and the property of Lessee and of Lessee's agents and invitees from acts of third parties. Nothing herein contained shall prevent Lessor, at Lessor's sole option, from providing security protection for the Office Building Project or any part thereof, in which event the cost thereof shall be included within the definition of Operating Expenses, as set forth in paragraph 4.2(b).

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#### 40.2 Lessor shall have the following rights:

(a) To change the name, address or title of the Office Building Project or building in which the Premises are located upon not less than 90 days' prior written notice;

(b) To, at Lessee's expense, provide and install Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate;

(c) To permit any lessee the exclusive right to conduct any business as long as such exclusive does not conflict with any rights expressly given herein;

(d) To place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the buildings or the Office Building Project or on pole signs in the Common Areas;

#### 40.3 Lessee shall not:

(a) Use a representation (photographic or otherwise) of the Building or the Office Building Project or their name(s) in connection with Lessee's business;

(b) Suffer or permit anyone, except in emergency, to go upon the roof of the Building.

#### 41. Easements.

41.1 Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements rights, dedications, Maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall

constitute a material default of this Lease by Lessee without the need for further notice to Lessee.

41.2 The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment under protest and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

43. Authority. If Lessee is a corporation, trust, or general or limited partnership, Lessee, and each individual executing this Lease on behalf of such entity represent and warrant that such individual is duly authorized to execute and deliver this Lease on behalf of said entity if Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

44. Conflict. Any conflict between the printed provisions, Exhibits or Addenda of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions.

45. No Offer. Preparation of this Lease by Lessor or Lessor's agent and submission of same to Lessee shall not be deemed an offer to Lessee to lease. This Lease shall become binding upon Lessor and Lessee only when fully executed by both parties.

46. Lender Modification. Lessee agrees to make such reasonable modifications to this Lease as may be reasonably required by an institutional lender in connection with the obtaining of normal financing or refinancing of the Office Building Project.

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47. Multiple Parties. If more than one person or entity is named as either Lessor or Lessee herein, except as otherwise expressly provided herein, the obligations of the Lessor or Lessee herein shall be the joint and several responsibility of all persons or entities named herein as such Lessor or Lessee, respectively.

48. Work Letter. This Lease is supplemented by that certain Work Letter of even date executed by Lessor and Lessee, attached hereto as Exhibit C, and incorporated herein by this reference.

49. Attachments. Attached hereto are the following documents which constitute a part of this Lease:

Addendum #50.

Lessor will have an option to renew the Lease after the first year with 5% increase. March 17, 1997 to June 5th 1997 Rent is \$1,250.00.  
June 6th to Feb. 28th, 1998 Rent is \$1,287.50.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN IT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR HIS APPROVAL. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKER OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION RELATING



THERE TO; THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN LEGAL COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

<TABLE>  
<CAPTION>

LESSOR  
<S>  
/s/  
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LESSEE  
<C>  
/s/ Noreen Khan  
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By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: *Payne Financial*  
\_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
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Executed at \_\_\_\_\_

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on \_\_\_\_\_

on \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

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EXHIBIT 10.6

EMPLOYMENT AGREEMENT, DATED MAY 15, 1997

BETWEEN

MIRAGE HOLDINGS, INC. AND NAJEEB U. GHOURI

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of May 15, 1997 by and between Mirage Holdings, Inc., a Nevada corporation (the "Company") and Najeeb Ghauri ("Employee").

RECITALS

WHEREAS, the Company and Employee desire to enter into this Agreement to assure the Company of the continuing service of Employee and to set forth the terms and conditions of Employee's employment with the Company.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

1. Term. The Company agrees to employ Employee and Employee hereby

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accepts such employment, in accordance with the terms of this Agreement, commencing May 15, 1997 and ending May 14, 1998, unless this Agreement is earlier terminated as provided herein. Provided, however, that unless Company or Employee gives written notice to the other party to the contrary at least 30 days prior to any anniversary of the date hereof, the term of this Agreement shall automatically be extended for an additional term of one (1) year on such anniversary date. The term of this Agreement shall include any automatic extensions pursuant to the preceding sentence.

2. Services and Exclusivity of Services. So long as this Agreement shall

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continue in effect, Employee shall devote Employee's full business time, energy and ability exclusively to the business, affairs and interests of the Company and matters related thereto, shall use Employee's best efforts and abilities to promote the Company's interests and shall perform the services contemplated by this Agreement in accordance with policies established by and under the direction of the Board of Directors of the Company (the "Board").

3. Duties and Responsibilities. Employee shall serve as President and

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Secretary of the Company for the duration of this Agreement. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by the Board respecting the performance of Employee's duties and agrees to carry out and perform orders, directions and policies of the Company and its Board as they may be, from time to time, stated either orally or in writing. Employee shall have such corporate power and authority as shall reasonably be required to enable Employee to perform the duties required in any office that may be held.

4. Compensation.

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(a) Initial Compensation. The initial term shall last from the beginning of this agreement for 120 days or until the Company successfully completes its IPO ("Initial Term"), whichever comes first. During the Initial Term of this Agreement, the Company agrees to pay Employee a base salary at the rate of \$4,000 per month, payable in accordance with the Company practices in effect from time to time (the "Initial Salary").

(b) Base Salary. During the remainder of this Agreement, ("Base Term") after 120 days or a successful completion of the IPO whichever comes first, the Company agrees to pay Employee a base salary at the rate of \$5,500 per month, payable in accordance with the Company practices in effect from time to time (the "Base Salary"). The Base Term shall last from the ending of the Initial Term for the remainder of the Agreement.

During the Base Term, employee will receive an option to purchase 30,000 shares of the Company's common stock. Employee will agree to exercise/sell no more than 1,000 shares of this stock per month without the prior written consent of a majority of the shareholders of the Company.

(c) Additional Benefits.

(i) Base Salary Increase. In the event all of the outstanding warrants of the Company's are exercised after a successful completion of the IPO, the Base Salary of Employment will increase to \$6,500 per month.

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(ii) Director's and Officer's Insurance. The Company will seek and purchase Director's and Officer's insurance to cover the officers of the Company.

(iii) Medical Benefits. Employee shall also be entitled to all rights and benefits for which Employee is otherwise eligible under medical, dental, disability, or insurance plan or policy or other plan or benefit that the Company will provide for Employee or (provided Employee is eligible to participate therein) for senior employees of the Company, as from time to time in effect, during the term of this Agreement (collectively, "Additional Benefits").

(d) Periodic Review. The Board shall review Employee's Base Salary and Additional Benefits then being paid to Employee not less frequently than every twelve months, following such review, the Company may in its discretion increase (but shall not be required to increase) the Base Salary or any other benefits.

(e) Perquisites. Employee shall be entitled to paid vacations in accordance with the plans, policies, programs and practices as in effect generally with respect to other senior employees of the Company.

(f) Expenses. Employee will be reimbursed reasonable out of pocket expenses submitted to and approved by the Company.

5. Termination. This Agreement and all obligations hereunder shall

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terminate upon the earliest to occur of any of the following:

(a) Expiration of Term. The expiration of the term provided for in Section 1 or the voluntary termination by Employee or retirement from the Company in accordance with the normal retirement policies of the Company,

(b) Death or Disability of Employee. The death or disability of Employee. For the purposes of this Agreement, disability shall mean the absence of Employee performing Employee's duties with the Company on a full-time basis for a period of two (2) months or for shorter periods aggregating sixty (60) or more business days in any twelve (12) month period, as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Employee or Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably). If Employee shall become disabled, Employee's employment may be terminated by written notice from the Company to Employee.

(c) For Cause. The Company may terminate Employee's employment and all of Employee's rights to receive Base Salary and any Additional Benefits or perquisites hereunder for cause. For purposes of this Agreement, the term "cause" shall be defined as any of the following:

(i) Employee's material breach of any of the duties and responsibilities under this Agreement (other than as a result of incapacity due to Employee's disability);

(ii) Employee's conviction by, or entry of a plea of guilty or nolo contendere in, a court of competent and final jurisdiction for any crime which in the Company's sole discretion materially adversely affects the Company and/or its reputation in the community and/or which involves moral turpitude or is punishable by imprisonment in the jurisdiction involved;

(iii) Employee's commission of an act of fraud upon the Company or

any incompetence, negligence, or willful or negligent misconduct;

(iv) Employee's willful failure or refusal to perform Employee's duties and responsibilities under this Agreement or Employee's material violation of any duty of loyalty to the Company or a breach of Employee's fiduciary duty.

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6. Miscellaneous.  
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(a) Succession. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and any such successor or assignee shall be deemed substituted for the Company under the terms of this Agreement for all purposes. As used herein, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires the stock of the Company or to which the Company assigns this Agreement by operation of law or otherwise. The obligations and duties of Employee hereunder are personal and otherwise not assignable. Employee's obligations and representations under this Agreement will survive the termination of Employee's employment, regardless of the manner of such termination.

(b) Notices. Any notice or other communication provided for in this Agreement shall be in writing and sent if to the Company to its principal office at:

225 Santa Monica Blvd., Suite 410, Santa Monica, CA 90401

or at such other address as the Company may from time to time in writing designate, and if to Employee at such address as Employee may from time to time in writing designate. Each such notice or other communication shall be effective (i) if given by telecommunication, when transmitted to the applicable number so specified in (or pursuant to) this Section 6.2 and a verification of receipt is received, (ii) if given by mail, three days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when actually delivered at such address.

(c) Entire Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes any prior agreements, undertakings, commitments and practices relating to Employee's employment by the Company.

(d) Amendments. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and duly executed by both parties.

(e) Waiver. No failure on the part of any party to exercise or delay in exercising any right hereunder shall be deemed a waiver thereof or of any other right, nor shall any single or partial exercise preclude any further or other exercise of such right or any other right.

(f) Governing Law. This Agreement, and the legal relations between the parties, shall be governed by and construed in accordance with the laws of the State of California without regard to conflicts of law doctrines and any court action arising out of this Agreement shall be brought in any court of competent jurisdiction within the State of California, County of Los Angeles, City of Santa Monica.

(g) Attorneys Fees. If any litigation shall occur between Employee and the Company which litigation arises out of or as a result of this Agreement or the acts of the parties hereto pursuant to this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

(h) Withholding. All compensation payable hereunder, including salary and other benefits, shall be subject to applicable taxes, withholding and other required, normal or elected employee deductions.

(i) Counterparts. This Agreement and any amendment hereto may be

executed in one or more counterparts. All of such counterparts shall constitute one and the same agreement and shall become effective when a copy signed by each party has been delivered to the other party.

(j) Headings. Section and other headings contained in this Agreement are for convenience of reference only and shall not effect in any way the meaning or interpretation of this Agreement.

3

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE COMPANY  
Mirage Holdings, Inc.

/s/ NAJEEB GHAURI

-----  
By: Najeeb Ghauri  
Its: President

EMPLOYEE

/s/ NAJEEB GHAURI

-----  
Najeeb Ghauri

521 Messina Place

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Agoura, CA 91301

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[address]

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EXHIBIT 10.7

EMPLOYMENT AGREEMENT, DATED MAY 15, 1997

BETWEEN

MIRAGE HOLDINGS, INC. AND GILL CHAMPION

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of May 15, 1997 by and between Mirage Holdings, Inc., a Nevada corporation (the "Company") and Gill Champion ("Employee").

RECITALS

WHEREAS, the Company and Employee desire to enter into this Agreement to assure the Company of the continuing service of Employee and to set forth the terms and conditions of Employee's employment with the Company.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

1. Term. The Company agrees to employ Employee and Employee hereby

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accepts such employment, in accordance with the terms of this Agreement, commencing May 15, 1997 and ending May 14, 1998, unless this Agreement is earlier terminated as provided herein. Provided, however, that unless Company or Employee gives written notice to the other party to the contrary at least 30 days prior to any anniversary of the date hereof, the term of this Agreement shall automatically be extended for an additional term of one (1) year on such anniversary date. The term of this Agreement shall include any automatic extensions pursuant to the preceding sentence.

2. Services and Exclusivity of Services. So long as this Agreement shall

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continue in effect, Employee shall devote Employee's full business time, energy and ability exclusively to the business, affairs and interests of the Company and matters related thereto, shall use Employee's best efforts and abilities to promote the Company's interests and shall perform the services contemplated by this Agreement in accordance with policies established by and under the direction of the Board of Directors of the Company (the "Board").

3. Duties and Responsibilities. Employee shall serve as Executive Vice

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President and Chief Financial Officer of the Company for the duration of this Agreement. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by the Board respecting the performance of Employee's duties and agrees to carry out and perform orders, directions and policies of the Company and its Board as they may be, from time to time, stated either orally or in writing. Employee shall have such corporate power and authority as shall reasonably be required to enable Employee to perform the duties required in any office that may be held.

4. Compensation.

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(a) Initial Compensation. The initial term shall last from the beginning of this agreement for 120 days or until the Company successfully completes its IPO ("Initial Term"), whichever comes first. During the Initial Term of this Agreement, the Company agrees to pay Employee a base salary at the rate of \$4,000 per month, payable in accordance with the Company practices in effect from time to time (the "Initial Salary").

(b) Base Salary. During the remainder of this Agreement, ("Base Term") after 120 days or a successful completion of the IPO whichever comes first, the Company agrees to pay Employee a base salary at the rate of \$5,500 per month, payable in accordance with the Company practices in effect from time to time (the "Base Salary"). The Base Term shall last from the ending of the Initial Term for the remainder of the Agreement.

During the Base Term, employee will receive an option to purchase 30,000 shares of the Company's common stock. Employee will agree to exercise/sell no more than 1,000 shares of this stock per month without the prior written consent of a majority of the shareholders of the Company.

(c) Additional Benefits.

(i) Base Salary Increase. In the event all of the outstanding warrants of the Company's are exercised after a successful completion of the IPO, the Base Salary of Employment will increase to \$6,500 per month.

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(ii) Director's and Officer's Insurance. The Company will seek and purchase Director's and Officer's insurance to cover the officers of the Company.

(iii) Medical Benefits. Employee shall also be entitled to all rights and benefits for which Employee is otherwise eligible under medical, dental, disability, or insurance plan or policy or other plan or benefit that the Company will provide for Employee or (provided Employee is eligible to participate therein) for senior employees of the Company, as from time to time in effect, during the term of this Agreement (collectively, "Additional Benefits").

(d) Periodic Review. The Board shall review Employee's Base Salary and Additional Benefits then being paid to Employee not less frequently than every twelve months, following such review, the Company may in its discretion increase (but shall not be required to increase) the Base Salary or any other benefits.

(e) Perquisites. Employee shall be entitled to paid vacations in accordance with the plans, policies, programs and practices as in effect generally with respect to other senior employees of the Company.

(f) Expenses. Employee will be reimbursed reasonable out of pocket expenses submitted to and approved by the Company.

5. Termination. This Agreement and all obligations hereunder shall  
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terminate upon the earliest to occur of any of the following:

(a) Expiration of Term. The expiration of the term provided for in Section 1 or the voluntary termination by Employee or retirement from the Company in accordance with the normal retirement policies of the Company,

(b) Death or Disability of Employee. The death or disability of Employee. For the purposes of this Agreement, disability shall mean the absence of Employee performing Employee's duties with the Company on a full-time basis for a period of two (2) months or for shorter periods aggregating sixty (60) or more business days in any twelve (12) month period, as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Employee or Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably). If Employee shall become disabled, Employee's employment may be terminated by written notice from the Company to Employee.

(c) For Cause. The Company may terminate Employee's employment and all of Employee's rights to receive Base Salary and any Additional Benefits or perquisites hereunder for cause. For purposes of this Agreement, the term "cause" shall be defined as any of the following:

(i) Employee's material breach of any of the duties and responsibilities under this Agreement (other than as a result of incapacity due to Employee's disability);

(ii) Employee's conviction by, or entry of a plea of guilty or nolo contendere in, a court of competent and final jurisdiction for any crime which in the Company's sole discretion materially adversely affects the Company and/or its reputation in the community and/or which involves moral turpitude or is punishable by imprisonment in the jurisdiction involved;

(iii) Employee's commission of an act of fraud upon the Company or

any incompetence, negligence, or willful or negligent misconduct;

(iv) Employee's willful failure or refusal to perform Employee's duties and responsibilities under this Agreement or Employee's material violation of any duty of loyalty to the Company or a breach of Employee's fiduciary duty.

2

6. Miscellaneous.  
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(a) Succession. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and any such successor or assignee shall be deemed substituted for the Company under the terms of this Agreement for all purposes. As used herein, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires the stock of the Company or to which the Company assigns this Agreement by operation of law or otherwise. The obligations and duties of Employee hereunder are personal and otherwise not assignable. Employee's obligations and representations under this Agreement will survive the termination of Employee's employment, regardless of the manner of such termination.

(b) Notices. Any notice or other communication provided for in this Agreement shall be in writing and sent if to the Company to its principal office at:

225 Santa Monica Blvd., Suite 410, Santa Monica, CA 90401

or at such other address as the Company may from time to time in writing designate, and if to Employee at such address as Employee may from time to time in writing designate. Each such notice or other communication shall be effective (i) if given by telecommunication, when transmitted to the applicable number so specified in (or pursuant to) this Section 6.2 and a verification of receipt is received, (ii) if given by mail, three days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when actually delivered at such address.

(c) Entire Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes any prior agreements, undertakings, commitments and practices relating to Employee's employment by the Company.

(d) Amendments. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and duly executed by both parties.

(e) Waiver. No failure on the part of any party to exercise or delay in exercising any right hereunder shall be deemed a waiver thereof or of any other right, nor shall any single or partial exercise preclude any further or other exercise of such right or any other right.

(f) Governing Law. This Agreement, and the legal relations between the parties, shall be governed by and construed in accordance with the laws of the State of California without regard to conflicts of law doctrines and any court action arising out of this Agreement shall be brought in any court of competent jurisdiction within the State of California, County of Los Angeles, City of Santa Monica.

(g) Attorneys Fees. If any litigation shall occur between Employee and the Company which litigation arises out of or as a result of this Agreement or the acts of the parties hereto pursuant to this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

(h) Withholding. All compensation payable hereunder, including salary and other benefits, shall be subject to applicable taxes, withholding and other required, normal or elected employee deductions.

(i) Counterparts. This Agreement and any amendment hereto may be



executed in one or more counterparts. All of such counterparts shall constitute one and the same agreement and shall become effective when a copy signed by each party has been delivered to the other party.

(j) Headings. Section and other headings contained in this Agreement are for convenience of reference only and shall not effect in any way the meaning or interpretation of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE COMPANY  
Mirage Holdings, Inc.

/s/ NAJEEB GHAURI

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By: Najeeb Ghauri  
Its: President

EMPLOYEE

/s/ GILL CHAMPION

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Gill Champion

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\_\_\_\_\_  
\_\_\_\_\_  
[address]

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EXHIBIT 10.8

CONSULTING AGREEMENT, DATED FEBRUARY 13, 1997,

BETWEEN

MIRAGE HOLDINGS, INC. AND MANHATTAN WEST, INC.

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is made and entered into as of February 13, 1997, by and between MIRAGE HOLDINGS, INC., a Nevada corporation (hereinafter referred to as the "Company") and MANHATTAN WEST, INC., a California corporation (hereinafter referred to as the "Consultant").

RECITALS

WHEREAS, Consultant has certain experience and contacts associated with the raising of equity and debt capital to be utilized in business operations; and

WHEREAS, the Company wishes to engage the services of the Consultant as a finder and advisor to assist the Company in raising equity capital to be utilized in the business operations of the Company (the "equity capital").

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereto hereby agree as follows:

1. CONSULTING SERVICES

Attached hereto as Exhibit A and incorporated herein by this reference is a description of the services to be provided by the Consultant hereunder (the "Consulting Services"). Consultant hereby agrees to utilize its best efforts in performing the Consulting Services, however, Consultant makes no warranties, representations or guarantees regarding any financing attempted by the Company or the eventual effectiveness of the Consulting Services.

2. TERM OF AGREEMENT

This Agreement shall be in full force and effect commencing upon the date hereof and concluding at the close of business on the same date in 1998 ("termination date"). After the termination date, this Agreement shall automatically renew on a month-to-month basis unless either party elects to terminate that Agreement by giving notice in writing within 30 days of the termination date. Either party hereto shall have the right to terminate this Agreement without notice in the event of the death, bankruptcy, insolvency, or assignment for the benefit of creditors of the other party. Consultant shall have the right to terminate this Agreement if Company fails to comply with any of the material terms of this Agreement, including without limitation its responsibilities for fees as set forth in this Agreement, and such failure continues unremedied for a period of thirty (30) days after written notice to the Company by Consultant. The Company shall have the right to terminate this Agreement upon delivery to Consultant of notice setting forth with specificity facts comprising a material breach of this Agreement by Consultant. Consultant shall have thirty (30) days to remedy such breach.

3. TIME DEVOTED BY CONSULTANT

It is anticipated that the Consultant shall spend as much time as deemed necessary by the Consultant in order to perform the obligations of Consultant hereunder. The Company understands that this amount of time may vary and that the Consultant may perform Consulting Services for other companies.

4. PLACE WHERE SERVICES WILL BE PERFORMED

The Consultant will perform most services in accordance with this Agreement at Consultant's offices. In addition, the Consultant will perform services on the telephone and at such other place(s) as necessary to perform these services in accordance with this Agreement.

5. COMPENSATION TO CONSULTANT

The Consultant's compensation for the Consulting Services shall be as set forth in Exhibit B attached hereto and incorporated herein by this reference.

6. INDEPENDENT CONTRACTOR

Both Company and the Consultant agree that the Consultant will act as an independent contractor in the performance of his duties under this Agreement. Nothing contained in this Agreement shall be construed to imply that Consultant, or any employee, agent or other authorized representative of Consultant, is a partner, joint venturer, agent, officer or employee of Company.

7. CONFIDENTIAL INFORMATION

The Consultant and the Company acknowledge that each will have access to proprietary information regarding the business operations of the other and agree to keep all such information secret and confidential and not to use or disclose any such information to any individual or organization without the non-disclosing parties prior written consent. It is hereby agreed that from time to time Consultant and the Company may designate certain disclosed information as confidential for purposes of this Agreement. Consultant hereby designates its broker network and/or any retail brokerage operations identified by Consultant to Company as Consultant's confidential information. The Company hereby designates its shareholder list as the Company's confidential information.

8. INDEMNIFICATION

The Company hereby agrees to indemnify and hold Consultant harmless from any and all liabilities incurred by Consultant under the Securities Act of 1933, as amended (the "Act"), the various state securities acts, or otherwise, insofar as such liabilities arise out of or are based upon (i) any material misstatement or omission contained in any offering documents provided by the Company, or (ii) any intentional actions by the Company, direct or indirect, in connection with any offering by the Company, in violation of any applicable federal or state securities laws or regulations. Furthermore, the Company agrees to reimburse Consultant for any legal or other expenses incurred by Consultant in connection with investigating or defending any action, proceeding, investigation, or claim in connection herewith. The indemnity obligations of the Company under this paragraph shall extend to the shareholders, directors, officers, employees, agents, and control persons of Consultant.

Consultant hereby agrees to indemnify and hold the Company harmless from any and all liabilities incurred by the Company under the Act, the various state securities acts, or otherwise, insofar as such liabilities arise out of or are based upon (i) any actions by Consultant, its officers, employees, agents, or control persons, direct or indirect, in connection with any offering by the Company, in violation of any applicable federal or state securities laws or regulations, or (ii) any breach of this Agreement by Consultant.

The indemnity obligations of the parties under this paragraph 8 shall be binding upon and inure to the benefit of any successors, assigns, heirs, and personal representatives of the Company, the Consultant, and any other such persons or entities mentioned hereinabove.

9. COVENANTS OF CONSULTANT

Consultant covenants and agrees with the Company that, in performing Consulting Services related to the raising of capital by the Company or providing investor relations or support services, Consultant will:

(a) Conduct any offering, insofar as is under Consultant's control, in a manner intended to be in compliance with the requirements of Regulation D under the Act;

(b) Comply with the rules of the state securities laws of the states in which securities are sold in an offering. Offers and sales will be made only in those states in which Consultant has been advised by the Company that blue sky clearance has been obtained or is not required;

(c) During the course of any offering, not make any representations other than those expressly set forth in the offering documents provided by the Company; and

(d) Not publish, circulate or otherwise use any solicitation materials, investor mailings or updates other than materials provided by or otherwise approved by the Company.

10. MISCELLANEOUS

(a) Any controversy arising out of or relating to this Agreement or any modification or extension thereof, including any claim for damages and/or rescission, shall be settled by arbitration in Los Angeles, California in accordance with the Commercial Arbitration Rules of the American Arbitration Association before a panel of three arbitrators. The arbitrators sitting in any such controversy shall have no power to alter or modify any express provisions of this Agreement or to render any award which by its terms effects any such alteration, or modification subject to 10(G). This Section 10 shall survive the termination of this Agreement.

(b) If either party to this Agreement brings an action on this Agreement, the prevailing party shall be entitled to reasonable expenses therefore, including, but not limited to, attorneys' fees and expenses and court costs.

(c) This Agreement shall inure to the benefit of the parties hereto, their administrators and successors in interest. This Agreement shall not be assignable by either party hereto without the prior written consent of the other.

(d) This Agreement contains the entire understanding of the parties and supersedes all prior agreements between them.

(e) This Agreement shall be constructed and interpreted in accordance with and be governed by the laws of the State of California.

(f) No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

(g) If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

IN WITNESS WHEREOF, the parties hereto have placed their signatures hereon on the day and year first above written.

MIRAGE HOLDINGS, INC.

MANHATTAN WEST, INC.

/s/ SAIMA KHAN

/s/ DAVID BAHR

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BY: Saima Khan  
ITS: President

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BY: David Bahr  
ITS: President

EXHIBIT A  
DESCRIPTION OF CONSULTING SERVICES  
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Consultant shall perform the following services pursuant to the terms of this Agreement:

Phase I: The Bridge  
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Locating potential sources of equity capital which is presently

contemplated to be a minimum of \$250,000 and a maximum of \$400,000. Once a potential source is located by Consultant, Consultant will refer the source to the Company and withdraw from negotiations. The parties may mutually agree to revise the nature and terms of this financing and references in the Agreement shall be modified consistent with any revisions.

*Phase II: The IPO*  
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Advising and assisting the Company in connection with its proposed initial public offering. The general scope of Consultant's services in this regard is as follows:

(1) Due diligence services, including, but not limited to, the following:

(a) Review of history of the Company;

(b) Review of existing and proposed capital structure of the Company;

(c) Review latest year-end and current interim financial statements;

(d) Review management's estimated use of proceeds;

(e) Review of proposed transactions and financings;

(f) Analysis of management structure, including organizational chart, and requirements and compensation agreements;

(g) Analysis of financial forecasts relating to the Company and the reasonableness of such projections incorporating potential ROI projections; and

(h) Site visits to the Company's offices to collect relevant data and conduct due diligence interviews.

(2) Negotiation services, including, but not limited to, representing and assisting the Company with any and all meetings or negotiations with its partners, merchants, equity partners, debt sources, and any other individuals and entities as reasonable and necessary to assist the Company with its capital needs.

(3) Advisory services such as are reasonable and necessary to assist the Company with its capital needs, including, but not limited to the following:

(a) Preparation of a business plan;

(b) Locating potential sources of debt and equity capital;

(c) Coordinating and assisting in the preparation of financing offering documentation;

(d) Utilizing Consultant's broker/dealer database and network; and

(e) Performing ongoing marketing efforts in connection with the raising of capital, including designing and participating in road shows and preparing related marketing materials.

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*EXHIBIT B*  
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*TERMS OF COMPENSATION*  
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The Consultant's compensation hereunder shall be as follows:

1. *Compensation Phases*  
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*Phase I.*  
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The Company shall issue to the Consultant 20,000 options to purchase common stock of the Company at an exercise price of \$2.00 per share for a term

of five years (the "Options"). The Company is obligated to register the shares of Common Stock underlying the Options in any subsequent registration statement filed by the Company with the Securities and Exchange Commission, so that the holders of such Common Stock shall be entitled to sell the same simultaneously with and upon the terms and conditions as the securities sold for the account of the Company are being sold pursuant to any such registration statement (the "Piggyback Registration Right"). If the Piggyback Registration Right has not occurred by the date which is one year from the date of this Agreement, then, at any time thereafter, the holders of the Common Stock, representing at least one-third of such Common Stock, shall have the right, exercisable by written notice to the Company, to have the Company prepare, file and use its best efforts to have declared effective by the Securities and Exchange Commission, a registration statement and such other documents, including a prospectus, as may be necessary in order to permit a public offering and sale of their shares of Common Stock (the "Demand Registration Right").

Phase II.

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Upon completion of the minimum IPO, the Company shall issue to the Consultant 30,000 options to purchase common stock of the Company at an exercise price of \$2.50 per share for a term of five years. The Company is obligated to register the shares of Common Stock underlying the Options in any subsequent registration statement filed by the Company with the Securities and Exchange Commission, so that the holders of such Common Stock shall be entitled to sell the same simultaneously with and upon the terms and conditions as the securities sold for the account of the Company are being sold pursuant to any such registration statement (the "Piggyback Registration Right"). If the Piggyback Registration Right has not occurred by the date which is one year from the date of this Agreement, then, at any time thereafter, the holders of the Common Stock, representing at least one-third of such Common Stock, shall have the right, exercisable by written notice to the Company, to have the Company prepare, file and use its best efforts to have declared effective by the Securities and Exchange Commission, a registration statement and such other documents, including a prospectus, as may be necessary in order to permit a public offering and sale of their shares of Common Stock (the "Demand Registration Right").

2. Expenses.

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Consultant shall be reimbursed for all additional out-of-pocket expenses upon submission of receipts or accounting to the Company, including, but not limited to, all travel expenses, research material and charges, computer charges, long-distance telephone charges, facsimile costs, copy charges, messenger services, mail expenses and such other Company related charges as may occur. Consultant shall have reasonable authority to sustain charges based on discussion with Company management. Company shall secure air tickets and other required items as requested by Consultant whenever trips can be pre-planned so as to minimize costs. Consultant shall not be reimbursed for any expenses exceeding \$500 without prior written approval of the Company.

MIRAGE HOLDINGS, INC.

MANHATTAN WEST, INC.

/s/ SAIMA KHAN

/s/ DAVID BAHR

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BY: Saima Khan  
ITS: President

-----  
BY: David Bahr  
ITS: President

EXHIBIT 10.9

UNSECURED PROMISSORY NOTE, DATED FEBRUARY 26, 1997

BETWEEN MIRAGE COLLECTION, INC. AND MANHATTAN WEST, INC.

UNSECURED PROMISSORY NOTE  
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\$46,997

February 26, 1997

FOR VALUE RECEIVED, MIRAGE COLLECTION, INC., a Nevada corporation (the "Debtor"), hereby promises to pay to the order of MANHATTAN WEST, INC., a California corporation ("Payee"), at a place to be designated by Payee or any subsequent holder hereof, the principal sum of FORTY SIX THOUSAND NINE HUNDRED NINETY SEVEN DOLLARS (\$46,997.00). The unpaid principal balance shall bear interest from February 26, 1997 at the rate of ten percent (10%) per annum and shall be payable in quarterly installments, commencing on May 26, 1997, and proceeding on a quarterly basis thereafter until all sums owing under this Note are paid in full. All sums due under this Note, including all unpaid principal and interest, shall be payable on or before 2/26/2000. The unpaid principal balance hereof shall bear no interest unless and until the Debtor shall default on his obligations hereunder. If an Event of Default, as defined hereinbelow, does occur, this Note shall bear interest at the rate of ten (10%) per annum commencing with the date of the Event of Default. Thereafter, the remaining principal and interest hereunder shall be due and payable (whether at maturity, by acceleration, or otherwise) and thereafter, on demand. Prior to an Event of Default, each payment shall be applied to the principal. After an Event of Default, each payment shall be applied to interest first and then principal second. Interest shall be calculated on the basis of a 365-day year. In no event shall the rate of interest hereunder exceed the maximum interest rate permitted by applicable law.

If the Debtor shall fail to make any payment herein on the date provided for (and such default shall continue for a period of 10 days), or if the Debtor shall make an assignment for the benefit of creditors or make or send a notice of intended bulk transfer, or if a meeting of creditors is convened or a committee of creditors is appointed for, or any petition or proceeding for any relief under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, liquidation, or dissolution law or statute now or hereunder in effect (whether at law or in equity) is filed or commenced by or against the Debtor or any property of the Debtor, or if any trustee or receiver is appointed for the Debtor or any such property (collectively, an "Event of Default") then and in any such event (in addition to all rights and remedies of the Payee under the Agreement, applicable law and otherwise, all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively, and concurrently), the Payee may, at its option, declare all amounts owing under this Note to be due and payable, whereupon the maturity of the then unpaid balance thereof shall be accelerated and the same, together with all interest accrued thereon, if any, shall forthwith become due and payable.

Payee has the option, at any time, to convert the balance due and owing to it into shares of Common Stock of Debtor at the rate of \$0.50 per share.

The Debtor and all endorsers, guarantors, and sureties hereof hereby severally waive diligence, demand, presentment, protest, and notice of any kind, and assent to extensions of the time of payment, release, surrender or substitution of security, or forbearance or other indulgence, without notice.

The Debtor may, at its option, at any time and from time to time, prepay all or any part of the principal balance of this Note, without penalty or premium and each such prepayment shall be applied to the installments of principal hereunder in the inverse order of maturity.

This Note may not be changed, modified, or terminated orally, but only by an agreement in writing signed by the party to be charged.

In the event the Payee or any holder hereof shall refer this Note to

an attorney for collection, the Debtor agrees to pay, in addition to unpaid principal and interest, all the costs and expenses incurred in attempting or effecting collection hereunder, including reasonable attorneys' fees, whether or not suit is instituted.

In the event of any litigation with respect to any of the Note, the Debtor waives the right to a trial by jury and all rights of set-off and rights to interpose counterclaims and cross-claims. The Debtor hereby irrevocably consents to

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the jurisdiction of the courts of the State of California and of any Federal court located in such State, and further irrevocably consent to venue in Orange County, California in connection with any action or proceeding arising out of or relating to the Note. This Note shall be governed by California law.

Payee

Debtor

/s/ DAVID BAHR

/s/ SAIMA KHAN

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MANHATTAN WEST, INC.,  
a California corporation

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MIRAGE COLLECTION, INC.,  
a Nevada corporation  
By: Saima Khan  
Its: President

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EXHIBIT 10.10

AGREEMENT OF PURCHASE AND SALE OF STOCK DATED MARCH 30, 1997

BETWEEN MIRAGE HOLDINGS, INC. AND NETWORK SOLUTIONS (PVT), LTD.

AGREEMENT OF PURCHASE AND SALE OF STOCK

This agreement is made as of March 30, 1997, at Lahore, Pakistan, among Mirage Holdings, Inc. (Buyer), a Nevada Corporation, having its principal office at Santa Monica, California; Salim Ghauri, Shahab Ghauri and Naeem Ghauri (Shareholders); Network Solutions (Pvt.), Ltd. (Corporation), a Pakistan Corporation, having its principal office at Lahore, Pakistan; In this agreement, Shareholders and Corporation are collectively referred to as Selling Parties.

Shareholders have represented that they own all the outstanding stock of Corporation. Buyer desires to purchase from Shareholders, and Shareholders desires to sell to Buyer, 10% (ten percent) of the outstanding stock of Corporation (the Shares); Corporation desires that this transaction be consummated. In consideration of the mutual covenants, agreements, representations, and warranties contained in this agreement, the parties agree as follows:

Article I: Purchase and Sale of Shares

1.0 Subject to the terms and conditions set forth in this agreement, on the closing date, Shareholder will transfer and convey the Shares to Buyer, and Buyer will acquire the Shares from Shareholder.

1.1 As full payment for the transfer of the Shares by Shareholder to Buyer, in accordance with the provisions of paragraphs 5.2 and 5.3, Buyer must deliver the following at the closing:

Price as Consideration

1.2 A wire transfer payable to the order of Network Solutions (Pvt), Ltd. in the amount of \$200,000 in United States Dollars by April 22, 1997.

Buyers Shares as part of the Consideration

1.3 80,000 shares of Buyer's stock, which must be issued as follows: Network Solutions (Pvt.), Ltd.

Article II: Warranties of Selling Party

2.0 Selling Parties, jointly and severally, warrant that:

Form of Organization

2.1 Corporation is a corporation duly organized, validly existing, and in good standing under the laws of Lahore Pakistan and has all necessary corporate powers to own its properties and operate its business as now owned and operated by it. Neither the ownership of its properties nor the nature of its business requires Corporation to be qualified in any jurisdiction other than the state of its incorporation.

Capital Structure

2.2 The authorized capital stock of Corporation consists of 1,000,000 shares of common stock, having a par value of \$2.00 each, of which 1,000,000 shares (the Shares) are issued and outstanding. All the Shares are validly issued, fully paid, and nonassessable, and such shares have been so issued in full compliance with all Pakistani federal and state securities laws. There are no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments obligating Corporation to issue or to transfer from treasury any additional shares of its capital stock of any class.

Title to Shares

2.3 Shareholders are the owners, beneficially and of record, of all the Shares

free and clear of all liens, encumbrances, security agreements, equities, options, claims, charges, and restrictions. Shareholders have full power to transfer the Shares to Buyer without obtaining the consent or approval of any other person or governmental authority.

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#### *Subsidiaries*

2.4 Corporation does not own, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, business, trust, or other entity.

#### *Financial Statements*

2.5 Exhibit A1 to this agreement sets forth unaudited consolidated and consolidating balance sheets of Corporation as of March 30, 1997, together with related unaudited consolidated and consolidating statements of income and retained earnings for each of the 6 three-month periods ending on those dates, certified by the chief financial officer of Corporation as accurately reflecting the financial condition of Corporation for those periods and accurately reflecting all information normally reported to Corporation's internal accountants for the preparation of Corporation's financial statements. The financial statements in Exhibit A1 are referred to as the financial statements. The financial statements have been prepared in accordance with generally accepted accounting principles consistently followed by Corporation throughout the periods indicated, and fairly present the financial position of Corporation on the respective dates of the balance sheets included in the financial statements, and the results of its operations for the respective periods indicated.

#### *2.5 Absence of Specified Changes*

2.6 Since March 30, 1997 there has not been any change in the financial condition or operations of Corporation or Subsidiary, except changes in the ordinary course of business, which have not been materially adverse.

#### *Absence of Undisclosed Liabilities*

2.7 The Corporation has no debt, liability, or obligation of any nature, whether accrued, absolute, contingent, or otherwise, and whether due or to become due, that is not reflected or reserved against in Corporation's consolidated balance sheet as of March 30, 1997, included in the financial statements or set forth in Exhibit A2 to this agreement, except for (1) those that may have been incurred after the date of that consolidated balance sheet and (2) those that are not required by generally accepted accounting principles to be included in a balance sheet. All debts, liabilities, and obligations incurred after that date were incurred in the ordinary course of business and are usual and normal in amount both individually and in the aggregate.

#### *Assets of Business*

##### *Real Estate*

2.8 Exhibit B1 to this agreement is a complete list of all real property owned by or leased to Corporation together with an accurate brief description of each property. Exhibit B1 also sets forth brief descriptions of all buildings and other n-major improvements located on these properties.

2.9 The zoning of each parcel of property described in Exhibit B1 permits the presently existing improvements and the continuation of the business presently being conducted on such parcel. Corporation has not commenced, nor have Selling Parties received notice of the commencement of, any proceeding that would affect the present zoning classification of any such parcel.

##### *Inventory*

2.10 The inventories of raw materials, work in process, and finished goods (collectively called inventories) shown on Corporation's consolidated balance sheet as of March 30, 1997, consist of items that are usable and salable in the ordinary course of business by Corporation. Except for sales made in the ordinary course of business since that date, all the inventories are the property of Corporation. No items are subject to security interest, except as

set forth in Exhibit B2 to this agreement. The value of the inventories has been determined on a first-in, first-out basis consistent with prior years.

#### *Other tangible personal property*

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2.11 The books and records of Corporation contain a complete and accurate description and specify the location of all trucks, automobiles, machinery, equipment, furniture, supplies, tools, dies, jigs, molds, patterns, drawings, and all other tangible personal property owned by, in the possession of, or used by Corporation in connection with its respective businesses, work in process, and finished goods. Except as stated in Exhibit B2, no personal property used by either Corporation in connection with its business is held under any lease, security agreement, conditional sales contract, or other title retention or Security arrangement, or is located other than in the possession and under the control of Corporation. The tangible personal property reflected in those books and records constitutes all such tangible personal property necessary for the conduct by Corporation of its respective business as now conducted.

#### *Accounts receivable*

2.12 All accounts receivable of Corporation shown on the consolidated balance sheet of Corporation as of March 30, 1997 arose from valid sales in the ordinary course of business. That consolidated balance sheet reflects adequate reserves for doubtful accounts—its and trade discounts, on a basis consistent with that of prior years.

#### *Trade Names, Trademarks, Copyrights*

2.13 Corporation does not use any trademark, service mark, trade name, or copyright in its respective business, and neither owns any trademarks, trademark registration or applications, trade names, service marks, copyrights, or copyright registrations or applications. No person owns any trademark, trademark registration application, service mark, trade name, copyright, or copyright registration or application the use of which is necessary or contemplated in connection with the operation of Corporation business or in connection with the performance of any contract to which Corporation is a party.

#### *Patents and Patent rights*

2.14 Exhibit B3 to this agreement is a complete schedule of all patents, inventions, industrial models, processes, designs, and applications for patents owned by Corporation or in which it has any rights, licenses, or immunities. The patents and applications for patents listed in Exhibit B3 are valid and in full force and effect and are not subject to any taxes, maintenance fees, or actions falling due within 90 days after the closing date. Except as set forth in Exhibits E1, there have been no interference actions or other judicial, arbitration, or other adversary proceedings concerning the patents or applications for patents listed in Exhibit B3. Each patent application is awaiting action by its respective patent office except as otherwise indicated in Exhibit B3. The manufacture, use, or sale of the inventions, models, designs, and systems covered by the patents and applications for patents listed in Exhibit B3 do not violate or infringe on any patent or any proprietary or personal right of any person, firm, or corporation; and Corporation has not infringed or is now infringing on any patent or other right belonging to any person, firm, or corporation. Except as set forth in Exhibit E2, Corporation is not a party to any license, agreement, or arrangement, whether as licensee, licensor, or otherwise, with respect to any patent, application for patent, invention, design, model, process, trade secret, or formula. Corporation has the right and authority to enable it to conduct and continue to conduct all phases of its business in the manner presently conducted by it, and that use does not, and will not, conflict with, infringe on, or violate any patent or other rights of others.

#### *Trade Secrets*

2.15 Exhibit B4 to this agreement is a complete list, without extensive or revealing descriptions, of Corporation's trade secrets, including all customer lists, processes, know how, computer programs and routines, and other technical data. The specific location of each trade secret's documentation, including its complete description, specifications, charts, procedures, and other material relating to it, is also set forth in that exhibit. Each trade secret's

documentation is current, accurate, and sufficient in detail and content to identify and explain it and to allow its full and proper use by Buyer without reliance on the special knowledge or memory of others.

Corporation is the sole owner of each of these trade secrets, free and clear of any liens, encumbrances, restrictions, or legal or equitable claims of others, except as specifically stated in Exhibit B4. Corporation has taken all reasonable security measures to protect the secrecy, confidentiality, and value of these trade secrets; any of their employees and any other persons who, either alone or in concert with others, developed, invented, discovered, derived,

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programmed, or designed these secrets, or who have knowledge of or access to information relating to them, have been put on notice and, if appropriate, have entered into agreements that these secrets are proprietary to Corporation and not to be divulged or misused.

All these trade secrets are presently valid and protectible and are not part of the public knowledge or literature; they have not, to Selling Parties' knowledge, been used, divulged, or appropriated for the benefit of any past or present employees or other persons, or to the detriment of Corporation.

#### Title to Assets

2.16 Corporation has good and marketable title to all its respective assets and interests in assets, whether real, personal, mixed, tangible, or intangible, which constitute all the assets and interests in assets that are used in the businesses of Corporation. All these assets are free and clear of restrictions on or conditions to transfer or assignment and free and clear of mortgages, liens, pledges, charges, encumbrances, equities, claims, easements, rights of way, covenants, conditions, or restrictions, except for (1) those disclosed in Corporation's consolidated balance sheet as of March 30, 1997, or in Exhibit(s) B1 and B2 to this agreement; (2) the lien of current taxes not yet due and payable; and (3) possible minor matters that, in the aggregate, are not substantial in amount and do not materially detract from or interfere with the present or intended use of any of these assets or materially impair business operations. Corporation is not in default or in arrears in any materials respect under any lease. All real property and tangible personal property of Corporation that is necessary to the operation of their businesses is in good operating condition and repair, ordinary wear and tear excepted. Corporation is in possession of all premises leased to it from others. Neither Shareholder nor any officer, director, or employee of Corporation nor any spouse, child, or other relative of any of these persons, owns, or has any interest, directly or indirectly, in any of the real or personal property owned by or leased to Corporation or any copyright, its patents, trademarks, trade names or trade secrets, or trade secrets licensed by Corporation.

Corporation does not occupy any real property in violation of any law, regulation, or decree.

#### Customers and Sales

2.17 Exhibit DI to this agreement is a correct and current list of all customers of Corporation together with summaries of the sales made to each customer during the most recent fiscal year. Except as indicated in Exhibit DI, neither Corporation, nor Shareholders have any information indicating that any of these customers intend to cease doing business with Corporation or materially alter the amount of the business they are presently doing with Corporation.

#### Insurance Policies

2.18 Exhibit B5 to this agreement is a description of all insurance policies held by Corporation concerning its businesses and properties. All these policies are in the respective principal amounts set forth in Exhibits B5. Corporation has maintained and now maintains (1) insurance on all their assets and businesses of a type customarily insured, covering property damage and loss of income by fire or other casualty, and (2) adequate insurance protection against all liabilities, claims, and risks against which it is customary to insure. Corporation is not in default with respect to payment of premiums on any such policy. Except as set forth in Exhibit B5, no claim is pending under any such policy.

## Other Contracts

2.19 Corporation is not a party to, nor is the property of it bound by, any distributor's or manufacturer's representative or agency agreement; any output or requirements agreement; any agreement not entered into in the ordinary course of business; any indenture, mortgage, deed of trust, or lease; or any agreement that is unusual in nature, duration, or amount (including any agreement requiring the performance by Corporation of any obligation for more than one year from closing date or calling for consideration of more than \$ 10,000); except the agreements listed in Exhibit D2, copies of which have been furnished or made available to Buyer. There is no default or event that, with notice, lapse of time, or both, would constitute a default by any party to any of these agreements. Corporation has not received notice that any party to any of these agreements intends to cancel or terminate any of these agreements or to exercise or not exercise any options under any of these agreements. Corporation is not a party to, nor is it or the

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property of it bound by, any agreement that is materially adverse to the businesses, properties, or financial condition of Corporation.

## Compliance with Laws

2.20 Corporation has not received notice of any violation of any applicable federal, state, or local statute, law, or regulation (including any applicable building, zoning, environmental protection, or other law, ordinance, or regulation) affecting its properties or the operation of its business; and to the best of the knowledge of Shareholder and Corporation, there are no such violations.

## Litigation

2.21 Except as set forth in Exhibit E1, there is no pending, or, to the best knowledge of Shareholders and Corporation, threatened, suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation against or affecting Corporation or at any of its businesses, assets, or financial conditions. The matters set forth in Exhibit E1, if decided adversely to Corporation, will not result in a material adverse change in the business, assets, or financial condition of Corporation. Selling Parties have furnished or made available to Buyer copies of all relevant court papers and other documents relating to the matters set forth in Exhibit E1. Corporation is not in default with respect to any order, writ, injunction, or decree of any federal, state, local, or foreign court, department, agency, or instrumentality. Except as set forth in Exhibit E1, neither Corporation, nor Shareholder is presently engaged in any legal action to recover money due to any of them or damages sustained by any of them.

## Agreement will not cause breach

2.22 The consummation of the transactions contemplated by this agreement will not result in or constitute any of the following: (1) a breach of any term or provision of this agreement; (2) a default or an event that, with notice, lapse of time, or both, would be a default, breach, or violation of the articles of incorporation or bylaws of Corporation or any lease, license, promissory note, conditional sales contract, commitment, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement to which SI-Shareholders or Corporation are a party or by which any of them or the property of any of them is bound; (3) an event that would permit any party to terminate any agreement or to accelerate the maturity of any indebtedness or other obligation of Corporation; or (4) the creation or imposition of any lien, charge, or encumbrance on any of the properties of Corporation.

## Authority and Consent

2.23 Selling Parties have the right, power, legal capacity, and authority to enter and authority to enter into and perform their respective obligations under this agreement; and no approvals or consents of any persons other than Selling Parties are necessary in connection with it. The execution and delivery of this agreement by Corporation has been duly authorized by all necessary corporate action.

## Corporate Documents

2.24 Selling Parties have finished to Buyer for its examination (1) copies of the articles of incorporation and bylaws of Corporation; (2) the minute books of Corporation containing all records required to be set forth of all proceedings, consents, actions, and meetings of the shareholders and boards of directors of Corporation.

#### Personnel

2.25 Exhibit C2 is a list of the names and addresses of all off-officers, directors, employees, agents, and manufacturer's representatives of Corporation, stating the rates of condensation payable to each.

#### Employment Contracts and Benefits

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2.26 Exhibit C1 is a list of all Corporation's material employment contracts; collective bargaining agreements; and pension, bonus, profit-sharing, stock option, or other agreements providing for employee remuneration or benefits. To the best of Selling Parties' knowledge, Corporation is not in default tinder any of these agreements-its.

#### Persons with Certain Authority

2.27 Exhibit C3 lists (1) the names and addresses of all persons holding a power of attorney on behalf of Corporation and (2) the names and addresses of all banks or other financial institutions in which Corporation has an account, deposit, or safe deposit box, with the names of all persons authorized to draw on these accounts or deposits or to have access to these boxes.

#### Information for Buyer's Shareholders

2.28 Exhibit A3 is a description of the business and properties of Corporation prepared by Selling Parties for inclusion in Buyer's proxy statement for the special meeting of Buyer's shareholders that is to be held for the purpose, among others, of authorizing and approving the execution and delivery of this agreement (and amending Buyer's articles of incorporation to increase its authorized capital stock). Selling Parties acknowledge that financial statements will also be used in that proxy statement and that potential liability to Buyer may arise out of such use. Neither the description of the business and pro properties of Corporation nor the financial statements contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made. Selling Parties agree, on Buyer's request, to furnish to Buyer such additional information about the Selling Parties' business and properties as Buyer may require for inclusion in that proxy statement. The information set forth in Exhibit A3, as supplemented by any additional information that Selling Parties may furnish under this paragraph, will not contain any untrue statement of a material fact, or omit any material fact necessary to make the statements made.

#### Full Disclosure

2.29 None of the warranties made by Shareholders or Corporation or-made in any certificate or memorandum furnished or to be furnished by any of them or on their behalf, contains or will contain any untrue statement of a material fact, or omits to state any material fact necessary to make the statements made.

### Article III: Selling Parties' Obligations Before Closing

3.0 Selling Parties Covenant that from the date of this agreement until Closing:

#### Buyer's Access to Premises and Information

3.1 Buyer and its counsel, accountants, and other representatives will have full access during normal business hours to all properties, books, accounts, records, contracts, and documents of or relating to Corporation. Selling Parties will furnish or cause to be furnished to Buyer and its representatives all data and information concerning the business, finances, and properties of Corporation that may reasonably be requested. Nothing in this agreement will obligate Selling Parties to disclose any classified information or provide any access to representatives of Buyer prohibited or not authorized by applicable

governmental authority.

#### *Conduct of Business in Normal Course*

3.2 Corporation will carry on its respective businesses and activities diligently at in substantially the same manner as they previously have been carried out and will not institute any unusual or novel methods of manufacture, purchase, sale, lease, management, accounting, or operation that vary materially from those methods used by Corporation as of the date of this agreement.

#### *Preservation of Business Relationships*

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3.3 Corporation will use its best efforts without making any commitments on behalf of Buyer, to preserve its respective business organizations in tact; to keep available to Corporation its present officers and employees; and to preserve its present relationships with suppliers, customers, and others having business relationships with it.

#### *Corporate Matters*

3.4 Corporation will not (1) amend its articles of incorporation or bylaws; (2) issue any shares of its capital stock; (3) issue or create any warrants, obligations, subscriptions, options, convertible securities, or other commitments under which any additional shares of its capital stock of any class might be directly or indirectly authorized, issued, or transferred from treasury; or (4) agree to do any of the acts listed above.

#### *Maintenance of Insurance*

3.5 Corporation will continue to carry their existing insurance, subject to variation-is in amounts required by the ordinary operations of their businesses. At the request of Buyer and at Buyer's sole expense, the amount of insurance against fire and other casualties that, at the date of this agreement, Corporation carry on any of their properties or in respect of their operations will be increased by the amount or amounts Buyer will specify.

#### *Employees and Compensation*

3.6 Corporation will not, nor will agree to: (1) make any change in compensation payable or to become payable by either of them, to any officer, employee, sales agent, or representative; (2) make any change in benefits payable to any officer, employee, sales agent, or representative under any bonus or pension plan or other contract or commitment; or (3) modify any collective bargaining agreement to which either of them is a party or by which either may be bound.

#### *New Transactions*

3.7 Corporation will not do nor agree to do, without Buyer's consent, any of the following:

(1) Enter into any contract, commitment, or transaction not in the usual and-id ordinary course of its business;

(2) Enter into any contract, commitment, or transaction in the usual and-id ordinary course of business involving an amount exceeding \$500,000, individually, or \$750,000 in the aggregate;

(3) Make any capital expenditures in excess of \$50,000 for any single item or \$100,000 in the aggregate, or enter into any leases of capital equipment or property under which the annual lease charge is in excess of \$50,000; or (4) Sell or dispose of any capital assets with a net book value exceeding \$10,000, individually, or \$50,000 in the aggregate.

(4) Sell or dispose of any capital assets with a net book value exceeding \$10,000, individually, or \$50,000 in the aggregate.

#### *Dividends, Distributions, and Stock Acquisitions*

3.8 Neither Corporation nor Subsidiary will:

(1) Declare, set aside, or pay any dividend or make any distribution in respect of its capital stock;

(2) Directly or indirectly purchase, redeem, or otherwise acquire any shares of its capital stock or

(3) Enter into any agreement obligating it to do any of the foregoing prohibited acts.

#### *Payment of Liabilities and Waiver of Claims*

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3.9 Corporation will not, nor will agree to: (1) pay any obligations or liability, fixed or contingent, other than current liabilities; (2) waive or compromise any right or claim; or (3) cancel, without run payment, any note, loan, or other obligation owed to either Corporation.

#### *Existing Agreements*

3.10 Corporation will not, nor will agree to, modify, amend, cancel, or terminate any of its existing contracts or agreements.

#### *Consents or Others*

3.11 As soon as reasonably practical after the execution and delivery of this agreement, and in any event on or before the closing date, Selling Parties will obtain the written consent-it of the persons described in Exhibit C2 and C3 to this agreement and will furnish to Buyer executed copies of those consents.

#### *Warranties True at Closing*

3.12 All warranties of Selling Parties set forth in this agreement-it will also be true on the closing date as if made on that date, except to the extent that any of them may become untrue because of events beyond the control of Selling Parties, who are unable to make them true as of the closing date despite their best efforts to do so.

### *Article IV: Conditions Precedent to Buyer's Performance*

#### *Accuracy of Selling Parties' Warranties*

4.0 Except as otherwise permitted by this agreement, all warranties by each of the Selling Parties in this agreement, or in any written statement that will be delivered to Buyer by any of them under this agreement, must be true in all material respects on the closing date as though made at that time.

#### *Performance by Selling Party*

4.1 Selling Parties must have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by this agreement to be performed or complied with by them, or any of them, by the closing date.

#### *No Material Adverse Change*

4.2 During the period from March 30, 1997 to the closing date, there will not have been any material adverse change in the financial condition or the results of operations of Corporation, and Corporation will not have sustained any insured or uninsured loss or damage to its assets that materially affects its ability to conduct a material part of its business.

#### *Certification by Selling Party*

4.3 Buyer will have received a certificate, dated the closing date, signed and verified by Shareholders and by Corporation's respective president or vice presidents and their respective treasurers or assistant treasurers, certifying, in such detail as Buyer and its counsel may reasonably request, that the conditions specified in 3.0 through and including 3.1 1 have been fulfilled.

#### *Opinion Of Selling Parties Counsel*

4.4 Buyer will have received from counsel for Selling Parties, an opinion dated



the closing date, in form and substance satisfactory to Buyer and its counsel, that:

#### Corporate Standing and Power

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(1) Corporation is a corporation duly incorporated, validly existing, and in good standing under the laws of the State of Lahore, Pakistan and has all necessary corporate power to own its properties as now owned and operate its business as now operated.

#### Authorized Capital Stock

(2) The authorized capital stock of Corporation consists of 1,000,000 shares of common stock, of \$2.00 US par value, of which, based solely on a review of the stock journal, stock ledger, and the stock books of the corporation, 1,000,000 shares, are issued and outstanding. All outstanding shares are validly issued, fully paid, and nonassessable. To the best knowledge of counsel, except as set forth in Exhibit H1, there are no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments obligating Corporation to issue or transfer from treasury any additional shares of its capital stock of any class.

#### Validity and Enforceability of Seller's Obligations

(3) This agreement has been duly and validly authorized and, when executed and delivered by the Selling Parties, will be valid, binding, and enforceable against each of them in accordance with its terms, except as limited by bankruptcy and insolvency laws and by other laws and equitable principles affecting the rights of creditors generally.

#### Opinion as to Buyers ability to acquire target's stock

(4) Based solely on a review of the stock journal, stock ledger, and stock books of the Corporation, Shareholders are the record owners of 100% (One hundred percent) of the shares of stock of the Corporation. On the transfer and delivery of the Shares to Buyer in accordance with the agreement, Buyer will acquire the rights-its in the shares had by buyer free of any adverse claim or claims.

#### Sale does not breach or violate corporate obligations

(5) Neither execution or delivery of this agreement nor the consummation of the transaction contemplated in this agreement will constitute (a) a default or an event that would-with notice, lapse of time, or both-constitute a default under, or violation or breach of, Corporation's articles of incorporation or bylaws, or to the best of counsel's knowledge, any indenture, license, lease, franchise, mortgage, instrument, or other agreement to which any of Selling Parties is a party or by which they or the properties of Corporation may be bound, identified in Exhibit D3; or (b) an event that would permit any party to any agreement or instrument to terminate it or to accelerate the maturity of any indebtedness or other obligation of Corporation; or (c) all event that would result in the creation or imposition of any lien, charge, or encumbrance on any asset of Corporation.

Except as set forth in Exhibit E1 to this agreement, to the best of counsel's knowledge, there is no suit, action, arbitration, or legal, administrative, or other proceeding or governmental investigation pending or threatened against or affecting Corporation or any of its businesses or properties or financial or other condition.

#### Absence of Litigation

4.5 No action, suit, or proceeding before any court or any governmental body or authority, pertaining to the transaction contemplated by this agreement or to its consummation, will have been instituted or threatened on or before the closing date.

#### Corporate Approval

4.6 The execution and delivery of this agreement by Corporation and the performance---ice of their covenants and obligations under it, will have been

duly authorized by all necessary corporate action, and Buyer will have received copies of all resolutions pertaining to that authorization, certified respectively by the secretaries of Corporation.

#### Article V: The Closing

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##### Time and Place

5.0 The transfer of the Shares by Shareholder to Buyer ("the Closing") will take place at the offices of NetSol Private, Ltd. at [time] local time, on [date] or at such other time and place as the parties may agree to in writing (the closing date).

##### Obligations at Closing

###### Seller

5.1 At the closing, Shareholder must deliver to Buyer the following instruments, in form and substance satisfactory to Buyer and its counsel, against delivery of the items specified in paragraphs 5.2 and 5.3:

A certificate or certificates representing the Shares, registered in the name of Shareholders, duly endorsed by Shareholders for transfer or accompanied by an assignment of the Shares duly executed by Shareholder, with signatures guaranteed by a member of the New York Stock Exchange or by a bank or trust company, and with all required documentary stock transfer stamps affixed or accompanied by Shareholders' personal checks for the amount of these stamps. On submission of that certificate or certificates to Corporation for transfer, Corporation will issue to Buyer a certificate representing the Shares, registered in the Buyer's name.

###### Buyer

5.2 At the closing, Buyer must deliver to Corporation a certificate representing 80,000 shares of Buyer's common stock to be issued and delivered at the closing under paragraphs 1.0 through and including 1.3 against delivery of the items Sellers are to deliver as specified in paragraph 5.1.

5.3 At the closing, Buyer must deliver to Shareholders the following instruments and documents against delivery of the items specified in paragraph 5.1:

[a] A wire transfer in the amount of \$200,000 in US funds;

[b] Certified resolutions of Buyer's board of directors, in form satisfactory to counsel for Selling Parties, authorizing the execution and performance of this agreement and all actions to be taken by Buyer under this agreement; and

[c] A certificate executed by the president or vice president and the secretary or treasurer of Buyer certifying that all Buyer's representations and warranties under this agreement are true as of the closing date, as though each of those representations and warranties had been made on that date.

##### Seller's Indemnity

5.4 Shareholder will indemnify, defend, and hold harmless Buyer against (ii) and in respect of claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorney fees, that it may incur or suffer, which arise, result from, or relate to at any breach of, or failure by Selling Parties to perform, any of their representations, warranties, covenants, or agreements in this agreement or in any schedule, certificate, exhibit, or other instrument furnished or to be furnished by Selling Parties under this agreement. Shareholder's liability under this paragraph will not, however, exceed the aggregate amount of \$\_\_\_[amount]\_\_\_. Despite any other provision of this agreement, Shareholder will not be liable to Buyer on any warranty representation, or covenant made by Selling Parties in this agreement, or under any of their indemnities in this agreement, regarding any single claim, loss, expense, obligation, or other liability that does not exceed \$\_\_\_[amount]\_\_\_; provided, however, that when the aggregate amount of all such claims, losses,

expenses, obligations, and liabilities not exceeding \$\_\_\_[amount]\_\_\_ each reaches \$\_\_\_[amount]\_\_\_, Shareholder will, subject to the above limitation on his maximum aggregate liability, thereafter be liable in full for all his breaches and indemnities and regarding all those claims, losses, expenses, obligations, and liabilities.

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#### *Seller's Right to Defend*

5.5 Buyer will promptly notify Shareholder of the existence of any claim, demand, or other matter to which Shareholders' indemnification obligations would apply and will give them a reasonable opportunity to defend the same at their own expense and with counsel of their own selection; provided that Buyer will at all times also have the right to participate fully in the defense at its own expense. If Shareholders, within a reasonable time after this notice, fails to defend, Buyer will have the right, but not the obligation, to undertake the defense of, and to compromise or settle (exercising reasonable business judgment), the claim or other matter on behalf, for the account, and at the risk, of Shareholders. If the claim is one that cannot by its nature be defended solely by Shareholders (including any federal or state tax proceeding), Buyer will make available and cause Corporation to make available all information and assistance that Shareholders may reasonably request.

#### *Article VI: Costs*

6.0 Each party represents and warrants that it has dealt with no broker or finder in connection with any transaction contemplated by this agreement, and, as far as it knows, no broker or other person is entitled to any commission or finder's fee in connection with any of these transactions.

#### *Expenses*

6.1 Each party will pay all costs and expenses incurred or to be intended by it negotiating and preparing this agreement and in closing and carrying out the transactions contemplated by this agreement.

#### *Article VII Form of Agreement*

7.0 This agreement constitutes the entire agreement between the parties pertaining subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement-it, modification, or amendment of this agreement will be binding unless executed in writing by all the parties. No waiver of any of the provisions of this agreement will constitute a waiver of any other provision whether or not similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

#### *Subject Headings*

7.1 The subject headings of the paragraphs and subparagraph-is of this agreement are included for convenience only and will not affect the construction or interpretations of any of its provisions.

#### *Counterparts*

7.2 This agreement may be executed simultaneously in one or more Counterparts, each of which will be considered an original, but all of which together will constitute one and the same instrument.

#### *Article VIII: Parties*

#### *Parties in Interest*

8.0 Nothing in this agreement, whether express or implied is intended to confer any rights or remedies tender or by reason of this agreement on any persons other than the parties to it and their respective successors and assigns. Nothing in this agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this agreement. No provision gives any third persons any right of subrogation or action against any party to this agreement.

#### *Assignment*

8.1 This agreement will be binding on, and will inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors, and assigns; provided, however, that Buyer may not assign any of its rights under this

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agreement, except to a wholly owned subsidiary corporation of Buyer. No such assignment by Buyer to its wholly owned subsidiary will relieve Buyer of any of its obligations or duties under this agreement.

#### Article IX: Remedies

9.0 Any controversy or claim arising out of, or relating to, this agreement, or the making, performance, or interpretation of it, will be settled by arbitration in Santa Monica, CA under the commercial arbitration rules of the American Arbitration Association then existing, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy. Arbitrators will be persons experienced in negotiating, making, and consummating acquisition agreements.

#### Specific Performance and Waiver of Rescission Rights

9.1 Each party's obligation under this agreement is unique. If any party should default in its obligations under this agreement, both parties acknowledge that it would be extremely impracticable to measure the resulting damages; accordingly, the nondefaulting party or parties, in addition to any other available rights or remedies, may sue in equity for specific performance, and the parties each expressly waive the defense that a remedy in damages will be adequate. Despite any breach or default by any of the parties of any of their respective representations, warranties, covenants, or agreements under this agreement, if the purchase and sale contemplated by it will be consummated at the closing, each of the parties waives any rights that it may have to rescind this agreement or the transaction consummated by it; provided, however, that this waiver will not affect any other rights or remedies available to the parties under this agreement or under the law.

#### Recovery of Litigation Costs

9.2 If any legal action or any arbitration or other proceeding is brought for the enforcement of this agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this agreement, the successful or prevailing party or parties will be entitled to recover reasonable attorney fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

#### Termination

9.3 Subject to the provisions of above paragraphs relating to the postponement of the closing date, any party may on the closing date terminate this agreement, without liability to any other:

(1) If any bona fide action or proceeding will be pending against any party on the closing date that could result in an unfavorable judgment, decree, or order that would prevent or make unlawful the performance of this agreement or if any agency of the federal or of any state government has objected at or before the closing date to this acquisition or to any other action required by or in connection with this agreement-it;

(2) If the legality and sufficiency of all steps taken and to be taken by the parties and their shareholders in carrying out this agreement has not been approved by counsel as required by this agreement; or

#### Default

9.4 If either Buyer or Selling Parties materially default in the due and timely performance of any of their warranties or agreements under this agreement, the nondefaulting party or parties may on the closing date give notice of termination of this agreement, in the manner provided in this paragraph. The notice will specify with particularity the default or defaults on which the notice is based. The termination will be effective five days after the closing date, unless the specified default or defaults have been cured on or before this

effective date for termination.

Article X: Nature and Survival of Warranties and Obligations

Representations and obligations expires at Closing

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10.0 The representations and warranties made by the parties to this agreement, and their respective obligations to be performed under its terms on or before the closing date, will expire with, and be terminated and extinguished by, the closing, and consummation of the closing will be conclusive evidence that each party is fully satisfied with the facts constituting the basis of the representations and warranties of the other parties and with the performance of their obligations. This paragraph will not affect any obligation of any party under this agreement that is permitted to be performed, in whole or in part, after the closing.

Article XI: Governing Law

11.0 This agreement will be construed in accordance with, and governed by, the laws of the State of California as applied to contracts that are executed and performed entirely in California.

Article XII: Severability

12.0 If any provision of this agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the parties that all other provisions of this agreement be construed to remain fully valid, enforceable, and binding on the parties.

Article XIII: Signatures

IN WITNESS WHEREOF, the parties to this agreement have duly executed it on the day and year first above written.

Mirage Holdings, Inc.

NetSol Private, Ltd.

By: /s/ NAJEEB GHAURI

By: /s/ SALIM GHAURI

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Najeeb Ghauri, President

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Salim Ghauri, President

By: /s/ SHAHAB GHAURI

Mirage Holdings, Inc.

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Shabab Ghauri

By: /s/ NAJEEB GHAURI

By: /s/ NAEEM GHAURI

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Najeeb Ghauri, President

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Naeem Ghauri

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EXHIBIT 24.3

CONSENT OF

STONEFIELD JOSEPHSON, INC., CERTIFIED PUBLIC ACCOUNTANTS

CONSENT OF STONEFIELD JOSEPHSON, INC.

CERTIFIED PUBLIC ACCOUNTANTS

The undersigned independent certified public accounting firm hereby consents to the inclusion of its report on the financial statements of Mirage Holdings, Inc. for the year ending June 30, 1997, and to the reference to it as experts in accounting and auditing relating to said financial statements, in the Registration Statement for Mirage Holdings, Inc.

/s/ STONEFIELD JOSEPHSON, INC.

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STONEFIELD JOSEPHSON, INC.  
Certified Public Accountants

Santa Monica, California  
September 12, 1997