

REGISTRAR'S COPY

COMPANY NUMBER 1200465

INPROJEX INTERNATIONAL (U.K.) LIMITED

Report and Financial Statements

**Year ended
31 March 2000**



INPROJEX INTERNATIONAL (U.K.) LIMITED

Annual report and financial statements for the year ended 31 March 2000

Contents

Page:

1 - 2	Directors' report
3	Report of the auditors
4	Profit and loss account
5	Balance sheet
6	Cash flow statement
7 - 11	Notes on the financial statements

DIRECTORS

G. Rime
B. A. Abbou

SECRETARY AND REGISTERED OFFICE

B. J. Jackson
35 Old Queen Street
London
SW1

COMPANY NUMBER

1200465

AUDITORS

BDO Stoy Hayward
Emerald House
East Street
Epsom
Surrey
KT17 1HS

INPROJEX INTERNATIONAL (U.K.) LIMITED

DIRECTORS' REPORT

Year ended 31 March 2000

The directors submit their report together with the audited financial statements for the year ended 31 March 2000.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 4 and shows the profit for the year.

During the year an interim dividend of £7 per ordinary share was paid. The directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITIES

During the year the company continued trading as exporters and importers and as U.K. agents for the parent company.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The directors consider the results for the year to be satisfactory. There have been no events since the balance sheet date which materially affect the position of the company.

DIRECTORS

The directors who served during the year were as follows:

G. Rime
F. D. Paulus (Deceased 31.12.00)
B. A. Abbou

No director had any interest in the share capital of the company.

DONATIONS

The company made charitable donations of £2,515 during the year.

INPROJEX INTERNATIONAL (U.K.) LIMITED

DIRECTORS' REPORT (continued) **Year ended 31 March 2000**

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



B A ABBOU
Director

Date: 24 January 2001

INPROJEX INTERNATIONAL (U.K.) LIMITED

REPORT OF THE AUDITORS

To the members of Inprojex International (U.K.) Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD

Chartered Accountants and Registered Auditors

EPSOM

Date: 25 January 2001

INPROJEX INTERNATIONAL (U.K.) LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 March 2000**

	Note	2000 £	1999 £
TURNOVER	2	2,740,822	4,069,626
Cost of sales		1,979,587	2,720,395
GROSS PROFIT		761,235	1,349,231
Selling and distribution costs		255,575	594,541
Administrative expenses		497,358	469,032
		8,302	285,658
Other operating income	3	20,000	66,097
OPERATING PROFIT	4	28,302	351,755
Interest payable		(11,076)	(45,645)
Interest receivable		87,457	177,321
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		104,683	483,431
Taxation on profit on ordinary activities	7	(22,618)	(146,724)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		82,065	336,707
Dividends		(350,000)	-
RETAINED (LOSS) / PROFIT		(267,935)	336,707
Retained profit brought forward		1,070,182	733,475
RETAINED PROFIT CARRIED FORWARD		802,247	1,070,182

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There are no movements on shareholders' funds apart from the profit for the year.

The notes on pages 7 to 11 form part of these financial statements.

INPROJEX INTERNATIONAL (U.K.) LIMITED

BALANCE SHEET

31 March 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	8	12,849	13,103
CURRENT ASSETS			
Stocks	9	30,205	83,989
Debtors	10	229,782	1,683,221
Cash at bank and in hand		1,686,585	2,072,464
		<u>1,946,572</u>	<u>3,839,674</u>
CREDITORS: amounts falling due within one year	11	<u>1,107,174</u>	<u>2,732,595</u>
NET CURRENT ASSETS		<u>839,398</u>	<u>1,107,079</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>852,247</u>	<u>1,120,182</u>
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account		802,247	1,070,182
SHAREHOLDERS' FUNDS		<u>852,247</u>	<u>1,120,182</u>

All shareholders' funds are in respect of equity interests.

These financial statements were approved by the board and signed on its behalf by:



B A ABBOU
Director

Date of approval:

24-1-2001

The notes on pages 7 to 11 form part of these financial statements.

INPROJEX INTERNATIONAL (UK) LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2000

	Note	2000		1999	
		£	£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	15(a)		392,731		(1,818,076)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(11,076)		(45,645)	
Interest received		87,457		177,321	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			76,381		131,676
TAXATION - UK corporation tax			(146,470)		(53,000)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		(8,997)		(6,404)	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			(8,997)		(6,404)
EQUITY DIVIDEND PAID			(350,000)		-
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			(36,355)		(1,745,804)
MANAGEMENT OF LIQUID RESOURCES					
Cash received from other bank deposits			918,511		1,493,740
INCREASE / (DECREASE) IN CASH	15(b)		882,156		(252,064)

RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS

	2000	1999
	£	£
Increase / (decrease) in cash in the year	882,156	(252,064)
Cash inflow from decrease in liquid resources	(918,511)	(1,493,740)
Change in net funds resulting from cash flows	(36,355)	(1,745,804)
Net funds at 1 April	1,722,940	3,468,744
Net funds at 31 March	1,686,585	1,722,940

The notes on pages 7 to 11 form part of these financial statements.

NOTES ON THE FINANCIAL STATEMENTS

31 March 2000

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax on sales.

Depreciation

Depreciation is provided to write off the cost less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Short leasehold property and improvements to leasehold	-	over length of lease
Fixtures, fittings and equipment	-	10% per annum
Motor vehicles	-	25% per annum
Computer equipment	-	25% per annum

Stock

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Leased assets

Rentals paid under "operating leases" are charged to the profit and loss account on a straight line basis over the term of the lease.

Foreign currency transactions

Foreign currency transactions are translated at the rates ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. All exchange gains or losses are taken to the profit and loss account.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

INPROJEX INTERNATIONAL (U.K.) LIMITED**NOTES ON THE FINANCIAL STATEMENTS (continued)****31 March 2000****2 TURNOVER**

Turnover is wholly attributable to the principal activity of the company and derived from sales in:

	2000 £	1999 £
Africa	2,682,743	3,897,989
Europe	58,079	81,460
Japan	-	90,177
	<u>2,740,822</u>	<u>4,069,626</u>

3 OTHER OPERATING INCOME

Fees receivable	-	46,097
Fees receivable from holding company	20,000	20,000
	<u>20,000</u>	<u>66,097</u>

4 OPERATING PROFIT

Is stated after charging:

Depreciation	9,251	7,002
Auditors' remuneration	10,894	14,144
Exchange losses	9,937	37,836
Operating lease rentals – other	15,834	14,460
	<u>35,816</u>	<u>73,442</u>

5 DIRECTORS' EMOLUMENTS

Directors' emoluments	<u>113,526</u>	<u>105,174</u>
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6 EMPLOYEES

Staff costs consist of:

Wages and salaries	302,313	239,459
Social security costs	30,063	22,002
	<u>332,376</u>	<u>261,461</u>

The average monthly number of employees during the year was 9 (1999: 8), including executive directors.

INPROJEX INTERNATIONAL (U.K.) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2000

7 TAXATION

	2000 £	1999 £
UK corporation tax	22,870	146,724
Over provision in prior years	252	-
	<u>22,618</u>	<u>146,724</u>

8 TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 April 1999	5,999	38,372	18,847	41,976	105,194
Additions	-	-	-	8,997	8,997
At 31 March 2000	<u>5,999</u>	<u>38,372</u>	<u>18,847</u>	<u>50,973</u>	<u>114,191</u>
Depreciation					
At 1 April 1999	4,916	36,281	18,847	32,047	92,091
Charge for the year	308	425	-	8,518	9,251
At 31 March 2000	<u>5,224</u>	<u>36,706</u>	<u>18,847</u>	<u>40,565</u>	<u>101,342</u>
Net book value:					
At 31 March 2000	<u>775</u>	<u>1,666</u>	-	<u>10,408</u>	<u>12,849</u>
At 31 March 1999	<u>1,083</u>	<u>2,091</u>	-	<u>9,929</u>	<u>13,103</u>

9 STOCKS

	2000 £	1999 £
Finished goods and goods held for resale	<u>30,205</u>	<u>83,989</u>

The replacement value of stocks is not significantly different from cost.

INPROJEX INTERNATIONAL (U.K.) LIMITED**NOTES ON THE FINANCIAL STATEMENTS (continued)****31 March 2000****10 DEBTORS****Amounts receivable within one year:**

	2000	1999
	£	£
Trade debtors	181,415	1,634,945
Other debtors	33,679	48,276
Amounts due from parent undertaking	14,688	-
	<u>229,782</u>	<u>1,683,221</u>

11 CREDITORS**Amounts falling due within one year:**

Bank overdrafts	-	349,524
Trade creditors	111,625	1,345,666
Corporation tax	22,870	146,724
Other creditors	918,730	823,469
Accruals and deferred income	53,949	51,955
Amount due to parent undertaking	-	15,257
	<u>1,107,174</u>	<u>2,732,595</u>

12 SHARE CAPITAL

Authorised, allotted, called up and fully paid
50,000 ordinary shares of £1 each

<u>50,000</u>	<u>50,000</u>
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13 COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2000 the company had annual commitments under non-cancellable operating leases for land and buildings of £15,000 (1999: £15,000) expiring in between one and two years.

14 CONTINGENT LIABILITY

At 31 March 2000 the company is committed to letters of credit amounting to £288,836.

NOTES ON THE FINANCIAL STATEMENTS (continued)
31 March 2000

15 NOTES ON THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash outflow from operating activities

	2000	1999
	£	£
Operating profit	28,302	351,755
Depreciation charges	9,251	7,002
Decrease in stock and work in progress	53,784	120,879
(Increase)/decrease in debtors	1,468,125	(1,559,453)
Decrease in creditors	(1,136,786)	(741,180)
Change in amounts due from group undertakings	(29,945)	2,921
	<u>392,731</u>	<u>(1,818,076)</u>

b) Analysis of changes in net funds

	Opening balance	Cashflow	Closing balance
	£	£	£
Cash in hand and at bank	475,297	532,632	1,007,929
Overdrafts	(349,524)	349,524	-
	<u>125,773</u>	<u>882,156</u>	<u>1,007,929</u>
Other bank deposits	1,597,167	(918,511)	678,656
Total	<u>1,722,940</u>	<u>(36,355)</u>	<u>1,686,585</u>

16 RELATED PARTY TRANSACTIONS

The company was owed £14,688 by the parent undertaking at 31 March 2000 (1999: £15,257). The company received a fee of £20,000 from the parent undertaking for management services during the year.

17 ULTIMATE PARENT COMPANY

At 31 March 2000, the ultimate parent company is Inprojex - Establishment - Industrial Projects and Export Promotion, which is incorporated in Liechtenstein.