

REGISTRAR'S COPY

COMPANY NUMBER 1200465

Inprojex International (U.K.) Limited

Report and Financial Statements

Year Ended

31 March 2002

BDO

BDO Stoy Hayward
Chartered Accountants



Inprojex International (U.K.) Limited

Annual report and financial statements for the year ended 31 March 2002

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Directors

Mrs M. Rime
Mr G. Rime
Mr B. A. Abbou

Secretary and registered office

C H Registrars Limited, 35 Old Queen Street, London SW1H 9JD

Company number

1200465

Auditors

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

Inprojex International (U.K.) Limited

Report of the directors for the year ended 31 March 2002

The directors present their report together with the audited financial statements for the year ended 31 March 2002.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

Principal activities, review of business and future developments

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

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.

Director

The directors of the company during the year were:

Mrs M. Rime
Mr G. Rime
Mr B. A. Abbou

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

Donations

The company made charitable donations of £1,350 (2001: £100) during the year.

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 year. 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; and
- 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.

Inprojex International (U.K.) Limited

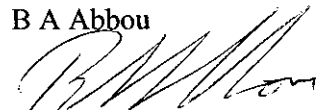
Report of the directors for the year ended 31 March 2002 (*Continued*)

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.

On behalf of the board

B A Abbou



Director

Date: 17 January 2003

Inprojex International (U.K.) Limited

Report of the independent auditors

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

We have audited the financial statements of Inprojex International (U.K.) Limited for the year ended 31 March 2002 on pages 5 to 16 which have been prepared under the accounting policies set out on page 8 to 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

This report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.


Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2002 and of its loss 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: 21 January 2003

Inprojex International (U.K.) Limited

Profit and loss account for the year ended 31 March 2002

	Note	2002 £	2001 £
Turnover	2	1,003,167	3,437,584
Cost of sales		<u>713,109</u>	<u>2,869,069</u>
Gross profit		290,058	568,515
Distribution costs		70,351	217,465
Administrative expenses		442,281	472,798
		<u>(222,574)</u>	<u>(121,748)</u>
Other operating income		<u>20,000</u>	<u>20,000</u>
Operating loss	3	(202,574)	(101,748)
(Loss)/profit on disposal of investments		<u>(57,262)</u>	<u>10,585</u>
Loss on ordinary activities before interest and other income		(259,836)	(91,163)
Income from other fixed asset investments		1,126	1,440
Other interest receivable and similar income		59,396	84,425
Interest payable and similar charges	7	(134)	(6,949)
Loss on ordinary activities before taxation		(199,448)	(12,247)
Taxation on loss on ordinary activities	8	(4,266)	1,374
Loss on ordinary activities after taxation		(203,714)	(10,873)
Retained profit brought forward		<u>791,374</u>	<u>802,247</u>
Retained profit carried forward		<u>587,660</u>	<u>791,374</u>

All amounts relate to continuing activities.

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

There are no movements in shareholders' funds in the current and prior year apart from the loss for the year.

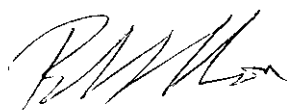
The notes on pages 8 to 16 form part of these financial statements.

Inprojex International (U.K.) Limited

Balance sheet at 31 March 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	9		9,320		13,752
Fixed asset investments	10		25,022		92,703
			<hr/>		<hr/>
			34,342		106,455
Current assets					
Stocks	11	10,255		10,000	
Debtors	12	159,613		131,573	
Cash at bank and in hand		881,077		1,308,822	
		<hr/>		<hr/>	
		1,050,945		1,450,395	
Creditors: amounts falling due within one year	13	447,627		715,476	
		<hr/>		<hr/>	
Net current assets			603,318		734,919
			<hr/>		<hr/>
Total assets less current liabilities			637,660		841,374
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		50,000		50,000
Profit and loss account			587,660		791,374
			<hr/>		<hr/>
Equity shareholders' funds			637,660		841,374
			<hr/>		<hr/>

The financial statements were approved by the Board on 17 January 2003 and signed on its behalf by:



Mr B. Abbou
Director

The notes on pages 8 to 16 form part of these financial statements.

Inprojex International (U.K.) Limited
Cash flow statement for the year ended 31 March 2002

	Note	2002 £	2002 £	2001 £	2001 £
Net cash outflow from operating activities	17		(488,587)		(343,326)
Returns on investments and servicing of finance					
Interest received		59,396		84,425	
Interest paid		(134)		(6,949)	
Investment income		1,126		1,440	
Net cash inflow from returns on investments and servicing of finance			60,388		78,916
Taxation					
Corporation tax refunded/(paid)			1,438		(23,147)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(2,536)		(8,088)	
Payments to acquire fixed asset investments		(448)		(122,906)	
Receipts from sale of tangible fixed assets		2,000		-	
Receipts from sale of fixed asset investments		-		40,788	
Net cash outflow from capital expenditure and financial investment			(984)		(90,206)
Cash outflow before use of liquid resources			(427,745)		(377,763)
Management of liquid resources					
Cash paid into other bank deposits		-		(337,558)	
Cash paid out of other bank deposits		287,832		-	
Net cash inflow/(outflow) from management of liquid resources			287,832		(337,558)
Decrease in cash	18		(139,913)		(715,321)

The notes on pages 8 to 16 form part of these financial statements.

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	- over length of the lease
Motor vehicles	- 25% per annum
Fixtures, fittings and equipment	- 10% per annum
Computer equipment	- 25% per annum

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Stocks

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.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

There is no material impact in respect of deferred tax for prior years.

Deferred tax balances are not discounted.

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.

Inprojex International (U.K.) Limited

Notes forming part of the financial statements for the year ended 31 March 2002 (Continued)

1 Accounting policies (continued)

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

2 Turnover

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

	2002 £	2001 £
Africa	823,118	3,244,084
Europe	180,049	193,500
	<u>1,003,167</u>	<u>3,437,584</u>

3 Operating loss

	2002 £	2001 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	6,968	7,185
Loss/(profit) on disposal of investments	57,262	(10,585)
Hire of other assets - operating leases	15,644	14,806
Audit services	13,328	13,238
Exchange differences	2,601	(8,653)
Profit on disposal of fixed assets	(2,000)	-
Impairment of investments	10,867	-
	<u>108,600</u>	<u>15,991</u>

4 Employees

Staff costs (including directors) consist of:

	2002 £	2001 £
Wages and salaries	272,464	290,612
Social security costs	29,146	29,670
	<u>301,610</u>	<u>320,282</u>

The average number of employees (including directors) during the year was 9 (2001 - 9), including executive directors.

5 Directors' remuneration

	2002 £	2001 £
Directors' emoluments	<u>95,204</u>	<u>110,465</u>

6 Income from other fixed asset investments

	2002 £	2001 £
Income from other investments	<u>1,126</u>	<u>1,440</u>

7 Interest payable and similar charges

	2002 £	2001 £
Bank loans and overdrafts	<u>134</u>	<u>6,949</u>

8 Taxation on loss on ordinary activities

	2002 £	2002 £	2001 £	2001 £
<i>Current tax</i>				
UK corporation tax on profits of the year	-		(1,651)	
Adjustment in respect of previous periods	213		277	
Current tax on foreign income for the year	4,053		-	
	<u> </u>		<u> </u>	
Total current tax		4,266		(1,374)
		<u> </u>		<u> </u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before tax	(199,448)	(12,247)
	<u> </u>	<u> </u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 - 30%)	(59,834)	(3,674)
Effect of:		
Expenses not deductible for tax purposes	1,419	2,334
Capital allowances for period in excess of depreciation	5,145	(288)
Utilisation of tax losses	-	(1,651)
Double tax relief	(1,217)	-
Adjustment to tax charge in respect of previous periods	213	277
Deferred tax asset not provided	54,826	2,060
Tax free income	(339)	(432)
Tax on foreign income	4,053	-
	<u> </u>	<u> </u>
Current tax charge for period	4,266	(1,374)
	<u> </u>	<u> </u>

9 Tangible fixed assets

	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<i>Cost</i>					
At 1 April 2001	5,999	18,847	38,873	58,560	122,279
Additions	-	-	-	2,536	2,536
Disposals	-	(18,847)	-	-	(18,847)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	5,999	-	38,873	61,096	105,968
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 April 2001	5,532	18,847	37,180	46,968	108,527
Provided for the year	308	-	475	6,185	6,968
Disposals	-	(18,847)	-	-	(18,847)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	5,840	-	37,655	53,153	96,648
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2002	159	-	1,218	7,943	9,320
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	467	-	1,693	11,592	13,752
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Inprojex International (U.K.) Limited

Notes forming part of the financial statements for the year ended 31 March 2002 (Continued)

10 Fixed asset investments

	Listed investments	
	£	
<i>Cost or valuation</i>		
At 1 April 2001		92,703
Additions		448
Disposals		(57,262)
Impairment adjustment		(10,867)
		<hr/>
At 31 March 2002		25,022
		<hr/>
<i>Net book value</i>		
At 31 March 2002		25,022
		<hr/>
At 31 March 2001		92,703
		<hr/>
	2002	2001
	£	£
Listed investments:		
Market value	25,022	43,016
	<hr/>	<hr/>

11 Stocks

	2002	2001
	£	£
Finished goods and goods held for resale	10,255	10,000
	<hr/>	<hr/>

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

Inprojex International (U.K.) Limited

Notes forming part of the financial statements for the year ended 31 March 2002 (Continued)

12 Debtors

	2002 £	2001 £
Trade debtors	103,561	50,842
Amounts owed by group undertakings	-	18,123
Other debtors	56,052	62,608
	<u>159,613</u>	<u>131,573</u>

All amounts shown under debtors fall due for payment within one year.

13 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	106,237	284,267
Amounts owed to group undertakings	6,729	-
Taxation and social security	7,820	-
Other creditors	291,552	223,187
Accruals and deferred income	35,289	208,022
	<u>447,627</u>	<u>715,476</u>

14 Share capital

	2002 £	Authorised 2001 £	Allotted, called up and fully paid 2002 £	2001 £
<i>Equity share capital</i>				
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

15 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2002	2001
	Land and	Land and
	buildings	buildings
	£	£
Operating leases which expire:		
Within one year	-	7,500
In two to five years	16,896	-
	<u>16,896</u>	<u>7,500</u>

16 Related party disclosures

The company owed the parent undertaking £6,729 at 31 March 2002 (2001: £18,123 due from). The company received a fee of £20,000 from the parent company for management services during the year.

17 Reconciliation of operating loss to net cash outflow from operating activities

	2002	2001
	£	£
Operating loss	(259,836)	(91,163)
Exceptional items included in operating loss	57,262	(10,585)
	<u>(202,574)</u>	<u>(101,748)</u>
Operating loss before exceptional items		
Depreciation of tangible fixed assets	6,968	7,185
Profit on sale of tangible fixed assets	(2,000)	-
(Increase)/decrease in stocks	(255)	20,205
(Increase)/decrease in debtors	(51,867)	103,295
Decrease in creditors	(274,578)	(368,828)
Decrease/(increase) in amounts due from group undertakings	18,123	(3,435)
Increase in the amounts due to group undertakings	6,729	-
Impairment of investments	10,867	-
	<u>(488,587)</u>	<u>(343,326)</u>
Net cash outflow from operating activities		

Inprojex International (U.K.) Limited

Notes forming part of the financial statements for the year ended 31 March 2002 (Continued)

18 Reconciliation of net cash flow to movement in net funds

	2002 £	2001 £
Decrease in cash	(139,913)	(715,321)
Cash (inflow)/outflow from changes in liquid resources	(287,832)	337,558
	<hr/>	<hr/>
Movement in net funds	(427,745)	(377,763)
Opening net funds	1,308,822	1,686,585
	<hr/>	<hr/>
Closing net funds	881,077	1,308,822
	<hr/>	<hr/>

19 Analysis of net funds

	At 1 April 2001 £	Cash flow £	At 31 March 2002 £
Cash at bank and in hand	292,608	(139,913)	152,695
Current asset investments	1,016,214	(287,832)	728,382
	<hr/>	<hr/>	<hr/>
Total	1,308,822	(427,745)	881,077
	<hr/>	<hr/>	<hr/>

20 Ultimate parent company and parent undertaking of larger group

At 31 March 2002, the ultimate parent company is Inprojex - Establishment - Industrial Projects and Export Promotion, which is incorporated in Liechtenstein.