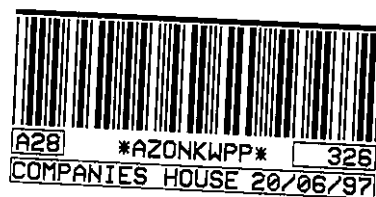


**ZEH GRAPHIC SYSTEMS LIMITED**  
(Registered Number 2133023)

**ANNUAL REPORT**

**YEAR ENDED 28 FEBRUARY 1997**



**PANNELL KERR FORSTER**  
Chartered Accountants

**ZEH GRAPHIC SYSTEMS LIMITED**  
**ANNUAL REPORT**  
**YEAR ENDED 28 FEBRUARY 1997**

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**ZEH GRAPHIC SYSTEMS LIMITED  
DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 28 February 1997, which show the state of the company's affairs.

**REVIEW OF THE BUSINESS**

The principal activity of the company is the supply of computer software and associated plotter and processing equipment.

The company maintained a steady level of activity despite the severely adverse impact of tax changes which continue to affect its oil industry customers working in the UK North Sea.

The company's representative office in Singapore is now fully operational.

**RESULTS**

A summary of the results of the year's trading is given in the profit and loss account on page 4 of the financial statements.

The directors do not recommend the payment of a dividend and recommend that the loss of £9,105 be transferred to reserves.

**DIRECTORS**

The directors who served during the year were as follows:-

D B Zeh  
R G Martin  
A Dodd

The directors had no interests in shares which are required to be recorded in the register maintained by the company under Section 325 of the Companies Act 1985.

**FIXED ASSETS**

Movements in fixed assets are shown in note 8 to the financial statements.

**AUDITORS**

A resolution for the re-appointment of Pannell Kerr Forster as auditors will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD

 A Dodd  
Director

21 May ..... 1997

**ZEH GRAPHIC SYSTEMS LIMITED**  
**STATEMENT OF 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare financial statements on a 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' REPORT TO THE SHAREHOLDERS OF  
ZEH GRAPHIC SYSTEMS LIMITED**

We have audited the financial statements on pages 4 to 12 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 financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

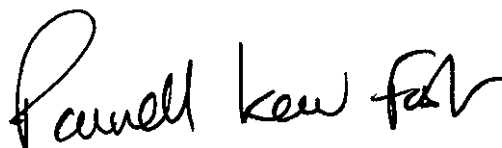
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards. 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 affairs of the company as at 28 February 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



London

PANNELL KERR FORSTER  
Chartered Accountants  
Registered Auditors

28 May 1997

**ZEH GRAPHIC SYSTEMS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 28 FEBRUARY 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
Turnover	2	3,230,605	2,897,639
Cost of Sales		(1,362,843)	(1,230,761)
<b>Gross Profit</b>		<b>1,867,762</b>	<b>1,666,878</b>
Administrative expenses		(1,876,402)	(1,660,695)
<b>Operating (loss)/profit</b>		<b>(8,640)</b>	<b>6,183</b>
Interest receivable		16,042	16,755
<b>Profit on ordinary activities before taxation</b>	5	<b>7,402</b>	<b>22,938</b>
Tax on profit on ordinary activities	6	(16,507)	(8,318)
<b>(Loss)/profit on ordinary activities after taxation transferred to reserves</b>	13	<b>(9,105)</b>	<b>14,620</b>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the loss for the year.

**ZEH GRAPHIC SYSTEMS LIMITED**  
**BALANCE SHEET**  
**28 FEBRUARY 1997**

	<u>Notes</u>	<u>£</u>	<u>1997</u>	<u>£</u>	<u>1996</u>	<u>£</u>
<b>FIXED ASSETS</b>						
Tangible assets	7		200,333		168,603	
<b>CURRENT ASSETS</b>						
Stocks	8	32,285		10,128		
Debtors	9	1,097,154		1,049,760		
Cash at bank and in hand		215,397		351,557		
			<u>1,344,836</u>	<u>1,411,445</u>		
<b>CREDITORS</b>						
Amounts falling due within one year	10	(1,150,944)		(1,174,218)		
<b>NET CURRENT ASSETS</b>			<u>193,892</u>		<u>237,227</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>394,225</u>		<u>405,830</u>	
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	11		-		(2,500)	
<b>NET ASSETS</b>			<u>394,225</u>		<u>403,330</u>	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	12	100,000		100,000		
Profit and loss account	13	294,225		303,330		
<b>EQUITY SHAREHOLDERS' FUNDS</b>	14		<u>394,225</u>		<u>403,330</u>	

Approved by the board on 21 May 1997

A Dodd  
A Dodd - Director

**ZEH GRAPHIC SYSTEMS LIMITED**  
**CASHFLOW STATEMENT**  
**YEAR ENDED 28 FEBRUARY 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
<b>Net cash outflow from operating activities</b>	15	(23,994)	(259,615)
<b>Returns on investment and servicing of finance</b>			
Interest received		16,158	17,765
<b>Taxation</b>			
Corporation and withhholding tax paid		(29,269)	(13,760)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(99,055)	(39,022)
<b>Decrease in funds</b>	16	(136,160)	(294,632)
<b>Reconciliation of net cashflow to movements in net funds</b>	16	£	£
<b>Decrease in cash for the period</b>		(136,160)	(294,632)
Net funds at 1 March 1996		351,557	646,189
Net funds at 28 February 1997		215,397	351,557

**ZEH GRAPHIC SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 1997**

**1 ACCOUNTING POLICIES**

**(a) Basis of accounting**

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

**(b) Depreciation**

Fixed assets are written off in equal annual instalments over their estimated useful lives. The following annual rates of depreciation have been used:-

Computer and display equipment	-	25%
Fixtures and Fittings	-	12.5%

**(c) Turnover**

Turnover represents total invoiced sales excluding value added tax.

**(d) Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Normal fluctuations on trading items are dealt with as part of the result for the year.

**(e) Deferred taxation**

Provision is made for deferred taxation, using the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

**(f) Leases**

Rentals payable under operating leases are charged to profit and loss account as incurred.

**(g) Pension costs**

The company does not administer its own pension scheme. However, the company pays pension contributions on behalf of certain of its employees into the personal pension schemes of those employees. These costs are charged to the profit and loss account in the period in which they are payable.

**(h) Stocks**

Stocks are valued at the lower of cost and net realisable value.

**2 TURNOVER**

The turnover arose from a single class of business and from the following geographical areas:

	<u>1997</u> £	<u>1996</u> £
Europe, including the United Kingdom	2,208,182	1,557,342
Middle East, Africa, Asia and Australasia	1,022,423	1,340,297
	<hr/>	<hr/>
	3,230,605	2,897,639
	<hr/>	<hr/>

**ZEH GRAPHIC SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 1997**

**3 DIRECTORS' REMUNERATION**

	<u>1997</u>	<u>1996</u>
	£	£
Directors' emoluments comprised:		
Management remuneration	90,277	86,500
	<hr/>	<hr/>
Emoluments, excluding pension contributions, include:-		
Chairman	-	-
	<hr/>	<hr/>
Highest paid director	83,960	81,000
	<hr/>	<hr/>
The other director's remuneration fell in the range £0 to £5,000.		

**4 STAFF COSTS**

Wages and salaries	735,414	638,682
Social security costs	65,497	57,505
Other pension costs	46,904	35,557
	<hr/>	<hr/>
	847,815	731,744
	<hr/>	<hr/>
	<u>Number</u>	<u>Number</u>
Average numbers employed by the company during the year:		
Administration and sales	20	17
	<hr/>	<hr/>

**5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation is stated after charging:

Depreciation	67,325	66,802
Auditors' remuneration - audit	7,664	6,965
Directors' emoluments	90,277	86,500
Operating lease rentals		
Property	192,578	196,632
Plant and equipment	63,796	55,416
Exchange losses	22,041	8,193
	<hr/>	<hr/>

**ZEH GRAPHIC SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 1997**

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>1997</u> £	<u>1996</u> £
The tax charge for the year comprises		
Corporation tax at 25% (1996: 25%)	20,072	12,000
Adjustments in respect of previous years	(1,065)	(382)
	<hr/> 19,007	<hr/> 11,618
Deferred tax	(2,500)	(3,300)
	<hr/> 16,507	<hr/> 8,318
	<hr/> <hr/>	<hr/> <hr/>

**7 TANGIBLE FIXED ASSETS**

	<u>Computer &amp; Display Equipment</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
Cost			
At 1 March 1996	305,705	160,948	466,653
Additions	92,252	6,803	99,055
	<hr/> 397,957	<hr/> 167,751	<hr/> 565,708
Accumulated depreciation			
At 1 March 1996	233,116	64,934	298,050
Charge for the year	47,412	19,913	67,325
	<hr/> 280,528	<hr/> 84,847	<hr/> 365,375
Net book amounts			
At 28 February 1997	<hr/> 117,429	<hr/> 82,904	<hr/> 200,333
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 29 February 1996	<hr/> 72,589	<hr/> 96,014	<hr/> 168,603
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**8 STOCKS**

	<u>1997</u> £	<u>1996</u> £
Hardware for resale	32,285	10,128
	<hr/> <hr/>	<hr/> <hr/>

**ZEH GRAPHIC SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 1997**

<b>9</b>	<b>DEBTORS</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Due within one year:		
	Trade debtors	949,303	866,469
	Amounts owed by parent undertaking	77,176	121,683
	Prepayments and accrued income	67,953	58,886
	Other debtors	2,722	2,722
		<hr/>	<hr/>
		1,097,154	1,049,760
		<hr/>	<hr/>
<b>10</b>	<b>CREDITORS</b>		
	Amounts falling due within one year:		
	Trade creditors	78,860	48,027
	Amounts owed to parent undertaking	527,402	640,033
	Amounts owed to fellow subsidiary undertaking	4,013	4,509
	Corporation tax	-	12,000
	Taxation and social security	52,529	68,484
	Accruals and deferred income	488,140	401,165
		<hr/>	<hr/>
		1,150,944	1,174,218
		<hr/>	<hr/>
<b>11</b>	<b>PROVISION FOR LIABILITIES AND CHARGES</b>	<b>£</b>	
	Deferred tax		
	At 1 March 1996	2,500	
	Released to profit and loss	(2,500)	
		<hr/>	
	At 28 February 1997	-	
		<hr/>	
	The provision for deferred tax represents the full potential liability and is in respect of accelerated capital allowances.		
<b>12</b>	<b>CALLED UP SHARE CAPITAL</b>		
	There were no changes in share capital in the year.		
	Authorised:	<b>£</b>	
	Ordinary shares of £1 each	1,000,000	
		<hr/>	
	Issued and fully paid:		
	Ordinary shares of £1 each	100,000	
		<hr/>	

**ZEH GRAPHIC SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 1997**

**13 PROFIT AND LOSS ACCOUNT**

	£
At 1 March 1996	303,330
Loss for the year	(9,105)
	<hr/>
At 28 February 1997	294,225
	<hr/>

**14 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	<u>1997</u> £	<u>1996</u> £
(Loss)/profit for the financial year	(9,105)	14,620
Balance at 1 March 1996	403,330	388,710
	<hr/>	<hr/>
Balance at 28 February 1997	394,225	403,330
	<hr/>	<hr/>

**15 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

Operating (loss)/profit	(8,640)	6,183
Depreciation charges	67,325	66,802
Increase in stock	(22,157)	(473)
(Decrease)/increase in group indebtedness	(68,620)	22,339
Increase in debtors	(93,755)	(389,240)
Increase in creditors, provisions and deferred income	101,853	34,774
	<hr/>	<hr/>
	(23,994)	(259,615)
	<hr/>	<hr/>

**16 ANALYSIS OF CHANGES IN NET FUNDS**

	<u>At 1 March</u> <u>1996</u> £	<u>Cashflows</u> £	<u>At</u> <u>28 February</u> <u>1997</u> £
Cash at bank and in hand	351,557	(136,160)	215,397
	<hr/>	<hr/>	<hr/>

**ZEH GRAPHIC SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 1997**

**17 LEASE COMMITMENTS**

At the balance sheet date the company had the following annual commitments under operating leases.

	<u>1997</u> £	<u>1996</u> £
<b>Property</b>		
Expiring within one year	39,458	-
Expiring within 2-5 years	-	65,279
Expiring after 5 years	130,000	130,000
	<hr/> 169,458	<hr/> 195,279
<b>Other equipment</b>		
Expiring within one year	8,292	19,986
Expiring within 2-5 years	42,373	35,748
	<hr/> 50,665	<hr/> 55,734

**18 RELATED PARTY TRANSACTIONS**

The directors have taken advantage of the exemption available to wholly owned subsidiaries from the requirement to disclose transactions with members of the same group.

**19 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTIES**

The company is controlled by Zeh Graphic Systems Inc, incorporated in the USA. In the opinion of the directors this is the company's ultimate parent company and the parent undertaking of the largest and smallest group for which consolidated accounts are prepared.

Consolidated accounts are available from

Zeh Graphic Systems Inc is ultimately controlled by Mr D B Zeh.