

ENTA UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2000



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ENTA UK LIMITED

DIRECTORS AND ADVISERS

Directors	Jason Tsai Yueh-Taou Chang Tsai
Secretary	Yueh-Taou Chang Tsai
Company number	2526028
Registered office	5th Floor 7/10 Chandos Street London W1G 9DQ
Registered auditors	Simmons Gainsford 7/10 Chandos Street London W1G 9DQ

ENTA UK LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Consolidated profit and loss account	4
Balance sheets	5
Consolidated cash flow statement	6
Notes to the consolidated cash flow statement	7
Notes to the financial statements	8 - 15

ENTA UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2000

The directors present their report and financial statements for the year ended 30 September 2000.

Directors

The following directors have held office since 1 October 1999:

Jason Tsai
Yueh-Taou Chang Tsai

Principal activities and review of the business

The principal activity of the company in the year was that of holding investments in subsidiary companies. The group principal activities were that of sale of computers and provision of internet services.

The directors are pleased to report continuing improvements in the year under review. Despite increasing competition and difficult market trading conditions, we have achieved satisfactory results in the computer business.

Generally, the computer market remains highly competitive and have seen the downfall of some of our competitors, however, their demise have given us greater opportunity in acquiring additional market share. Our ability to source high quality products from the Asia Pacific region has enabled the group to remain highly competitive. The company continue to maintain its financial strength through a policy of prudent cost savings and sound investments.

As for the internet services, we are pleased to report that we have completed the installation of its national network, running a fibre backbone that places points-of-presence (POP) in eleven major cities. These POPs are serviced from the twenty four hour monitored Networks Operation Centre (NOC). The range of services have increased to include least cost routing, web design, ADSL and we are in the process of introducing a client-side firewall security to combat any malicious internet users to protect our permanently connected customers.

Our business strategies are to expand market share through allocating more resources to marketing, to increase national brand awareness and constantly creating new products and services to meet the demanding and ever changing needs of our customers.

The current trading performance is meeting our expectations and financially we are benefiting from prudent cost measures. The directors continue to remain committed to the current expansion and development programme which will see higher returns in the future.

Results and dividends

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

Directors' interests

The directors' beneficial interests in the shares of the company are as stated below:

	Ordinary shares of £1 each	
	30 September 2000	1 October 1999
Jason Tsai	-	-
Yueh-Taou Chang Tsai	51	51

Jason Tsai is the beneficiary of The JTS Settlement that holds 49 shares of Enta UK Limited, which owns 100% of the share capital of Enta Technologies Limited and Entanet International Limited.

Charitable contributions

During the year, group company Enta Technologies Limited made charitable donations of £13,900 (1999: £25,110).

ENTA UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

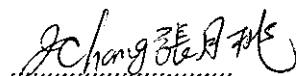
Directors' responsibilities

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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Yueh-Taou Chang Tsai

Company secretary

07/03/2001

ENTA UK LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF ENTA UK LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 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 and the group'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 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Simmons Gainsford

Chartered Accountants
Registered Auditor

7th March 2001

7/10 Chandos Street

London
W1G 9DQ

ENTA UK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	49,545,339	70,388,530
Cost of sales		(45,027,493)	(65,568,297)
Gross profit		4,517,846	4,820,233
Distribution costs		(523,798)	(811,518)
Administrative expenses		(4,118,289)	(4,372,372)
Other operating income		269,574	433,212
Operating profit	3	145,333	69,555
Other interest receivable and similar income		107,456	218,137
Interest payable and similar charges	4	(2,987)	-
Profit on ordinary activities before taxation	3	249,802	287,692
Tax on profit on ordinary activities	5	(40,133)	(8,692)
Profit on ordinary activities after taxation		209,669	279,000

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ENTA UK LIMITED

BALANCE SHEETS AS AT 30 SEPTEMBER 2000

		Group		Company	
	Notes	2000	1999	2000	1999
		£	£	£	£
Fixed assets					
Tangible assets	6	3,781,915	3,336,368	-	-
Investments	7	-	-	200	100
		<u>3,781,915</u>	<u>3,336,368</u>	<u>200</u>	<u>100</u>
Current assets					
Stocks	8	2,146,505	2,902,655	-	-
Debtors	9	5,405,068	8,016,051	-	-
Cash at bank and in hand		1,694,491	1,578,118	-	-
		<u>9,246,064</u>	<u>12,496,824</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	10	(8,290,209)	(11,257,425)	(100)	-
Net current assets		<u>955,855</u>	<u>1,239,399</u>	<u>(100)</u>	<u>-</u>
Total assets less current liabilities		<u>4,737,770</u>	<u>4,575,767</u>	<u>100</u>	<u>100</u>
Creditors: amounts falling due after more than one year	11	(2,769,000)	(2,816,666)	-	-
		<u>1,968,770</u>	<u>1,759,101</u>	<u>100</u>	<u>100</u>
Capital and reserves					
Called up share capital	14	100	100	100	100
Other reserves	15	1,174,996	1,174,996	-	-
Profit and loss account	15	793,674	584,005	-	-
Shareholders' funds - equity interests	16	<u>1,968,770</u>	<u>1,759,101</u>	<u>100</u>	<u>100</u>

The financial statements were approved by the board on 07/03/01



Jason Tsai
Director

ENTA UK LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2000

	2000 £	1999 £
Net cash inflow/(outflow) from operating activities	834,224	(1,089,616)
Returns on investments and servicing of finance		
Interest received	107,456	218,137
Interest paid	(2,987)	-
	<u>104,469</u>	<u>218,137</u>
Net cash inflow for returns on investments and servicing of finance	104,469	218,137
Taxation	(99,477)	(17,353)
Capital expenditure		
Payments to acquire tangible assets	(832,277)	(344,619)
Receipts from sales of tangible assets	6,500	28,164
	<u>(825,777)</u>	<u>(316,455)</u>
Net cash outflow for capital expenditure	(825,777)	(316,455)
	<u>13,439</u>	<u>(1,205,287)</u>
Net cash inflow/(outflow) before management of liquid resources and financing	13,439	(1,205,287)
Financing		
Other new short term loans	3,381,014	7,285,054
Repayment of other short term loans	(3,271,485)	(6,512,889)
	<u>109,529</u>	<u>772,165</u>
Net cash inflow from financing	109,529	772,165
Increase/(decrease) in cash in the year	<u>122,968</u>	<u>(433,122)</u>

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2000

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2000	1999
		£	£
	Operating profit	145,333	69,553
	Depreciation of tangible assets	374,745	577,858
	Loss on disposal of tangible assets	5,485	2,241
	Decrease/(increase) in stocks	756,150	(841,724)
	Decrease/(increase) in debtors	2,610,983	(4,311,199)
	(Decrease)/Increase in creditors within one year	(3,010,807)	3,413,655
	Movement on grant provision	(47,665)	-
	Net cash inflow/(outflow) from operating activities	834,224	(1,089,616)

2	Analysis of net debt	1 October 1999	Cash flow	Other non-cash changes	30 September 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,578,118	116,373	-	1,694,491
	Bank overdrafts	(6,595)	6,595	-	-
		1,571,523	122,968	-	1,694,491
	Debt:				
	Debts falling due within one year	(1,087,630)	(109,530)	-	(1,197,160)
	Debts falling due after one year	(2,816,666)	47,666	-	(2,769,000)
		(3,904,296)	(61,864)	-	(3,966,160)
	Net debt	(2,332,773)	61,104	-	(2,271,669)

3	Reconciliation of net cash flow to movement in net debt	2000	1999
		£	£
	Increase/(decrease) in cash in the year	122,968	(517,450)
	Cash inflow from increase in debt	(61,864)	(687,830)
	Movement in net debt in the year	61,104	(1,205,280)
	Opening net debt	(2,332,773)	(1,127,493)
	Closing net debt	(2,271,669)	(2,332,773)

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and include the results of the company's and group's operations as indicated in the director's report, all of which are continuing.

1.2 Basis of consolidation

The consolidated accounts include the results of all the subsidiary companies prepared to 30th September 2000.

No profit and loss account is prepared for Enta UK Limited as permitted by section 230 of the Companies Act 1985.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Straight line over forty years
Fixtures, fittings & equipment	20% straight line
Motor vehicles	15% straight line

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

2 Turnover

Turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2000 £	1999 £
Operating profit is stated after charging:		
Depreciation of tangible assets	366,975	577,858
Operating lease rentals		
- Plant and machinery	21,447	-
Auditors' remuneration	40,822	40,439
and after crediting:		
Government grants	47,666	84,334

4 Interest payable	2000 £	1999 £
Other interest	2,987	-

5 Taxation	2000 £	1999 £
U.K. current year taxation		
U.K. corporation tax at 30% (1999 - 30%)	24,000	76,682
Deferred taxation	-	(67,990)
	24,000	8,692
Prior years		
U.K. corporation tax	16,133	-
	40,133	8,692

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2000**

6 Tangible fixed assets **Group**

	Land and buildings Freehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 October 1999	2,972,097	1,672,946	279,326	4,924,369
Additions	-	731,527	100,750	832,277
Disposals	-	-	(18,800)	(18,800)
At 30 September 2000	2,972,097	2,404,473	361,276	5,737,846
Depreciation				
At 1 October 1999	317,896	1,133,036	137,069	1,588,001
On disposals	-	-	(6,815)	(6,815)
Charge for the year	61,762	267,200	45,783	374,745
At 30 September 2000	379,658	1,400,236	176,037	1,955,931
Net book value				
At 30 September 2000	2,592,439	1,004,237	185,239	3,781,915
At 30 September 1999	2,654,201	539,909	142,258	3,336,368

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

7 Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost	
At 1 October 1999	100
Additions	100
	<hr/>
At 30 September 2000	200
	<hr/>
At 30 September 1999	100
	<hr/> <hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Enta Technologies Limited	England and Wales	Ordinary	100
Entanet International Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Enta Technologies Limited	Computers and peripherals
Entanet International Limited	Internet service provider

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

8 Stocks

	Group 2000 £	1999 £	Company 2000 £	1999 £
Finished goods and goods for resale	2,146,505	2,902,655	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The replacement cost of stock held as at 30 September 2000 is not materially different from the value stated in the accounts.

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2000**

9 Debtors

	Group 2000 £	1999 £	Company 2000 £	1999 £
Trade debtors	5,198,811	7,918,800	-	-
Other debtors	60,171	-	-	-
Prepayments and accrued income	146,086	97,251	-	-
	<u>5,405,068</u>	<u>8,016,051</u>	<u>-</u>	<u>-</u>

10 Creditors : amounts falling due within one year

	Group 2000 £	1999 £	Company 2000 £	1999 £
Bank loans and overdrafts	-	6,595	-	-
Trade creditors	5,246,553	6,990,988	-	-
Amounts owed to group undertakings	-	-	100	-
Corporation tax	17,344	76,688	-	-
Other taxes and social security costs	423,987	369,272	-	-
Directors current accounts	5,255	23,075	-	-
Other creditors	1,201,421	1,092,686	-	-
Accruals and deferred income	1,395,649	2,698,121	-	-
	<u>8,290,209</u>	<u>11,257,425</u>	<u>100</u>	<u>-</u>

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

11 Creditors : amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Other loans	2,769,000	2,769,000	-	-
Deferred income	-	47,666	-	-
	<u>2,769,000</u>	<u>2,816,666</u>	<u>-</u>	<u>-</u>

Analysis of loans

Not wholly repayable within five years by instalments:

Other loans	2,769,000	2,769,000	-	-
Wholly repayable within five years	1,197,160	1,087,630	-	-
	<u>3,966,160</u>	<u>3,856,630</u>	<u>-</u>	<u>-</u>
Included in current liabilities	(1,197,160)	(1,087,630)	-	-
	<u>2,769,000</u>	<u>2,769,000</u>	<u>-</u>	<u>-</u>

Other loans are unsecured and interest free.

12 Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

Group	Not provided		Provided	
	2000	1999	2000	1999
	£	£	£	£
Accelerated capital allowances	<u>9,677</u>	<u>7,169</u>	<u>-</u>	<u>-</u>

13 Pension costs

The group contributes to a money purchase scheme for its directors and a defined contribution scheme for senior employees. The contributions paid in the year is £24,015 (1999: £52,045)

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

14 Share capital	2000	1999
	£	£
Authorised		
100 Ordinary shares of £ 1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100
	<u> </u>	<u> </u>
15 Statement of movements on reserves		
Group		
	Other reserves	Profit and loss account
	£	£
Balance at 1 October 1999	1,174,996	584,005
Retained profit for the year	-	209,669
	<u> </u>	<u> </u>
Balance at 30 September 2000	1,174,996	793,674
	<u> </u>	<u> </u>
16 Reconciliation of movements in shareholders' funds	2000	1999
Group	£	£
Profit for the financial year	209,669	279,000
Opening shareholders' funds	1,759,101	1,480,101
	<u> </u>	<u> </u>
Closing shareholders' funds	1,968,770	1,759,101
	<u> </u>	<u> </u>
	2000	1999
Company	£	£
Loss for the financial year	-	-
Opening shareholders' funds	100	100
	<u> </u>	<u> </u>
Closing shareholders' funds	100	100
	<u> </u>	<u> </u>

17 Contingent liabilities

Group

At the balance sheet date, group company Enta Technologies Limited has contingent liabilities in respect of documentary credits amounting to £7,500,000 (1999: £1,000,000).

An unlimited multilateral guarantee was given to HSBC by Enta UK Limited to secure the import facilities of the group where applicable.

ENTA UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2000**

18 Directors' emoluments	2000	1999
	£	£
Emoluments for qualifying services	41,175	76,000
Company pension contributions to money purchase scheme	11,808	37,159
	<u>52,983</u>	<u>113,159</u>

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000	1999
	Number	Number
Management and administration	50	26
Marketing and sales	53	92
Warehouse and production	31	-
	<u>134</u>	<u>118</u>

Employment costs

	£	£
Wages and salaries	1,885,736	1,936,444
Social security costs	42,571	25,925
Other pension costs	24,015	52,045
	<u>1,952,322</u>	<u>2,014,414</u>