

Company Registration No. 2526028 (England and Wales)

ENTA TECHNOLOGIES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 1999



ENTA TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors	Jason Tsai Yueh-Taou Chang Tsai
Secretary	Jason Tsai
Company number	2526028
Registered office	5th Floor 7/10 Chandos Street London W1M 9DE
Auditors	Simmons Gainsford 7/10 Chandos Street Cavendish Square London W1M 9DE
Business address	Stafford Park 6 Telford TF3 3AT

ENTA TECHNOLOGIES LIMITED

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ENTA TECHNOLOGIES LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30.09.99 1999

The directors present their report and financial statements for the period ended 30 September 1999.

Principal activities and Business Review

The principal activity of the company continued to be that of the importation and sale of computers and related products.

The directors consider the trading in the period satisfactory. The market remains highly competitive and suffers from Millennium effects. The company continues to source products of high quality at a cost based which will enable the company to remain competitive. The margin in the period reported suffers a decline to a level prevailing in the industry. The company is maintaining its financial stability through a policy of prudence cost savings and sound investments for the future.

Currently there is a discernible upward trend in the retailing sector of the market. We are optimistic of improving the volume of our trading in the period ahead. We expect to benefit from our prudent purchase policy and our stable sources of supply from the Asia Pacific region.

Directors

The following directors have held office since 1 May 1998:

Jason Tsai

Yueh-Taou Chang Tsai

Directors' interests

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

	Ordinary shares of £1 each	
	30 September 1999	1 May 1998
Jason Tsai	-	-
Yueh-Taou Chang Tsai	51	51

Charitable contributions

During the period the company made charitable donations of £25110 (1998 : £50000).

Auditors

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

ENTA TECHNOLOGIES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30.09.99 1999


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;
- 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 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.

By order of the board



Jason Tsai

Director

7.6.2000

ENTA TECHNOLOGIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF ENTA TECHNOLOGIES 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 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 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Simmons Gainsford

Chartered Accountants
Registered Auditor

7th June 2000

7/10 Chandos Street
Cavendish Square
London
W1M 9DE

ENTA TECHNOLOGIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 1999

		17 Months ended 30.09.99 1999 £	12 Months ended 30.04.98 1998 £
	Notes		
Turnover	2	69,716,361	47,478,651
Cost of sales		(65,269,706)	(43,760,483)
Gross profit		4,446,655	3,718,168
Distribution costs		(856,840)	(794,221)
Administrative expenses		(3,993,043)	(3,108,488)
Other operating income		463,212	214,149
Operating profit	3	59,984	29,608
Other interest receivable and similar income	4	215,698	235,550
Profit on ordinary activities before taxation		275,682	265,158
Tax on profit on ordinary activities	5	(8,692)	(19,412)
Profit on ordinary activities after taxation	15	266,990	245,746

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 TECHNOLOGIES LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1999

	Notes	30.09.1999		30.04.1998	
		£	£	£	£
Fixed assets					
Tangible assets	6		3,212,059		3,539,446
Investments	7		100		100
			<u>3,212,159</u>		<u>3,539,546</u>
Current assets					
Stocks	8	2,902,655		2,060,931	
Debtors	9	8,095,909		3,787,100	
Cash at bank and in hand		1,543,245		2,060,311	
		<u>12,541,809</u>		<u>7,908,342</u>	
Creditors: amounts falling due within one year	10	(10,929,257)		(6,737,847)	
Net current assets			<u>1,612,552</u>		<u>1,170,495</u>
Total assets less current liabilities			<u>4,824,711</u>		<u>4,710,041</u>
Creditors: amounts falling due after more than one year	11	(2,816,666)		(2,901,000)	
Provisions for liabilities and charges	12		-		(67,990)
			<u>2,008,045</u>		<u>1,741,051</u>
Capital and reserves					
Called up share capital	14		530,000		530,000
Profit and loss account	15		1,478,045		1,211,051
Shareholders' funds - equity interests	16		<u>2,008,045</u>		<u>1,741,051</u>

The financial statements were approved by the Board on 7 June 2000



Yueh-Taou Chang Tsai
Director

ENTA TECHNOLOGIES LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 1999

	17 Months ended 30 September 1999 £	12 Months ended 30 April 1998 £
Net cash (outflow)/inflow from operating activities	(1,199,219)	1,484,424
Returns on investments and servicing of finance		
Interest received	215,698	235,550
Net cash inflow for returns on investments and servicing of finance	215,698	235,550
Taxation	(17,353)	(23,550)
Capital expenditure		
Payments to acquire tangible assets	(222,478)	(312,230)
Receipts from sales of tangible assets	18,456	39,261
Net cash outflow for capital expenditure	(204,022)	(272,969)
Net cash (outflow)/inflow before management of liquid resources and financing	(1,204,896)	1,423,455
(Decrease)/increase in cash in the period	(1,204,896)	1,423,455

ENTA TECHNOLOGIES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 1999

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	17 months to	12 months to
		30.09.1999	30.04.1998
		£	£
	Operating profit	59,984	29,608
	Depreciation of tangible assets	530,009	354,069
	Loss on disposal of tangible assets	1,404	1,743
	(Increase)/decrease in stocks	(841,724)	1,213,451
	(Increase)/decrease in debtors	(4,308,809)	1,156,762
	Increase/(decrease) in creditors within one year	3,359,917	(1,271,209)
	Net cash (outflow)/inflow from operating activities	(1,199,219)	1,484,424

2	Analysis of net debt	1 May 1998	Cash flow	Other non-cash changes	30 September 1999
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,060,311	(517,066)		1,543,245
	Debt:				
	Debts falling due within one year	(315,466)	(772,164)	-	(1,087,630)
	Debts falling due after one year	(2,901,000)	84,334	-	(2,816,666)
		(3,216,466)	(687,830)	-	(3,904,296)
	Net debt	(1,156,155)	(1,204,896)	-	(2,361,051)

3	Reconciliation of net cash flow to movement in net debt	17 months to	12 months to
		30.09.1999	30.04.1998
		£	£
	(Decrease)/increase in cash in the period	(517,066)	270,372
	Cash (inflow)/outflow from (increase)/decrease in debt	(687,830)	1,153,083
	Movement in net debt in the period	(1,204,896)	1,423,455
	Opening net debt	(1,156,155)	(2,579,610)
	Closing net debt	(2,361,051)	(1,156,155)

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Turnover

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

1.3 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

1.4 Investments

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

1.5 Stock

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

1.6 Pensions

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

1.7 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.

1.8 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.

1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Enta UK Limited, a company incorporated in England, and is included in the consolidated accounts of that company.

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 1999

2 Turnover and profit on ordinary activities before taxation

Class of business	Turnover	
	17 months to 30.09.1999	12 months to 30.04.1998
	£	£
Sales of computer	69,755,606	47,618,075
	<u>69,755,606</u>	<u>47,618,075</u>

3 Operating profit

	17 months to 30.09.1999	12 months to 30.04.1998
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	530,009	354,069
Auditors' remuneration	30,439	23,000
and after crediting:		
Government grants	<u>84,334</u>	<u>66,000</u>

4 Other interest receivable and similar income

	17 months to 30.09.1999	12 months to 30.04.1998
	£	£
Bank interest	215,617	235,550
Other interest	81	-
	<u>215,698</u>	<u>235,550</u>

5 Taxation

	17 months to 30.09.1999	12 months to 30.04.1998
	£	£
U.K. current year taxation		
U.K. corporation tax at 30% (30.04.1998- 21%)	76,682	24,015
Deferred taxation	(67,990)	(4,603)
	<u>8,692</u>	<u>19,412</u>

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 1999

6 Tangible fixed assets

	Land and buildings Freehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 May 1998	2,972,097	1,360,652	205,153	4,537,902
Additions	-	137,907	84,574	222,481
Disposals	-	-	(25,100)	(25,100)
At 30 September 1999	2,972,097	1,498,559	264,627	4,735,283
Depreciation				
At 1 May 1998	230,343	665,879	102,233	998,455
On disposals	-	-	(5,240)	(5,240)
Charge for the period	87,553	404,401	38,055	530,009
At 30 September 1999	317,896	1,070,280	135,048	1,523,224
Net book value				
At 30 September 1999	2,654,201	428,279	129,579	3,212,059
At 30 April 1998	2,741,754	694,773	102,919	3,539,446

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 1999

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 May 1998 & at 30 September 1999	100

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			
Entanet International Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Entanet International Limited	(253,346)	14,164

8 Stocks	30.09.1999 £	30.04.1998 £
Finished goods and goods for resale	2,902,655	2,060,931

Replacement cost of the stocks held at 30th September 1999 is not materially different from the value stated in the accounts.

9 Debtors	30.09.1999 £	30.04.1998 £
Trade debtors	7,807,566	3,573,702
Amounts owed by parent and fellow subsidiary undertakings	194,909	141,385
Other debtors	-	1,232
Prepayments and accrued income	93,434	70,781
	8,095,909	3,787,100

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 1999

10 Creditors: amounts falling due within one year	30.09.1999	30.04.1998
	£	£
Trade creditors	6,861,120	4,832,861
Corporation tax	83,344	24,015
Other taxes and social security costs	358,473	516,796
Directors' current accounts	23,075	24,280
Other creditors	1,092,705	317,295
Accruals and deferred income	2,510,540	1,022,600
	<u>10,929,257</u>	<u>6,737,847</u>
	<u><u>10,929,257</u></u>	<u><u>6,737,847</u></u>
11 Creditors: amounts falling due after more than one year	30.09.1999	30.04.1998
	£	£
Other loans	2,769,000	2,769,000
Deferred income	47,666	132,000
	<u>2,816,666</u>	<u>2,901,000</u>
	<u><u>2,816,666</u></u>	<u><u>2,901,000</u></u>
Analysis of loans		
Wholly repayable within five years	3,856,630	3,084,466
	<u>3,856,630</u>	<u>3,084,466</u>
Included in current liabilities	(1,087,630)	(315,466)
	<u>2,769,000</u>	<u>2,769,000</u>
	<u><u>2,769,000</u></u>	<u><u>2,769,000</u></u>

Other loans are unsecured and interest free. The repayment of the loan is not fixed but not earlier of 1st October 2000.

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 1999

12 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 May 1998	67,990
Profit and loss account	(67,990)
Balance at 30 September 1999	-

Deferred tax is provided at 30% (30.04.1998- 31%) analysed over the following timing differences:

	Not provided 30.09.1999 £	30.04.1998 £	30.09.1999 £	Provided 30.04.1998 £
Accelerated capital allowances	324,770	337,986	-	67,990

13 Pension costs

The company contributes to a money purchase scheme for its directors and a defined contribution scheme for other staff. The contributions paid in the year is £50,230 (1998:£68,819).

14 Share capital	30.09.1999 £	30.04.1998 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
530,000 Ordinary shares of £1 each	530,000	530,000

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 1998	1,211,055
Retained profit for the period	266,990
Balance at 30 September 1999	1,478,045

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 1999

16 Reconciliation of movements in shareholders' funds	30.09.1999	30.04.1998
	£	£
Profit for the financial period	266,990	245,746
Opening shareholders' funds	1,741,051	1,495,305
	<u> </u>	<u> </u>
Closing shareholders' funds	2,008,045	1,741,051
	<u> </u>	<u> </u>

17 Contingent liabilities

At the balance sheet date the company has contingent liabilities in respect of documentary credits amounting to £1,000,000 (1998:£500,000) The credits are guaranteed by way of a fixed charge over all book and other debts to a limit of £2,000,000.

An unlimited multilateral company guarantee was given to the company bankers to secure import facilities of Enta UK Limited and Entanet International Limited where applicable.

18 Directors' emoluments	30.09.1999	30.04.1998
	£	£
Emoluments for qualifying services	76,000	60,000
Company pension contributions to money purchase schemes	37,159	61,757
	<u> </u>	<u> </u>
	113,159	121,757
	<u> </u>	<u> </u>

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 1999

19 Employees

Number of employees

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

	30.09.1999 Number	30.04.1998 Number
Management and administration	23	25
Marketing and sales	84	87
	<u>107</u>	<u>112</u>

Employment costs

	£	£
Wages and salaries	1,741,718	1,551,709
Social security costs	6,198	6,002
Other pension costs	50,230	68,819
	<u>1,798,146</u>	<u>1,626,530</u>

20 Control

Enta Technologies Limited is a wholly owned subsidiary of Enta UK Limited, a company registered in England and Wales.

21 Related party transactions

During the year, the company sold goods for resale of £45,322 and fixed assets of £44,867 to Entanet International Limited in the ordinary course of business. The balance owe by Entanet International Limited at the year end amounts to £164,909.