

SIETZ AND PARTNER LIMITED

(Company No. 02710842)

REPORT AND FINANCIAL STATEMENTS

31 December 1999

**Badger Hakim
10 Dover Street
London
W1X 3PH**



SIETZ AND PARTNER LIMITED

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SIETZ AND PARTNER LIMITED

DIRECTOR'S REPORT

The director presents his report together with the audited financial statements for the year ended 31 December 1999.

1. Principal Activities and Business Review

The principal activity of the company throughout the year was the provision of corporate finance advisory services. As anticipated in 1998, the company returned to profitability in the year under review, with satisfactory results.

The company is authorised to carry on investment business by the Securities and Futures Authority.

2. Results and dividends

The results of the company are set out on page 4. The director does not recommend the payment of a dividend.

3. Director and his interests

The director who served the company throughout the year together with his interest (including family interests) in the shares of the company at the beginning and end of the year was as follows:

	Ordinary shares of £1 each	
	<u>1999</u>	<u>1998</u>
W. Sietz	-	-

The shares of the company are held by a trust in which W. Sietz has a beneficial interest.

4. Fixed assets

Details of the movements in fixed assets are given in the notes to these financial statements.

5. Donations

The company made one charitable contribution during the year amounting to £ 32,042.

6. Auditors

Badger Hakim have expressed their willingness to continue in office. A resolution will be proposed at the forthcoming Annual General Meeting for their re-appointment in accordance with the provision of the Companies Act 1985.

SIETZ AND PARTNER LIMITED

DIRECTOR'S REPORT

DIRECTOR'S STATEMENT OF RESPONSIBILITIES

Company law requires the director 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 director is 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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:



I. Patsalides (Secretary)

Date: 28 March 2000

SIETZ AND PARTNER LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 11 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.

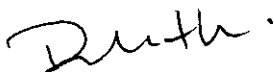
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practises 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 affairs of the company at 31 December 1999 and of its profit and cash flows for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Badger Hakim
Chartered Accountants
and Registered Auditor
10 Dover Street
London
W1X 3PH

Date: 28 March 2000

SIETZ AND PARTNER LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Turnover	2	800,917	252,042
Administrative expenses		392,638	252,333
Operating Profit/(Loss)		408,279	(291)
Interest receivable and similar income	5	3,372	1,026
Interest payable and similar charges	6	13,832	-
Profit on ordinary activities before taxation	7	397,819	735
Tax on profit on ordinary activities	8	56,210	-
Profit on ordinary activities after taxation		341,609	735
Retained profit/(loss) brought forward		126	(609)
Retained profit carried forward		341,735	126

There are no recognised gains and losses in the year other than the profit for the year.

None of the company's activities were acquired or discontinued during the above two financial years.

SIETZ AND PARTNER LIMITED

BALANCE SHEET

At 31 December 1999

	<u>Note</u>	<u>1999</u>	<u>1998</u>
		£	£
FIXED ASSETS			
Tangible assets	9	2,399	5,753
CURRENT ASSETS			
Trade debtors		242,309	133,484
Other debtors and prepayments		122,427	54,571
Cash at bank and in hand		198,016	56,834
		<u>562,752</u>	<u>244,889</u>
CREDITORS: Amounts falling due within one year	10	<u>188,416</u>	<u>215,516</u>
CURRENT ASSETS LESS CURRENT LIABILITIES		374,336	29,373
NET ASSETS		<u>£376,735</u>	<u>£35,126</u>
CAPITAL AND RESERVES			
Called up share capital	11	32,035	32,035
Share premium account		2,965	2,965
Profit and loss account		341,735	126
SHAREHOLDERS' FUNDS	12	<u>£376,735</u>	<u>£35,126</u>

Shareholders funds include only equity interests.

These financial statements were approved by the Director on 28 March 2000.

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W. Sietz

SIETZ AND PARTNER LIMITED

CASH FLOW STATEMENT

Year ended 31 December 1999

	<u>1999</u> £	<u>1998</u> £
Reconciliation of operating profit/(loss) to net cash inflow/outflow from operating activities.		
Operating profit/(loss)	408,279	(291)
Depreciation Charge	4,124	2,987
(Increase) in debtors	(176,681)	(56,873)
(Decrease)/Increase in creditors	(27,100)	104,809
Net cash Inflow from operating activities	<u>208,622</u>	<u>50,632</u>

CASH FLOW STATEMENT

	<u>1999</u> £	<u>1998</u> £
Net cash Inflow from operating activities	208,622	50,632
Returns on investments and servicing of finance (note 1)	(10,460)	1,026
Taxation	(56,210)	-
Capital expenditure (note 1)	(770)	(3,641)
INCREASE IN CASH	<u>141,182</u>	<u>48,017</u>

Reconciliation of net cash flow to movement in net debt (note 2)

	<u>1999</u> £	<u>1998</u> £
Increase in cash in the period	141,182	48,017
Net funds at 1 January	56,834	8,817
Net funds at 31 December	<u>198,016</u>	<u>56,834</u>

NOTES TO THE CASH FLOW STATEMENT

Note 1 - GROSS CASH FLOWS

	<u>1999</u> £	<u>1998</u> £
Returns on investments and servicing debt		
Interest received	3,372	1,026
Interest paid	(13,832)	-
	<u>(10,460)</u>	<u>1,026</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(770)	(3,641)
	<u>(770)</u>	<u>(3,641)</u>

Note 2 - ANALYSIS OF CHANGES IN NET DEBT

	At 01/01/99 £	Cash flows £	Other changes £	At 31/12/99 £
Cash in hand and at bank	56,834	141,182	-	198,016

SIETZ AND PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The following principle accounting policies have been applied.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Tangible fixed assets

Depreciation is provided so as to write off the cost of tangible fixed assets, less their estimated residual value, over their useful lives, using the following rates on cost in equal annual installments:

Office furniture	25%
Office equipment	25%

(c) Foreign currency translation

Amounts denominated in foreign currency are translated into sterling at the rate of exchange ruling on the date of the transaction. The difference between this value and sterling amounts actually received or paid are dealt with in the profit and loss account.

(d) Turnover

Turnover represents the invoiced value of services provided net of value added tax.

2. TURNOVER

Turnover represents amounts invoiced to clients of the company. The company's turnover was derived from supplying the following geographical markets:

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
United Kingdom	347,582	-
Europe	453,335	252,042
	<u>800,917</u>	<u>252,042</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average number of persons employed by the company during the year (including the director) in administration were:

	<u>Number</u>	<u>Number</u>
	<u>2</u>	<u>3</u>
	<u>£</u>	<u>£</u>
Wages and Salaries	217,050	79,122
Social Security costs	14,842	7,118
	<u>231,892</u>	<u>86,240</u>

SIETZ AND PARTNER LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 1999

4. DIRECTORS' EMOLUMENTS

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Emoluments	190,873	39,833
The emoluments of the highest paid director was:	190,873	39,833

5. INTEREST RECEIVABLE AND SIMILAR INCOME

This heading represents:

Bank interest receivable	790	1,026
Loan interest receivable	2,582	-
	<u>3,372</u>	<u>1,026</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

Bank loans and overdraft and other loans repayable
within five years

13,832	-
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7. PROFIT ON ORDINARY ACTIVITIES

This is after charging

Auditors remuneration - Audit	1,500	1,500
- Accountancy	13,567	8,280
Depreciation: owned assets	4,124	2,987
Loss on exchange	11,894	3,257

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax at current rate	56,210	-
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SIETZ AND PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 1999

9. TANGIBLE ASSETS

COST	Office furniture £	Office equipment £	Total £
As at 1 January 1999	3,494	20,630	24,124
Additions in year	-	770	770
As at 31 December 1999	<u>3,494</u>	<u>21,400</u>	<u>24,894</u>
DEPRECIATION			
As at 1 January 1999	2,769	15,602	18,371
Charge for the year	724	3,400	4,124
As at 31 December 1999	<u>3,493</u>	<u>19,002</u>	<u>22,495</u>
Net book value at 31 December 1999	<u>1</u>	<u>2,398</u>	<u>2,399</u>
Net book value at 31 December 1998	<u>725</u>	<u>5,028</u>	<u>5,753</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1999</u> £	<u>1998</u> £
Bank loans and overdraft	41,713	-
Other taxes and social security	55,291	7,410
Corporation tax	56,210	-
Director's current account	24,382	169,613
Other creditors and accruals	10,820	38,493
	<u>188,416</u>	<u>215,516</u>

11. SHARE CAPITAL

Authorised:		
100,000 Ordinary Shares of £ 1.00 each	<u>100,000</u>	<u>100,000</u>
Called up, allocated and fully paid:		
32,035 Ordinary Shares of £ 1.00 each	<u>32,035</u>	<u>32,035</u>

SIETZ AND PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Called up share capital £	Share Premium account £	Profit and loss account £	Total £
Balance as at 31 December 1998	32,035	2,965	126	35,126
Shares issued during the year	-	-	-	-
Transfer from profit and loss account	-	-	341,609	341,609
Balance as at 31 December 1999	<u>32,035</u>	<u>2,965</u>	<u>341,735</u>	<u>376,735</u>

13. DIRECTOR'S INTEREST IN CONTRACTS

The company traded on normal commercial terms with the following enterprise in which a director had a material interest.

<u>Company</u>	<u>Loan given</u> £	<u>Purchases</u> £	<u>Sales</u> £
Sietz and Partner Gmbh	<u>88,350</u>	<u>8,275</u>	<u>2,178</u>

At 31 December 1999 the following balances existed with Sietz and Partner Gmbh:

	£
Debtors	88,350
Creditors	<u>3,172</u>

14. DONATIONS

The company made one donation during the year which is detailed below:

	<u>1999</u> £	<u>1998</u> £
Lotus Relief Charitable Trust	<u>34,042</u>	<u>-</u>