

SIETZ AND PARTNER LIMITED
(Company No. 02710842)
REPORT AND FINANCIAL STATEMENTS
31 December 1997

Badger Hakim
10 Dover Street
London
W1X 3PH



SIETZ AND PARTNER LIMITED

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SIETZ AND PARTNER LIMITED

DIRECTORS' REPORT

The director presents his report and audited financial statements for the year ended 31 December 1997.

1. Principal Activities and Business Review

The principal activity of the company throughout the year was the provision of corporate finance advisory services. The director anticipated the result for the year and the company shall return to profitability in the coming year.

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. Directors' and their 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>1997</u>	<u>1996</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. 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

DIRECTORS' REPORT

DIRECTORS' STATEMENT OF 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

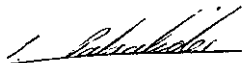
select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

prepare the 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 enable him 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:



I. Patsalides (Secretary)

Date: 24 March 1998

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.

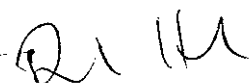
Basis of opinion

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 1997 and of its loss 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

Registered Auditor
10 Dover Street
London
W1X 3PH

Date: 24 March 1998

SIETZ AND PARTNER LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1997

	<u>Note</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Turnover	2	633,818	1,265,731
Administrative expenses		849,962	1,188,262
Operating (loss)\profit		<u>(216,144)</u>	<u>77,469</u>
Interest receivable and similar income	5	2,356	4,684
Interest payable and similar charges	6	-	-
(Loss)\profit on ordinary activities before taxation	7	<u>(213,788)</u>	<u>82,153</u>
Tax on (loss)\profit on ordinary activities	8	<u>(20,322)</u>	<u>20,322</u>
(Loss)\profit on ordinary activities after taxation		<u>(193,466)</u>	<u>61,831</u>
Retained profits brought forward		<u>192,857</u>	<u>131,026</u>
Retained (loss)\profits carried forward		<u>(609)</u>	<u>192,857</u>

There are no recognised gains and losses in the year other than the loss 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 1997

	Note	£	<u>1997</u>	£	£	<u>1996</u>	£
FIXED ASSETS							
Tangible assets	9			5,099			3,663
CURRENT ASSETS							
Trade debtors		106,360			151,357		
Other debtors and prepayments		24,822			37,328		
Investments		-			84,169		
Cash at bank and in hand		8,817			207,751		
		<u>139,999</u>			<u>480,605</u>		
CREDITORS: Amounts falling due within one year	10	<u>110,707</u>			<u>268,015</u>		
NET CURRENT ASSETS				29,292			212,590
NET ASSETS				<u>£34,391</u>			<u>£216,253</u>
CAPITAL AND RESERVES							
Called up share capital	11		32,035			20,431	
Share premium account			2,965			2,965	
Profit and loss account			(609)			192,857	
SHAREHOLDERS FUNDS	12		<u>£34,391</u>			<u>£216,253</u>	

Shareholders funds include only equity interests.

These financial statements were approved by the Director on 24 March 1998.

W. Sietz

SIETZ AND PARTNER LIMITED

CASH FLOW STATEMENT

Year ended 31 December 1997

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Reconciliation of operating (loss)\profit to net cash outflow/inflow from operating activities.		
Operating (loss)\profit	(216,144)	77,469
Depreciation Charge	4,611	3,481
Decrease\ (Increase) in debtors	57,503	(89,876)
(Decrease)/Increase in creditors	(77,780)	4,210
Net cash outflow from operating activities	<u>(231,810)</u>	<u>(4,716)</u>

CASH FLOW STATEMENT

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Net cash outflow from operating activities	(231,810)	(4,716)
Returns on investments and servicing of finance (note 1)	2,356	4,684
Taxation	(20,322)	(35,545)
Capital expenditure	(6,047)	(1,959)
	<u>(255,823)</u>	<u>(37,536)</u>
Management of liquid resources (note 1)	84,169	(84,169)
Financing (note 1)	11,604	3,395
DECREASE IN CASH	<u>(160,050)</u>	<u>(118,310)</u>

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

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Decrease in cash in the period	(160,050)	(118,310)
Net funds at 1 January 1997	168,867	287,177
Net funds at 31 December 1997	<u>8,817</u>	<u>168,867</u>

SIETZ AND PARTNER LIMITED

NOTES TO THE CASH FLOW STATEMENT

Note 1 - GROSS CASH FLOWS

	<u>1997</u> £	<u>1996</u> £
Returns on investments and servicing debt		
Interest received	2,356	4,684
Interest paid	-	-
	<u>2,356</u>	<u>4,684</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(6,047)	(1,959)
	<u>(6,047)</u>	<u>(1,959)</u>
Management of liquid resources		
Payments to acquire shares	-	(84,169)
Receipts from sale of shares	84,169	-
	<u>84,169</u>	<u>(84,169)</u>
Financing		
Issue of ordinary share capital	11,604	3,395
	<u>11,604</u>	<u>3,395</u>

Note 2 - ANALYSIS OF CHANGES IN NET DEBT

	At 01/01/97 £	Cash flows £	Other changes £	At 31/12/97 £
Cash in hand and at bank	207,751	(198,934)		8,817
Overdrafts	(38,884)	38,884		-
		<u>(160,050)</u>		
TOTAL	<u>168,867</u>	<u>(160,050)</u>	<u>-</u>	<u>8,817</u>

SIETZ AND PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets.

The rates of depreciation are as follows:

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 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>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
United Kingdom	233,389	1,072,069
Europe	<u>400,429</u>	<u>193,662</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

	<u>3</u>	<u>2</u>
Wages and Salaries	571,998	260,999
Social Security costs	<u>39,844</u>	<u>9,611</u>
	<u>611,842</u>	<u>270,610</u>

SIETZ AND PARTNER LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
Year ended 31 December 1997**4. DIRECTORS' EMOLUMENTS**

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Fees	<u>467,173</u>	<u>223,074</u>
The emoluments of the highest paid director was:	<u>467,173</u>	<u>223,074</u>

The director's emoluments includes an amount of £ 178,900 (1996 - £ 156,774) which was paid outside the United Kingdom.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

This heading represents:

Bank interest receivable	<u>2,356</u>	<u>4,684</u>
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6. INTEREST PAYABLE AND SIMILAR CHARGES

Bank loans and overdraft and other loans repayable
within five years

<u>-</u>	<u>-</u>
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7. LOSS\PROFIT ON ORDINARY ACTIVITIES

This is after charging/(crediting):

Auditors remuneration - Audit	1,500	1,200
- Accountancy	15,000	6,000
Depreciation: owned assets	4,611	3,481
Loss on exchange	<u>33,048</u>	<u>60,450</u>

8. TAX ON LOSS\PROFIT ON ORDINARY ACTIVITIES

Corporation tax (refund)\based on the results for the year (1996: 24%)	<u>(20,322)</u>	<u>20,322</u>
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SIETZ AND PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1997

9. TANGIBLE ASSETS

COST	Office furniture £	Office equipment £	Total £
As at 1 January 1997	2,044	12,392	14,436
Additions in year	1,450	4,597	6,047
As at 31 December 1997	<u>3,494</u>	<u>16,989</u>	<u>20,483</u>
DEPRECIATION			
As at 1 January 1997	2,043	8,730	10,773
Charge for the year	363	4,248	4,611
As at 31 December 1997	<u>2,406</u>	<u>12,978</u>	<u>15,384</u>
Net book value at 31 December 1997	<u>1,088</u>	<u>4,011</u>	<u>5,099</u>
Net book value at 31 December 1996	<u>1</u>	<u>3,662</u>	<u>3,663</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1997</u> £	<u>1996</u> £
Bank overdraft	-	38,884
Other taxes and social security	6,356	23,943
Corporation tax	-	20,322
Director's current account	104,351	15,320
Other creditors and accruals	-	169,546
	<u>110,707</u>	<u>268,015</u>

SIETZ AND PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 1997

11. SHARE CAPITAL

Authorised:

100,000 Ordinary Shares of £ 1.00 each

100,000

100,000

Called up, allocated and fully paid:

32,035 Ordinary Shares of £ 1.00 each

32,035

20,431

During the year the capital of the company was increased by £ 11,604 by way of issue of 11,604 ordinary shares of £ 1.00 each.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Called up share capital £	Share Premium account £	Profit and loss account £	Total £
Balance as at 31 December 1996	20,431	2,965	192,857	216,253
Shares issued during the year	11,604			11,604
Transfer from profit and loss account	-		(193,466)	(193,466)
	<u>32,035</u>	<u>2,965</u>	<u>(609)</u>	<u>34,391</u>

13. DIRECTOR'S INTEREST IN CONTRACTS

The company made recharges on normal commercial terms with the following enterprises in which a director had a material interest.

<u>Company</u>	<u>Sales</u>
Eurocorp, Budapest	<u>£ 49,133</u>