

ARTEME (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

02997-b-1998

Registered Office
23 Bullecroft Road
Edgware
Middlesex
HA8 8RN



ARTEME (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

Principal activities and review of the business

The principal activity of the company continued to be that of an investment company.

The company changed its name from Arteme (UK) Limited to Arteus (UK) Limited on the 27th of September 1999.

Results and dividends

The results for the year are set out on page 3.

Future developments

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The directors have considered the potential risks to the company's activities arising from the date change to the Year 2000. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain because at least some level of failure may still occur, however the Board believe that it has achieved an acceptable state of readiness and will continue to monitor the issues on a regular basis.

The company has not incurred significant costs during the consideration of this problem.

Directors

The following directors have held office since 1 January 1998:

J Butterfield	(Resigned 1 June 1998)
J.D. Parker	(Resigned 29 January 1999)
A.M. Taylor	(Appointed 1 June 1998 and resigned 2 December 1999)
L.R. Taylor	(Appointed 1 June 1998 and resigned 2 December 1999)
F M Forrai	(Resigned 1 June 1998)
C Stewart	(Appointed 29 January 1999 and resigned 2 December 1999)
A Behar	(Appointed 2 December 1999)
R Behar	(Appointed 2 December 1999)
K Yates	(Appointed 2 December 1999)

The directors have no interest in the issued share capital of the company.

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;
- 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


K Yates (Director)

Date : 08 JAN 2000

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
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**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE
ACCOUNTS OF ARTEME (UK) LIMITED**

We report on the accounts for the year ended 31 December 1998.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 1998, set out on pages 3 to 7 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these accounts in order to assist you to fulfil your statutory responsibilities.

Our procedures consisted of comparing the accounts with the accounting records kept by the company and making such enquiries of the officers and other officials of the company as we considered necessary for the purposes of this report.

In our opinion the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985.

Matthew Edwards & Co.

Matthew Edwards & Co.

08-01-00

Chartered Accountants

Clinch's House, Lord Street
Douglas
Isle Of Man
IM99 1RZ

ARTEME (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998**

	Notes	1998 £	1997 £
Administrative expenses		(2,834)	(1,484)
Operating loss	2	(2,834)	(1,484)
Interest payable and similar charges	3	-	(3,407)
Loss on ordinary activities before taxation		(2,834)	(4,891)
Tax on loss on ordinary activities	4	-	200
Loss on ordinary activities after taxation	7	(2,834)	(4,691)
Loss brought forward at 1 January 1998		(57,180)	(52,489)
Loss carried forward at 31 December 1998		(60,014)	(57,180)

All of the company's activities are derived from continuing operations.

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

ARTEME (UK) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 1998**

	Notes	1998 £	£	1997 £	£
Current assets					
Cash at bank and in hand		1,122		1,122	
Creditors: amounts falling due within one year	5	(60,136)		(57,302)	
Total assets less current liabilities		(59,014)		(56,180)	
Capital and reserves					
Called up share capital	6	1,000		1,000	
Profit and loss account	7	(60,014)		(57,180)	
Shareholders' funds - equity interests	8	(59,014)		(56,180)	

In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on **08 JAN 2000**


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K Yates (Director)

ARTEME (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998****1 Accounting policies****1.1 Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis. This is considered appropriate as the ultimate beneficial shareholders will continue to provide financial support to the company for the foreseeable future.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Foreign currency translation

The company's accounting records are maintained in Pounds Sterling.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

2 Operating loss	1998	1997
	£	£
Operating loss is stated after charging:		
Audit and accountancy fees	640	600
	<u> </u>	<u> </u>
3 Interest payable and similar expenses	1998	1997
	£	£
Loss on foreign exchange	-	3,407
	<u> </u>	<u> </u>
	-	3,407
	<u> </u>	<u> </u>
4 Taxation	1998	1997
	£	£
	<u> </u>	<u> </u>
	-	-
Prior years		
U.K. corporation tax	-	(200)
	<u> </u>	<u> </u>
	-	(200)
	<u> </u>	<u> </u>

On the basis of these financial statements no provision has been made for corporation tax.

ARTEME (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

5 Creditors: amounts falling due within one year	1998	1997
	£	£
Other creditors	53,482	52,777
Accruals and deferred income	6,654	4,525
	<u>60,136</u>	<u>57,302</u>

6 Share Capital

The authorised share capital of the Company comprises 10000 Ordinary shares of £1.00 each, of which 1000 have been issued and are fully paid up (1997 - 1000).

7 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 1998	(57,180)
Retained loss for the year	(2,834)
	<u>(60,014)</u>
Balance at 31 December 1998	<u>(60,014)</u>

8 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Loss for the financial year	(2,834)	(4,691)
Opening shareholders' funds	(56,180)	(51,489)
	<u>(59,014)</u>	<u>(56,180)</u>
Closing shareholders' funds	<u>(59,014)</u>	<u>(56,180)</u>

9 Contingent liabilities

There were no know contingent liabilities as at the balance sheet date.

10 Capital commitments

There were no major capital commitments at the balance sheet date.

11 Employees**Number of employees, wages and salaries**

There were no employees during the year apart from the directors. The directors received no remuneration during the year.

ARTEME (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

12 Ultimate Controlling Party and Related party transactions

The directors are not aware of the ultimate controlling party, transactions related thereto and any other related party transactions.

ARTEME (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

12 Ultimate Controlling Party and Related party transactions

The directors are not aware of the ultimate controlling party, transactions related thereto and any other related party transactions.