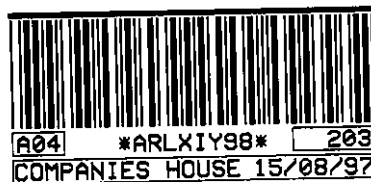


MediaAsia Europe Limited
Director's Report and Financial Statements
for the year ended 31 May 1996
2816848 (England and Wales)



MediaAsia Europe Limited

Company Information

Director	M.J. Akbar
Secretary	B. Gohil
Company Number	2816848 (England and Wales)
Registered Office	Dolphin Media House Spring Villa Park Spring Villa Road Edgware, Middx HA8 7ED
Auditors	Morley & Scott Lynton House 7-12 Tavistock Square London WC1H 9LT
Bankers	Midland Bank plc 79 Piccadilly London W1V 0EU

MediaAsia Europe Limited

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MediaAsia Europe Limited

Director's Report for the year ended 31 May 1996

The director presents his report and the financial statements for the year ended 31 May 1996.

Principal Activities

The principal activities of the company are the publishing and selling of a daily newspaper, The Asian Age.

Director and his Interests

The director who served during the year and his interests in the company were as stated below.

	Class of share	Number of shares	
		1996	1995
M.J. Akbar	Ordinary shares	-	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Morley & Scott be reappointed as auditors of the company will be put to the Annual General Meeting.

Director's 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 period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

In the preparation of the director's report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

This report was approved by the Board on 8 August 1997.


M.J. Akbar
Director

MediaAsia Europe Limited
Auditors' Report
to the shareholders of MediaAsia Europe Limited

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of the director and auditors

As described on page 1 the company's director is 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, except that the scope of our work was limited as explained below.

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 director 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 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 1995, the entire issued share capital of the company was transferred under an agreement which required the vendors to satisfy certain creditors of the company, as set out in note 3. However, the evidence available to us regarding this exceptional income was limited because we have not been able to satisfy ourselves that the amounts due to these creditors have been fully discharged.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the validity of exceptional income and the completeness of creditors, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 1996 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

In respect alone of the limitation on our audit work relating to exceptional income and creditors, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Morley & Scott

Morley & Scott

Chartered Accountants
Registered Auditor

8 August 1997

London

MediaAsia Europe Limited

Profit and Loss Account
for the year ended 31 May 1996

	Notes	1996 £	1995 £
Turnover		201,297	142,125
Cost of sales		(260,822)	(391,213)
Gross loss		(59,525)	(249,088)
Administrative expenses		(245,927)	(259,768)
Operating loss	2	(305,452)	(508,856)
Exceptional gain	3	123,068	681,341
Loss on ordinary activities before interest		(182,384)	172,485
Interest payable and similar charges		(970)	(6,935)
Loss on ordinary activities before taxation		(183,354)	165,550
Accumulated losses at 1 June 1995		(129,387)	(294,937)
Accumulated losses at 31 May 1996		£(312,741)	£(129,387)

All turnover and operating profits derive from continuing activities and there are no recognised gains and losses other than those passing through the profit and loss account.

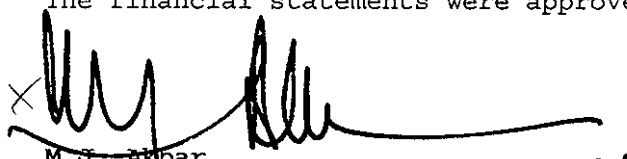
MediaAsia Europe Limited

Balance Sheet
as at 31 May 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	4	49,068	68,081
Current Assets			
Debtors	5	42,165	72,916
Cash at bank and in hand		495	12,330
		<u>42,660</u>	<u>85,246</u>
Creditors: amounts falling due within one year	6	<u>(404,467)</u>	<u>(282,712)</u>
Net Current Liabilities		<u>(361,807)</u>	<u>(197,466)</u>
Total Assets Less Current Liabilities		<u>£(312,739)</u>	<u>£(129,385)</u>
Capital and Reserves			
Called up share capital	7	2	2
Profit and loss account		<u>(312,741)</u>	<u>(129,387)</u>
Shareholders' funds	8	<u>£(312,739)</u>	<u>£(129,385)</u>

The director has taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 and has done so on the grounds that, in his opinion, the company is entitled to those exemptions as a small company.

The financial statements were approved by the Board on 8 August 1997.


 M.S. Akbar
 Director

MediaAsia Europe Limited

Notes to the Financial Statements
for the year ended 31 May 1996

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 operations as indicated in the director's report, all of which are continuing.

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 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets 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:

Plant and machinery - 25% Straight line

1.4 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the director considers that a liability to taxation is unlikely to crystallise.

2. Operating Loss

	1996	1995
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	28,174	25,884
Auditors' remuneration	4,500	5,000
	<u> </u>	<u> </u>

MediaAsia Europe Limited

Notes to the Financial Statements
for the year ended 31 May 1996

3. Exceptional Item

As part of the sale of the issued share capital of the company last year, certain company debts were settled by the previous shareholders:

	1996 £	1995 £
Debentures	-	325,000
Trade creditors	-	79,950
Other creditors	123,068	681,341
	<u>£ 123,068</u>	<u>£ 681,341</u>

4. Tangible Assets

	Plant and machinery £
Cost	
At 1 June 1995	105,072
Additions	9,161
At 31 May 1996	<u>114,233</u>
Depreciation	
At 1 June 1995	36,991
Charge for year	28,174
At 31 May 1996	<u>65,165</u>
Net book values	
At 31 May 1996	<u>£ 49,068</u>
At 31 May 1995	<u>£ 68,081</u>

5. Debtors

	1996 £	1995 £
Trade debtors	29,225	59,629
Others	12,940	13,287
	<u>£ 42,165</u>	<u>£ 72,916</u>

MediaAsia Europe Limited

Notes to the Financial Statements
for the year ended 31 May 1996

6.	Creditors: amounts falling due within one year	1996 £	1995 £
	Bank loans and overdrafts	18,528	-
	Trade creditors	77,812	55,365
	Amount due to parent undertaking	58,004	-
	Other creditors	250,123	227,347
		<u>£ 404,467</u>	<u>£ 282,712</u>

7.	Share Capital	1996 £	1995 £
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	2	2
		<u> </u>	<u> </u>

8.	Reconciliation of Movements in Shareholders' Funds	1996 £	1995 £
	Loss for the financial year	(183,354)	165,550
	Opening shareholders' funds	(129,385)	(294,935)
		<u> </u>	<u> </u>
	Closing shareholders' funds	£(312,739)	£(129,385)
		<u> </u>	<u> </u>

9. Ultimate Parent Company

The ultimate parent company is MediaAsia Private Limited, a company registered in India.

10. Basis of Preparation of Financial Statements

The company has received assurances from a connected company that it will provide such support as it may require, to pay its debts as they fall due.