

ZANEX LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998
Company No: 2992098

PEARLMAN ROSE
Chartered Accountants
116/117 Saffron Hill
London
EC1N 8QS



ZANEX LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

INDEX

ITEM	DESCRIPTION	PAGE
1.	Directors' Report	1
2.	Accountants' Report	3
3.	Profit and Loss Account	4
4.	Balance Sheet	5
5.	Notes to the accounts	6
<i>The page that follows does not form part of the company's statutory accounts</i>		
6.	Profit and loss account	10

DIRECTORS	Dr S Ali Dr M Baker
SECRETARY	Dr S Ali
BANKERS:	National Westminster Bank Plc 250 Regent Street London W1A 4RY
AUDITORS	PEARLMAN ROSE Chartered Accountants 116/117 Saffron Hill London EC1N 8QS

ZANEX LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 1998

The directors present their annual report together with the financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company is that of property ownership and management.

DIRECTORS' RESPONSIBILITIES (in respect of preparation of financial statements)

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 at 31 December 1998 and of its profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 resume 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.

The directors are of the opinion that the company is eligible to take advantage of the audit exemption as specified in S249A(1) of the Companies Act 1985.

The directors confirm that the above requirements have been complied with in the financial statements.

ZANEX LIMITED

REPORT OF THE DIRECTORS contd.....

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors interests were as follows:

31 December 1998
Ordinary Shares

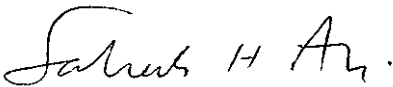
Dr S Ali
Dr M Baker

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SMALL COMPANY EXEMPTIONS

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

By order of the board



Dr S Ali
Secretary

23 February 1999

ZANEX LIMITED

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS

ON THE UNAUDITED FINANCIAL STATEMENTS

We report on the financial statements for the year ended 31 December 1998 set out on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).



PEARLMAN ROSE
Chartered Accountants
116/117 Saffron Hill
London
EC1N 8QS

23 February 1999

ZANEX LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	1998 £	1997 £
INCOME			
Rent receivable		29 740	28 500
Deduct:			
Administrative costs		(12 863)	(5 970)
Operating profit	2	<u>16 877</u>	<u>22 530</u>
Interest payable and other similar charges	3	<u>(17 934)</u>	<u>(20 929)</u>
(Loss)/profit on ordinary activities before taxation		(1 057)	1 601
Taxation		-	-
(Loss)/profit on ordinary activities after taxation		<u>(1 057)</u>	<u>1 601</u>

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

There were no recognised gains or losses other than the loss for the period.

The notes on pages 6 to 9 form part of the financial statements.

ZANEX LIMITED

BALANCE SHEET


AS AT 31 DECEMBER 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	4		529 660		530 227
Current assets					
Cash at bank and in hand		5		-	
		5		-	
Creditors: Amounts falling due within one year	5	516 712		516 217	
		516 712		516 217	
Net current liabilities			(516 707)		(516 217)
Total assets less current liabilities			12 953		14 010
Capital and reserves					
Called up share capital	6		201		201
Profit and loss account	7		12 752		13 809
Shareholders' funds	8		12 953		14 010

The exemption conferred by S249A(1) not to have these accounts audited applies to the company and the director confirms that no notice has been deposited under S249B(2) of the Companies Act. The directors acknowledge their responsibility of ensuring that:

- (a) the company keeps accounting records which comply with Section 221 of the Companies Act 1985.
- (b) the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its loss for the year then ended in accordance with the requirements of S226 and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts so far as applicable to the company.

Approved by the board on
23 February 1999


Dr M Baker Director

The notes on pages 6 to 9 form part of the financial statements.

ZANEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the financial reporting standard for smaller entities.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 1985 for small companies.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Office equipment	25% on cost
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Freehold land and buildings

In the opinion of the directors the open market of the freehold land and buildings is well in excess of the amount stated in the balance sheet and as the property is maintained in continued state of repair, the directors do not believe it is necessary to provide any depreciation.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing difference to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2.	OPERATING PROFIT	1998	1997
		£	£
	Operating profit is stated after crediting:		
	Rent receivable	29 740	28 500
	Interest receivable	-	-
		=====	=====
	and after charging		
	Management fees	7 500	-
	Accountancy fees	650	1 250
	Depreciation of tangible assets	567	557
		=====	=====

ZANEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (contd...)

FOR THE YEAR ENDED 31 DECEMBER 1998

		1998 £	1997 £
3.	INTEREST PAYABLE & OTHER SIMILAR CHARGES		
	Bank charges and interest	84	2 325
	Bank loan interest	17 850	18 604
		<u>17 934</u>	<u>20 929</u>
		=====	=====
4.	TANGIBLE ASSETS		
		Freehold land & buildings £	Plant & machinery £
	COST		Total £
	As at 1 January 1998	529 660	2 228
		<u>529 660</u>	<u>2 228</u>
	As at 31 December 1998	529 660	531 888
		=====	=====
	DEPRECIATION		
	As at 1 January 1998	-	1 661
	Charge for the year	-	567
		<u>-</u>	<u>567</u>
	As at 31 December 1998	-	2 228
		=====	=====
	NET BOOK VALUE		
	As at 31 December 1998	529 660	-
		=====	=====
	As at 31 December 1997	529 660	567
		=====	=====
		1998 £	1997 £
5.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Bank overdraft	-	100
	Bank loan	174 813	191 909
	Amounts due to related parties	334 793	322 958
	Other creditors and accruals	7 106	1 250
		<u>516 712</u>	<u>516 217</u>
		=====	=====

ZANEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (contd...)

FOR THE YEAR ENDED 31 DECEMBER 1998

	1998 £	1997 £
6. CALLED UP SHARE CAPITAL		
Authorised		
Authorised ordinary shares of £1 each	1 000 =====	1 000 =====
Allotted called up and fully paid ordinary shares of £1 each	201 =====	201 =====
7. PROFIT AND LOSS ACCOUNT		
Balance brought forward	13 809	12 208
(Loss)/profit for the year	(1 057)	1 601
	----- 12 752 =====	----- 13 809 =====
8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
(Loss)/profit for the year	(1 057)	1 601
Opening equity shareholders' funds	14 010	12 409
Closing equity shareholders' funds	----- 12 953 =====	----- 14 010 =====

9. RELATED PARTY TRANSACTIONS

The company is a related party to Dan Display and Imaging Ltd by virtue of the directors in the company also being directors of Dan Display and Imaging Ltd.

During the year the company charged rent to Dan Display and Imaging Ltd of £28,740 (1997: £28,500) for the use of the property.

The company was in turn charged a management fee of £7,500 for the services rendered by the directors.

As at the balance sheet date the balance owing to Dan Display and Imaging Ltd was £334,793.

ZANEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (contd...)

FOR THE YEAR ENDED 31 DECEMBER 1998

10. CAPITAL COMMITMENTS

There were no capital commitments nor any contracted for but not entered into at the balance sheet date.

11. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.