

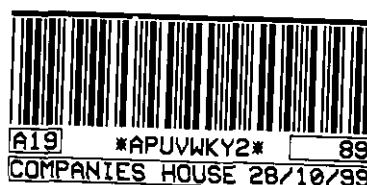
ITALFIBRE LIMITED

31.12.98

COMPANY NUMBER: 3092287

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DIRECTORS, OFFICERS AND ADVISERS

Directors

E.G. Banchemo
C.C. Banchemo

Secretary and Registered Office

E.G. Banchemo
10a Elizabeth Mews,
London,
NW3 4TZ.

Reporting Accountants

Butterworth Jones & Co.,
Chartered Accountants,
7 Castle Street,
Bridgwater,
TA6 3DT.

Bankers

National Westminster Bank plc.,
31 Cheapside,
London,
EC2V 6AN.

ITALFIBRE LIMITED**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 1998**

The directors have pleasure in presenting their report and financial statements for the year ended 31st December 1998.

Principal activities and business review

The main activity of the company is the trade of plastics raw materials.

Transfer to reserves

The loss transferred to reserves in the year amounted to £19,609 (1997 loss £48,544).

Directors and Directors' interests in shares of the company

During the year under review, the directors of the company were E.G. Banchero and C.C. Banchero. Their interests in the share capital of the company were as follows:-

Ordinary Shares of £1 each
At 31st December 1998 and 31st December 1997

E.G. Banchero	49,999	49,999
C.C. Banchero	1	1

Directors' statement of responsibility in relation to the financial statements

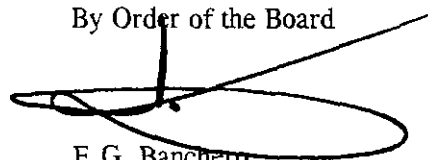
Company Law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit of the company for that year. In preparing these financial statements, the directors are required to:-

- (i) Select suitable accounting policies and then apply them consistently;
- (ii) Make judgements and estimates that are reasonable and prudent;
- (iii) Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the company will continue in business.

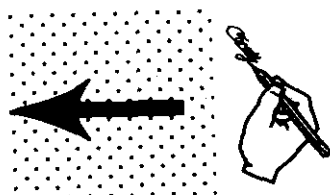
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safe-guarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This directors' report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



E.G. Banchero
Director



26th October 1999

Dated:

ITALFIBRE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1998

	Notes	1998	1997
		£	£
Turnover		7,417	49,517
Cost of sales		-	(31,949)
GROSS PROFIT		7,417	17,568
Net operating expenses		(27,026)	(66,112)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(19,609)	(48,544)
Taxation on loss on ordinary activities	3	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		£(19,609)	£(48,544)
STATEMENT OF RETAINED LOSSES			
As previously reported		(48,546)	(2)
Retained loss for the year		(19,609)	(48,544)
		£(68,155)	£(48,546)

There are no recognised gains or losses other than the loss for the year.

All items dealt with in arriving at the loss on ordinary activities before taxation for 1998 relate to continuing activities.

The notes on pages 5 to 7 form part of these financial statements

BALANCE SHEET AS AT 31ST DECEMBER 1998

	Notes	1998	1997
		£	£
FIXED ASSETS			
Tangible assets	4	2,745	3,229
CURRENT ASSETS			
Debtors	5	4,194	2,559
Cash at bank and in hand		1,171	387
		5,365	2,946
Creditors - amounts falling due within one year	6	26,265	4,721
NET CURRENT LIABILITIES		(20,900)	(1,775)
TOTAL ASSETS LESS CURRENT LIABILITIES		£(18,155)	£1,454
CAPITAL AND RESERVES			
Called up share capital	7	50,000	50,000
Profit and loss account		(68,155)	(48,546)
SHAREHOLDERS' FUNDS		£(18,155)	£1,454

The financial statements were approved by the board of directors on *26th October* 1999

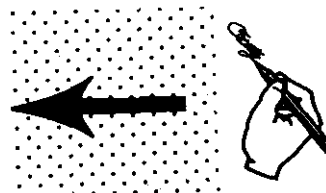
The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

For the period in question, the company was entitled to exemption from an audit under Section 249A(1) of the Companies Act 1985. No notice has been deposited under Section 249B(2) of the Act in relation to the financial statements for the financial period. The directors acknowledge their responsibilities for:-

- ensuring the company keeps accounting records which comply with Section 221 of the Companies Act 1985: and
- preparing financial statements which give a true and fair view of the state of affairs of the company, as at the end of the financial period, and of its profit or loss for the financial period in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to the financial statements so far as applicable to the company.

..... *E.G. Banchemo* DIRECTOR

The notes on pages 5 to 7 form part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

1. Accounting policies

The following accounting policies are used consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements are prepared under the historical cost convention and comply with Accounting Standards and the Financial Reporting Standards for Smaller Entities.

Turnover

Turnover represents the total amount, excluding VAT, receivable by the company for goods and services provided in the year.

Fixed assets

Depreciation is calculated so as to write off the cost of fixed assets on a reducing balance basis over the expected useful economic lives of the assets concerned. The annual rates applied are as follows:-

Fixtures and fittings	15 %
Exhibition equipment	15 %

Foreign currency

Transactions denominated in foreign currencies are translated into sterling and recorded at the average rate of exchange ruling for the month in which they occur. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling at the balance sheet date.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2. Loss on ordinary activities before taxation	1998	1997
	£	£
This is stated after charging:-		
Depreciation charge for year	484	570
Director's emoluments	6,000	26,400
	<hr/>	<hr/>

Directors' emoluments include pension contributions with benefits accruing for one director.

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

3.	Taxation on loss on ordinary activities		1998	1997
			£	£
	Corporation tax based on the result for the year		-	-
			<hr/>	<hr/>
4.	Tangible assets			
		Fixtures & Fittings	Exhibition Equipment	Total
	Cost/valuation			
	At 1st January 1998	3,699	100	3,799
	Additions	-	-	-
	Disposals	-	-	-
		<hr/>	<hr/>	<hr/>
	At 31st December 1998	£3,699	£100	£3,799
		<hr/>	<hr/>	<hr/>
	Depreciation			
	At 1st January 1998	555	15	570
	Charge for year	472	13	484
	Disposals	-	-	-
		<hr/>	<hr/>	<hr/>
	At 31st December 1998	£1,027	£28	£1,054
		<hr/>	<hr/>	<hr/>
	Net Book Value			
	At 31st December 1998	£2,672	£72	£2,745
		<hr/>	<hr/>	<hr/>
	At 31st December 1997	£3,144	£85	£3,229
		<hr/>	<hr/>	<hr/>
5.	Debtors		1998	1997
			£	£
	Amounts falling due within one year			
	Other debtors		£4,194	£2,559

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

6.	Creditors	1998	1997
	Amounts falling due within one year	£	£
	Director's loan account	24,765	3,221
	Accruals	1,500	1,500
		<hr/>	<hr/>
		£26,265	£4,721
		<hr/>	<hr/>
7.	Called up share capital	Ordinary Shares of £1 each	
	Authorised	1998	1997
	Number	50,000	50,000
		<hr/>	<hr/>
	Value	£50,000	£50,000
		<hr/>	<hr/>
	Allotted, called up and fully paid		
	Number	50,000	50,000
		<hr/>	<hr/>
	Value	£50,000	£50,000
		<hr/>	<hr/>

8. Controlling interest and related party transactions

The Company is controlled by E.G. Banchemo as director and major shareholder. During the year the company made various payments and received funds relating to E.G. Banchemo, which have been dealt with in the directors' loan account.