

Company Registration No. 3130283

CASIA INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1998

13514-B-1998

Registered Office
Suite 205, Moghul House,
57 Grosvenor St.,
London.



CASIA INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998

The directors present their report and financial statements for the year ended 30 June 1998.

Principal activities and review of the business

The principal activity of the company is that of an investment company.

Results and dividends

The results for the year are set out on page 4.

Fixed assets

The significant changes in fixed assets during the year are explained in note 6 to the financial statements.

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 July 1997:

L.R. Taylor	(Appointed 1 June 1998)
A.M. Taylor	(Appointed 1 June 1998)
F M Forrai	(Appointed 20 August 1997 and resigned 1 June 1998)
J Butterfield	(Appointed 20 August 1997 and resigned 1 June 1998)
J Tabone	(Appointed 20 August 1997)
M.W. Denton	(Resigned 1 June 1998)

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

CASIA INVESTMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 1998**

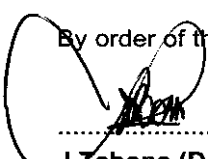
Directors' responsibilities

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


.....
J Tabone (Director)

Date : **22 JUL 1999**

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ

Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108

+44 (0) 171 950 9800 +44 (0) 171 437 9509

E-mail edwards@bentinck.com

**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE
ACCOUNTS OF CASIA INVESTMENTS LIMITED**

We report on the accounts for the year ended 30 June 1998.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 30 June 1998, set out on pages 4 to 9 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 *21.0*
Matthew Edwards & Co.

22/7/99

Chartered Accountants

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

CASIA INVESTMENTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1998**

	Notes	1998 £	1997 £
Administrative expenses		(2,525)	(2,256)
Operating (loss)/profit	2	(2,525)	(2,256)
Other interest receivable and similar income	3	1,190	11,513
Interest payable and similar charges	4	(34)	-
(Loss)/profit on ordinary activities before taxation		(1,369)	9,257
Tax on (loss)/profit on ordinary activities	5	(190)	(3,009)
(Loss)/profit on ordinary activities after taxation	10	(1,559)	6,248
Profit brought forward at 1 July 1997		7,584	1,336
Profit carried forward at 30 June 1998		6,025	7,584

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.

CASIA INVESTMENTS LIMITED

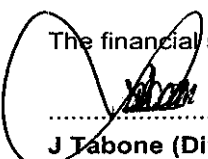
**BALANCE SHEET
AS AT 30 JUNE 1998**

	Notes	1998 £	£	1997 £	£
Fixed assets					
Investments	6		82,335		82,335
Current assets					
Debtors	7	375		441	
Cash at bank and in hand		556		-	
		<u>931</u>		<u>441</u>	
Creditors: amounts falling due within one year	8	<u>(76,241)</u>		<u>(74,192)</u>	
Net current liabilities			<u>(75,310)</u>		<u>(73,751)</u>
Total assets less current liabilities			<u>7,025</u>		<u>8,584</u>
Capital and reserves					
Called up share capital	9		1,000		1,000
Profit and loss account	10		6,025		7,584
Shareholders' funds - equity interests	11		<u>7,025</u>		<u>8,584</u>

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 **22 JUL 1999**


J Tabone (Director)

CASIA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.3 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.

1.4 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating (loss)/profit	1998	1997
	£	£
Operating (loss)/profit is stated after charging:		
Auditors' remuneration	-	500
	<hr/>	<hr/>
3 Other interest receivable and similar income	1998	1997
	£	£
Profit on foreign exchange	1,190	11,513
	<hr/>	<hr/>
	1,190	11,513
	<hr/>	<hr/>
4 Interest payable and similar expenses	1998	1997
	£	£
On overdue tax	34	-
	<hr/>	<hr/>
	34	-
	<hr/>	<hr/>

CASIA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 1998**

5	Taxation	1998	1997
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 31% (1997 - 33%)	166	3,009
	Prior years		
	U.K. corporation tax	24	-
		<u>190</u>	<u>3,009</u>

The effective rate of corporation tax is in excess of the statutory rate of corporation tax due to expenses not allowable for corporation tax purposes.

6 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 1997 & at 30 June 1998	<u>82,335</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
Arorixe S.L.	Spain	Ordinary		60

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit/(Loss) for the year
Arorixe S.L.	<u>107,791</u>	<u>(859)</u>

The share capital & reserves and the results of the undertaking are based on the financial statements at 31.12.1996.

7	Debtors	1998	1997
		£	£
	Prepayments and accrued income	<u>375</u>	<u>441</u>

CASIA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 1998**

8 Creditors: amounts falling due within one year	1998	1997
	£	£
Corporation tax	166	4,037
Other creditors	74,527	67,456
Accruals and deferred income	1,548	2,699
	<u>76,241</u>	<u>74,192</u>

9 Share Capital

The authorised share capital of the Company comprises 1000 ordinary £1 shares of which 1000 have been issued and are fully paid up (1997 - 1000).

10 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 July 1997	7,584
Retained loss for the year	(1,559)
Balance at 30 June 1998	<u>6,025</u>

11 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
(Loss)/Profit for the financial year	(1,559)	6,248
Opening shareholders' funds	8,584	2,336
Closing shareholders' funds	<u>7,025</u>	<u>8,584</u>

12 Contingent liabilities

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

13 Capital commitments

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

14 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.

CASIA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 1998**

15 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.