

Company Registration No. 3297579

ABAX PRODUCTIONS LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

16298a-1997

Registered Office
2nd Floor, 48 Conduit Street
London
W1R 9FB



ABAX PRODUCTIONS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1997

The directors present their report and financial statements for the period ended 31 December 1997.

Principal activities and review of the business

The company was incorporated on the 30th December 1996. The principal activity of the company was that of the production of films.

The company commenced trading on 27th June 1997.

Results and dividends

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

Fixed assets

The significant changes in fixed assets during the period are explained in note 7 to the financial statements.

Directors

The following directors have held office since 30 December 1996:

C Stewart	(Appointed 29 January 1999)
A.M. Taylor	(Appointed 1 June 1998)
L.R. Taylor	(Appointed 1 June 1998)
S.J. Townsend	(Appointed 30 December 1996 and resigned 1 June 1998)
J.D. Parker	(Appointed 30 December 1996 and resigned 29 January 1999)

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

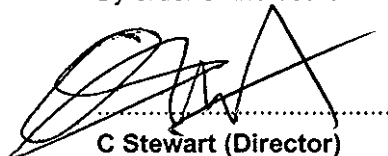
Directors' responsibilities

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



C Stewart (Director)

Date : **07 APR 1999**

MATTHEW EDWARDS & CO

CHARTERED ACCOUNTANTS

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ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE ACCOUNTS OF ABAX PRODUCTIONS LIMITED

We report on the accounts for the period ended 31 December 1997.

As described on the balance sheet you are responsible for the preparation of the accounts for the period ended 31 December 1997, set out on pages 3 to 8 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.

Chartered Accountants

7/4/99

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

ABAX PRODUCTIONS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1997**

	Notes	Period ended 31 December 1997 Sfr
Turnover	2	253,596
Cost of sales		(127,059)
Gross profit		<u>126,537</u>
Administrative expenses		(125,876)
Operating profit	3	<u>661</u>
Other interest receivable and similar income	4	51
Interest payable and similar charges	5	(108)
Profit on ordinary activities before taxation		<u>604</u>
Tax on profit on ordinary activities	6	(1,993)
Loss on ordinary activities after taxation	11	<u>(1,389)</u>
Profit brought forward at 31 December 1997		<u><u>(1,389)</u></u>

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.

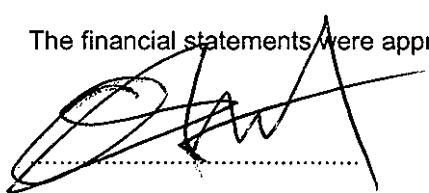
ABAX PRODUCTIONS LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 1997**

	Notes	1997 Sfr	Sfr
Fixed assets			
Tangible assets	7		67,500
Current assets			
Debtors	8	48,862	
Cash at bank and in hand		27,023	
		<u>75,885</u>	
Creditors: amounts falling due within one year	9	(142,476)	
		<u></u>	
Net current liabilities			(66,591)
Total assets less current liabilities			<u>909</u>
Capital and reserves			
Called up share capital	10		2,298
Profit and loss account	11		(1,389)
Shareholders' funds - equity interests	12		<u>909</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 **07 APR 1999**



C Stewart (Director)

ABAX PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

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 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 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:

Film Equipment	33.3% straight line basis
Machines	40% straight line basis
Office Furniture	25% straight line basis

1.3 Foreign currency translation

The company's accounting records are maintained in Swiss Francs.

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 Turnover

Turnover represents amounts invoiced in respect of goods and services provided.

3 Operating profit	1997
	Sfr
Operating profit is stated after charging:	
Depreciation of tangible assets	13,080
	<hr/>
4 Other interest receivable and similar income	1997
	Sfr
Bank interest	51
	<hr/>
	51
	<hr/>
5 Interest payable	1997
	Sfr
On bank loans and overdrafts	108
	<hr/>
	108
	<hr/>

ABAX PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

6	Taxation	1997
		Sfr
	U.K. current year taxation	
	U.K. corporation tax at 31%	1,993
	Overseas taxation paid	1,845
		<u>3,838</u>
	Double taxation relief	(1,845)
		<u>1,993</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.

7	Tangible fixed assets				
		Film Equipment	Machines	Office Furniture	Total
		Sfr	Sfr	Sfr	Sfr
	Cost				
	At 30 December 1996	-	-	-	-
	Additions	71,760	2,846	5,974	80,580
		<u>71,760</u>	<u>2,846</u>	<u>5,974</u>	<u>80,580</u>
	At 31 December 1997	71,760	2,846	5,974	80,580
		<u>71,760</u>	<u>2,846</u>	<u>5,974</u>	<u>80,580</u>
	Depreciation				
	At 30 December 1996	-	-	-	-
	Charge for the period	11,760	546	774	13,080
		<u>11,760</u>	<u>546</u>	<u>774</u>	<u>13,080</u>
	At 31 December 1997	11,760	546	774	13,080
		<u>11,760</u>	<u>546</u>	<u>774</u>	<u>13,080</u>
	Net book value				
	At 31 December 1997	60,000	2,300	5,200	67,500
		<u>60,000</u>	<u>2,300</u>	<u>5,200</u>	<u>67,500</u>

8	Debtors	1997
		Sfr
	Trade debtors	43,253
	Other debtors	10
	Prepayments and accrued income	5,599
		<u>48,862</u>

ABAX PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997**

9 Creditors: amounts falling due within one year	1997
	Sfr
Trade creditors	40,691
Corporation tax	148
Other creditors	101,637
	<u>142,476</u>

10 Share Capital

The authorised share capital of the Company comprises 50000 ordinary £1 shares of which 1000 have been issued and are fully paid up.

11 Statement of movements on profit and loss account

	Profit and loss account
	Sfr
Retained loss for the period	(1,389)

12 Reconciliation of movements in shareholders' funds

	1997
	Sfr
Loss for the financial period	(1,389)
Proceeds from issue of shares	2,298
Net addition to shareholders' funds	909
Opening shareholders' funds	-
Closing shareholders' funds	<u>909</u>

13 Contingent liabilities

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

14 Capital commitments

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

ABAX PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997**

15 Employees

Number of employees, wages and salaries

The average monthly number of employees (including directors) during the period was:

	1997 Number
Production and administration	7
	<u>7</u>

Employment costs

	Sfr
Wages and salaries	63,483
	<u>63,483</u>

16 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.