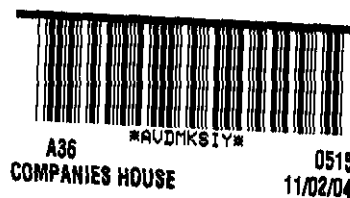


3749443

ZAHA HADID LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2003



LACA Limited
Chartered Accountants
5 Southampton Place
London
WC1A 2DA

ZAHA HADID LIMITED

COMPANY INFORMATION

Directors	Zaha Hadid P Schumacher
Secretary	Woody K T Yao
Company number	3749443
Registered office	5 Southampton Place London WC1A 2DA
Auditors	LACA Limited Chartered Accountants 5 Southampton Place London WC1A 2DA
Business address	Studio 9 10 Bowling Green Lane London EC1R 0BD
Bankers	National Westminster Bank plc 34 Sloane Square London SW1W 8AZ

ZAHA HADID LIMITED

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ZAHA HADID LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2003

The directors present their report and financial statements for the year ended 30 April 2003.

Principal activities and review of the business

The principal activity of the company continued to be that of architects and designers.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

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

An interim ordinary dividend was paid amounting to £50,000 . The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 May 2002:

Zaha Hadid
P Schumacher

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary of £ 1 each	
	30 April 2003	1 May 2002
Zaha Hadid	2	2
P Schumacher	-	-

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

LACA Limited were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

ZAHA HADID LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

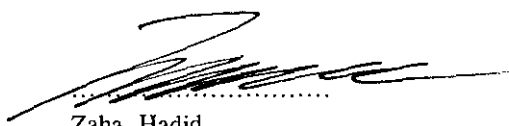
Directors' responsibilities

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.

On behalf of the board



Zaha Hadid

Director

28/1/2004

ZAHA HADID LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ZAHA HADID LIMITED

We have audited the financial statements of Zaha Hadid Limited on pages 4 to 15 for the year ended 30 April 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 directors 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 and performed 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 forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LACA Limited

Chartered Accountants
Registered Auditor

30/1/04

Chartered Accountants
5 Southampton Place
London
WC1A 2DA

ZAHA HADID LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2003

	Notes	2003 £	2002 £
Turnover	2	3,558,196	2,804,310
Cost of sales		(2,474,309)	(1,967,449)
Gross profit		1,083,887	836,861
Administrative expenses		(777,054)	(665,135)
Operating profit	3	306,833	171,726
Other interest receivable and similar income		2,138	3,450
Interest payable and similar charges	4	(4,436)	(7,086)
Profit on ordinary activities before taxation		304,535	168,090
Tax on profit on ordinary activities	5	(53,896)	(32,765)
Profit on ordinary activities after taxation		250,639	135,325
Dividends	6	(50,000)	(31,000)
Retained profit for the year	14	200,639	104,325

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ZAHA HADID LIMITED

BALANCE SHEET AS AT 30 APRIL 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	7	83,491	91,352
Current assets			
Stocks	8	75,856	104,916
Debtors	9	1,219,413	1,185,334
Cash at bank and in hand		677,122	425,167
		<u>1,972,391</u>	<u>1,715,417</u>
Creditors: amounts falling due within one year	10	<u>(1,557,199)</u>	<u>(1,518,198)</u>
Net current assets		<u>415,192</u>	<u>197,219</u>
Total assets less current liabilities		<u>498,683</u>	<u>288,571</u>
Creditors: amounts falling due after more than one year	11	(24,348)	(11,175)
Provisions for liabilities and charges	12	(9,800)	(13,500)
		<u>464,535</u>	<u>263,896</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	464,533	263,894
Shareholders' funds - equity interests	15	<u>464,535</u>	<u>263,896</u>

The financial statements were approved by the Board on 28/1/2004

Zaha Hadid
Director

P. Hadid

ZAHA HADID LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2003

	2003		2002	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		197,554		(140,777)
Returns on investments and servicing of finance				
Interest received	2,138		3,450	
Interest paid	(4,436)		(7,086)	
	<u></u>		<u></u>	
Net cash outflow for returns on investments and servicing of finance		(2,298)		(3,636)
Taxation		(37,196)		(37,065)
Capital expenditure				
Payments to acquire tangible assets	(14,637)		(29,184)	
	<u></u>		<u></u>	
Net cash outflow for capital expenditure		(14,637)		(29,184)
Equity dividends paid		(50,000)		(31,000)
		<u></u>		<u></u>
Net cash inflow/(outflow) before management of liquid resources and financing		93,423		(241,662)
Financing				
Capital element of hire purchase contracts	(23,764)		(50,681)	
	<u></u>		<u></u>	
Net cash outflow from financing		(23,764)		(50,681)
		<u></u>		<u></u>
Increase/(decrease) in cash in the year		69,659		(292,343)
		<u></u>		<u></u>

ZAHA HADID LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2003

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2003	2002
		£	£
	Operating profit	306,833	171,726
	Depreciation of tangible assets	59,019	46,230
	Decrease in stocks	29,060	92,820
	Increase in debtors	(34,079)	(664,201)
	(Decrease)/Increase in creditors within one year	(163,279)	212,648
	Net cash inflow/(outflow) from operating activities	197,554	(140,777)
2	Analysis of net funds	1 May 2002	Cash flow Other non-cash changes 30 April 2003
		£	£
	Net cash:		
	Cash at bank and in hand	425,167	251,955
	Bank overdrafts	(69,002)	(182,296)
		<u>356,165</u>	<u>69,659</u>
	Debt:		
	Finance leases	(34,939)	(12,757)
		<u>321,226</u>	<u>56,902</u>
	Net funds	321,226	56,902
3	Reconciliation of net cash flow to movement in net funds	2003	2002
		£	£
	Increase/(decrease) in cash in the year	69,659	(292,343)
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(12,757)	24,626
	Movement in net funds in the year	56,902	(267,717)
	Opening net funds	321,226	588,943
	Closing net funds	378,128	321,226

ZAHA HADID LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover and profits

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

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:

Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Work in progress is valued at the lower of cost and net realisable value.

1.6 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ZAHA HADID LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

2 Turnover

Geographical market

	Turnover	
	2003	2002
	£	£
UK	35,830	56,086
Overseas	3,522,366	2,748,224
	<u>3,558,196</u>	<u>2,804,310</u>

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	59,019	46,230
Loss on foreign exchange transactions	7,484	24,727
Operating lease rentals	16,839	7,555
Auditors' remuneration	5,000	5,000
	<u>88,342</u>	<u>83,512</u>

4 Interest payable

	2003	2002
	£	£
Hire purchase interest	4,436	4,608
On overdue tax	-	2,478
	<u>4,436</u>	<u>7,086</u>

ZAHA HADID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

5	Taxation	2003	2002
		£	£
	Domestic current year tax		
	U.K. corporation tax	57,000	36,600
	Adjustment for prior years	596	(535)
		<hr/>	<hr/>
	Current tax charge	57,596	36,065
	Deferred tax		
	Deferred tax charge/credit current year	(3,700)	(3,300)
		<hr/>	<hr/>
		53,896	32,765
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	304,535	168,090
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 % (2002 : 20.00 %)	57,862	33,618
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	1,457	836
	Depreciation	17,705	7,397
	Capital allowances	(12,938)	(16,357)
	Other tax adjustments	(41,368)	10,571
		<hr/>	<hr/>
		(35,144)	2,447
		<hr/>	<hr/>
	Current tax charge	22,718	36,065
		<hr/>	<hr/>
6	Dividends	2003	2002
		£	£
	Ordinary interim paid	50,000	31,000
		<hr/>	<hr/>

ZAHA HADID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

7 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 May 2002	175,591	8,629	184,220
Additions	34,136	17,022	51,158
At 30 April 2003	209,727	25,651	235,378
Depreciation			
At 1 May 2002	88,554	4,314	92,868
Charge for the year	52,607	6,412	59,019
At 30 April 2003	141,161	10,726	151,887
Net book value			
At 30 April 2003	68,566	14,925	83,491
At 30 April 2002	87,037	4,315	91,352

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
Net book values	
At 30 April 2003	46,411
At 30 April 2002	38,038
Depreciation charge for the year	
30 April 2003	28,149
30 April 2002	19,018

8 Stocks

	2003 £	2002 £
Long term contract balances:		
- Net cost less foreseeable losses	75,856	104,916

ZAHA HADID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

9 Debtors	2003 £	2002 £
Trade debtors	803,902	943,406
Other debtors	17,629	27,339
Prepayments and accrued income	397,882	214,589
	<u>1,219,413</u>	<u>1,185,334</u>
10 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	251,298	69,002
Net obligations under hire purchase contracts	23,348	23,764
Trade creditors	542,031	533,824
Corporation tax	57,000	36,600
Other taxes and social security costs	228,028	200,759
Directors' current accounts	7,622	139,286
Accruals and deferred income	447,872	514,963
	<u>1,557,199</u>	<u>1,518,198</u>
The bank overdraft is secured by a mortgage debenture.		
11 Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under hire purchase contracts	<u>24,348</u>	<u>11,175</u>
Net obligations under hire purchase contracts		
Repayable within one year	27,264	26,069
Repayable between one and five years	27,904	13,478
	<u>55,168</u>	39,547
Finance charges and interest allocated to future accounting periods	<u>(7,472)</u>	<u>(4,608)</u>
	47,696	34,939
Included in liabilities falling due within one year	<u>(23,348)</u>	<u>(23,764)</u>
	<u>24,348</u>	<u>11,175</u>

ZAHA HADID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

12 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 May 2002	13,500
Profit and loss account	(3,700)
	<hr/>
Balance at 30 April 2003	9,800
	<hr/>

Deferred taxation provided in the financial statements is as follows:

	2003 £	2002 £
Accelerated capital allowances	9,800	13,500
	<hr/>	<hr/>

13 Share capital

	2003 £	2002 £
Authorised		
1,000 Ordinary of £ 1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
2 Ordinary of £ 1 each	2	2
	<hr/>	<hr/>

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2002	263,894
Retained profit for the year	200,639
	<hr/>
Balance at 30 April 2003	464,533
	<hr/>

ZAHA HADID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

15 Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the financial year	250,639	135,325
Dividends	(50,000)	(31,000)
Net addition to shareholders' funds	200,639	104,325
Opening shareholders' funds	263,896	159,571
Closing shareholders' funds	464,535	263,896

16 Financial commitments

At 30 April 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Within one year	37,400	96,000
Between two and five years	66,500	-
	103,900	96,000

17 Directors' emoluments	2003	2002
	£	£
Emoluments for qualifying services	42,555	82,885

ZAHA HADID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

18 Employees

Number of employees

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

	2003 Number	2002 Number
Directors	2	4
Production	41	30
Administration	6	6
	<u>49</u>	<u>40</u>

Employment costs

	£	£
Wages and salaries	934,894	824,776
Social security costs	84,558	22,622
	<u>1,019,452</u>	<u>847,398</u>

19 Control

The ultimate controlling party is Zaha Hadid who is a director of the company and owns 100% of the issued share capital.

20 Related party transactions

During the year under the review Zaha Hadid provided finance to the company. At the end of the year an amount of £7,622 (£139,286), which is included in other creditors, was due to her.