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AL JAZEERA SATELLITE CHANNEL LIMITED

FINANCIAL STATEMENTS

30 NOVEMBER 1999



AL JAZEERA SATELLITE CHANNEL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1999

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
Schedule to the detailed trading and profit and loss account	Appendix 2

AL JAZEERA SATELLITE CHANNEL LIMITEDCOMPANY INFORMATION30 NOVEMBER 1999

Incorporated in England and Wales on 15 November 1997

Number 3466258

CHAIRMAN

M J Alali

OTHER DIRECTORS

K A Almannae
M A Sahlawi
H A Jaffer
M Al Suwaidan

SECRETARY

M J Alali
M A Shah

REGISTERED OFFICE

Malcolm House
Empire Way
Wembley
Middlesex HA9 0LN

BANKERS

Qatar National Bank
1 Mount Street
London
W1Y 6HQ

SOLICITORS

Taylor Joynson Garrett
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DX

AUDITORS

Adams Moorhouse
Chartered Accountants
Malcolm House
Empire Way
Wembley
HA9 0LN

AL JAZEERA SATELLITE CHANNEL LIMITEDDIRECTORS' REPORT30 NOVEMBER 1999

The directors present their annual report with the audited financial statements for the year ended 30 November 1999.

Principal activity

The principal activity of the company in the year under review was that of TV and Satellite Channel Operators.

Business review

The results for the year and the financial position of the company is as shown in the annexed financial statements. The board considers the state of affairs to be satisfactory.

The board does not recommend the payment of any dividends. Movement on reserves is shown in note 12 to the financial statements.

Fixed assets

Changes in fixed assets during the year are set out in note 5 to the accounts.

Directors

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

	30 November 1999 Ordinary Shares	1 December 1998 Ordinary shares
M J Alali	-	-
K A Almannae	-	-
M A Sahlawi	-	-
H A Jaffer	-	-
M Al Suwaidan	-	-

Post balance sheet events

There have been no events since the balance sheet date which materially affect the position of the company.

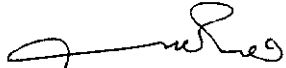
Future developments

No major developments are planned for the ensuing year.

Auditors

The auditors, Adams Moorhouse have expressed their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint them will be presented to the company at the annual general meeting.

On behalf of the board


M Al Suwaidan
Director
17 March 2000

AL JAZEERA SATELLITE CHANNEL LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial statements for each financial year 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 the profit or loss for that year.

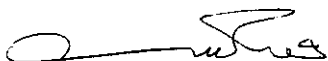
In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- follow applicable accounting standards.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



M J Alali
Chairman
17 March 2000

AL JAZEERA SATELLITE CHANNEL LIMITEDAUDITORS' REPORT TO THE MEMBERS OF AL JAZEERA SATELLITE CHANNEL LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historic cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 error or other irregularity. 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 November 1999 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Malcolm House
Empire Way
Wembley
Middlesex
HA9 0LN

17 March 2000



Adams Moorhouse
Chartered Accountants
Registered Auditors

AL JAZEERA SATELLITE CHANNEL LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 NOVEMBER 1999

		1999	1998
	Note	£	£
Turnover		1,762,123	360,001
Cost of sales		(936,718)	(261,553)
Gross profit		825,405	98,448
Net operating expenses			
Administrative expenses		(916,436)	(76,360)
Operating (loss)/profit	2	(91,031)	22,088
Interest payable	4	(2,179)	(54)
(Loss)/profit on ordinary activities before taxation		(93,210)	22,034
Taxation		-	-
Retained (loss)/profit for the year	12	£ (93,210)	£ 22,034

Movements in reserves are shown in note 12.

Total recognised gains and losses

There are no recognised gains and losses in 1999 or 1998 other than the (loss)/profit for the year.

Continuing operations

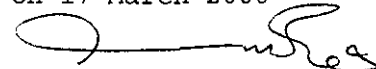
None of the company's activities were acquired or discontinued during the above two financial periods.

The notes on pages 8 to 14 form part of these financial statements.

AL JAZEERA SATELLITE CHANNEL LIMITEDBALANCE SHEETAT 30 NOVEMBER 1999

		1999		1998	
	Note	£	£	£	£
Fixed assets					
Tangible assets	5		39,917		11,547
Current assets					
Debtors	7	134,847		517,766	
Cash at bank and in hand		27,376		-	
		162,223		517,766	
Creditors: amounts falling due within one year	8	(173,316)		(62,379)	
Net current (liabilities)/assets			(11,093)		455,387
Total assets less current liabilities			28,824		466,934
Creditors: amounts falling due after more than one year	9		-		(344,900)
			28,824		122,034
Capital and reserves					
Called up share capital	11	100,000		100,000	
Profit and loss account	12	(71,176)		22,034	
		28,824		122,034	

The financial statements on pages 5 to 14 were approved by the board of directors on 17 March 2000



M Al Suwaidan
Director

The notes on pages 8 to 14 form part of these financial statements.

AL JAZEERA SATELLITE CHANNEL LIMITEDCASH FLOW STATEMENTFOR THE YEAR ENDED 30 NOVEMBER 1999

	1999		1998	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		455,796		(478,600)
Returns on investments and servicing of finance				
Interest paid	(2,179)		(54)	
Net cash outflow from returns on investments and servicing of finance		(2,179)		(54)
Investing activities				
Payments to acquire:				
Tangible fixed assets	(43,419)		(12,173)	
Receipts from sales of:				
Tangible fixed assets	8,005		-	
Net cash outflow from investing activities		(35,414)		(12,173)
Net cash inflow/(outflow) before financing		418,203		(490,827)
Financing				
Issue of share capital	-		100,000	
Other loan (repayments)/advances	(344,900)		344,900	
Net cash (outflow)/inflow from financing		(344,900)		444,900
Increase/(decrease) in cash and cash equivalents		73,303		(45,927)

See Note 13 for the notes to this statement.

AL JAZEERA SATELLITE CHANNEL LIMITEDNOTES TO THE FINANCIAL STATEMENTS30 NOVEMBER 1999**1 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules in accordance with applicable accounting standards.

Turnover

Turnover is the amount of grants received from the State of Qatar and recognised in the financial statements on a receipts basis.

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:

Plant and machinery	15% on Written Down Value
Fixtures and fittings	15% on written Down Value

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

2 Operating (loss)/profit

	1999 £	1998 £
Operating (loss)/profit is stated after charging		
Auditors' remuneration	6,000	5,500
Operating leases		
Hire of assets other than plant & machin	3,452	-
	<hr/>	<hr/>
Depreciation of tangible fixed assets (note 5)		
Depreciation owned assets	7,044	626
	<hr/>	<hr/>

AL JAZEERA SATELLITE CHANNEL LIMITEDNOTES TO THE FINANCIAL STATEMENTS30 NOVEMBER 1999

3 Directors and employees

	1999 £	1998 £
Staff costs including directors' emoluments		
Wages and salaries	332,346	142,328
Social security costs	33,943	7,359
	<u>366,289</u>	<u>149,687</u>
	Number	Number
Average number employed including executive directors		
Office and management	2	2
Administration staff	9	6
	<u>11</u>	<u>8</u>

4 Interest payable

	1999 £	1998 £
Bank interest	<u>2,179</u>	<u>54</u>

AL JAZEERA SATELLITE CHANNEL LIMITEDNOTES TO THE FINANCIAL STATEMENTS30 NOVEMBER 1999

5. Tangible fixed assets

	Plant and Equipment £	Fixtures and Fittings £	Land and Buildings £	TOTAL £
COST OR VALUATION				
At 1 December 1998	4,168	-	8,005	12,173
Additions	41,179	2,240	-	43,419
Disposals	-	-	(8,005)	(8,005)
At 30 November 1999	45,347	2,240	-	47,587
DEPRECIATION				
At 1 December 1998	626	-	-	626
Charge for the year	6,708	336	-	7,044
At 30 November 1999	7,334	336	-	7,670
NET BOOK VALUE				
At 30 November 1999	38,013	1,904	-	39,917
At 30 November 1998	3,542	-	8,005	11,547

AL JAZEERA SATELLITE CHANNEL LIMITEDNOTES TO THE FINANCIAL STATEMENTS30 NOVEMBER 1999

6. Land and buildings

Land and buildings comprise:	<u>1999</u>	<u>1998</u>
Net Book Value	£	£
Short leasehold	-	8,005
	<u> </u>	<u> </u>

7 Debtors

	<u>1999</u>	<u>1998</u>
	£	£
Amounts falling due within one year		
Trade debtors	250	-
Amounts owed by Al Jazeera Qatar	36,437	1,055
Other debtors	98,160	75,936
Prepayments and accrued income	-	340,875
Called up share capital unpaid	-	99,900
	<u>134,847</u>	<u>517,766</u>

AL JAZEERA SATELLITE CHANNEL LIMITEDNOTES TO THE FINANCIAL STATEMENTS30 NOVEMBER 1999

- 8 **Creditors:** amounts falling due within one year

	1999 £	1998 £
Bank overdrafts	-	45,927
Trade creditors	136,322	6,400
Other creditors	-	52
Other taxation and social security	17,994	-
Accruals and deferred income	19,000	10,000
	<u>173,316</u>	<u>62,379</u>

- 9 **Creditors:** amounts falling due after more than one year

	1999 £	1998 £
Other loans	-	344,900
	<u>-</u>	<u>344,900</u>

AL JAZEERA SATELLITE CHANNEL LIMITEDNOTES TO THE FINANCIAL STATEMENTS30 NOVEMBER 1999

13 Notes to the cash flow statement

Reconciliation of operating (loss)/profit to
net cash inflow/(outflow) from operating activities

	1999 £	1998 £
Operating (loss)/profit	(91,031)	22,088
Depreciation charges	7,044	626
Decrease/(increase) in debtors	382,919	(517,766)
Increase in creditors	156,864	16,452
Net cash inflow/(outflow) from operating activities	<u>455,796</u>	<u>(478,600)</u>

Analysis of changes in cash and cash
equivalents as shown in the balance sheet

Balance at 1 December 1998	(45,927)	-
Net cash inflow/(outflow)	<u>73,303</u>	<u>(45,927)</u>
Balance at 30 November 1999	<u>27,376</u>	<u>(45,927)</u>

Analysis of the balances of cash and cash
equivalents as shown in the balance sheet

	1999 £	1998 £	Change in year £
Cash at bank and in hand	27,376	-	27,376
Bank overdrafts	<u>-</u>	<u>(45,927)</u>	<u>45,927</u>
	<u>27,376</u>	<u>(45,927)</u>	<u>73,303</u>

Analysis of changes in financing during the year

	Shareholder Loan £
Balance at 1 December 1998	344,900
Cashflow from financing	<u>(344,900)</u>
Balance at 30 November 1999	<u>-</u>

AL JAZEERA SATELLITE CHANNEL LIMITEDNOTES TO THE FINANCIAL STATEMENTS30 NOVEMBER 1999

10 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
(Loss)/profit for the financial year	(93,210)	22,034
New share capital subscribed	-	100,000
Net (subtraction from)/addition to shareholders' funds	(93,210)	122,034
Opening shareholders' funds	122,034	-
Closing shareholders' funds	28,824	122,034

11 Called up share capital

	1999		1998	
	Number of shares	£	Number of shares	£
Authorised Equity interests				
Ordinary £1 shares	100,000	100,000	100,000	100,000
Allotted called up and fully paid Equity interests				
Ordinary £1 shares	100,000	100,000	100,000	100,000

12 Profit and loss account

	1999 £	1998 £
At start of year	22,034	-
Retained profit for the year	(93,210)	22,034
At end of year	(71,176)	22,034