

Elaph Publishing Limited

FINANCIAL STATEMENTS

For the period ended

31 December 2002

Company Registration No. 3872914



Elaph Publishing Limited
DIRECTOR AND OFFICERS

DIRECTOR

O Al-Omeir (Managing Director)

SECRETARY

J Whipps (resigned May 2003)
S Isaac (appointed May 2003)

COMPANY NUMBER

3872914 (England and Wales)

REGISTERED OFFICE

2 Bloomsbury Street
London
WC1B 3ST

ACCOUNTANT

J Whipps ACMA
80 Mount Pleasant
Biggin Hill
Kent
TN16 3TR

Elaph Publishing Limited

DIRECTOR'S REPORT

The director submits his report and the financial statements of Elaph Publishing Limited for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The company produces an internet newspaper in Arabic.

DIRECTOR

The following director has held office since 1 January 2002:

O Al-Omeir

DIRECTOR'S INTERESTS IN SHARES

Director's interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary shares of £1 each</i>	
	31.12.02	01.01.02
O Al-Omeir	-	-
CHARITABLE DONATIONS	2002 £	2001 £
During the year the company made the following payments:		
Charitable donations	<u>685</u>	<u>10,000</u>

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

On behalf of the board



S Isaac
Secretary

Date: 30.09.2003

**ACCOUNTANT'S REPORT TO THE DIRECTOR ON THE
UNAUDITED ACCOUNTS OF ELAPH PUBLISHING LIMITED**

I have prepared, on the basis of the information contained in the company's accounting records and provided by the company's director, and without carrying out an audit or examination, the accounts for the period ended 31 December 2002 set out on pages 4 to 9. The accounts have been prepared in accordance with the applicable requirements of the Companies Act 1985.

The company's director is responsible for the preparation of the accounts and for confirming that the company is exempt from the audit requirements of the Act.



JOSIE WHIPPS

Reporting Accountant
80 Mount Pleasant
Biggin Hill
Kent TN16 3TR

Date: 23/1/03.

Elaph Publishing Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

	Notes	2002 £	2001 £
Other operating expenses	1	437,310	759,878
OPERATING LOSS		(437,310)	(759,878)
Investment income	2		449
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(437,310)	(759,429)
Taxation		-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	10	(437,310)	(759,429)

The operating loss for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Elaph Publishing Limited

BALANCE SHEET

for the year ended 31 December 2002

	Notes	31 December 2002 £	31 December 2001 £
FIXED ASSETS			
Tangible Assets	4	97,368	152,005
Investments	5	60	60
		<hr/>	<hr/>
		97,428	152,065
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	6	173,414	175,331
Cash at bank and in hand		3,333	29,630
		<hr/>	<hr/>
		176,747	204,961
CREDITORS: Amounts falling due within one year	7	70,194	51,491
		<hr/>	<hr/>
		106,553	153,470
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		203,981	305,535
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	8	(1,679,123)	(1,343,567)
		<hr/>	<hr/>
		(1,475,142)	(1,038,032)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account	10	(1,475,442)	(1,038,132)
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	11	(1,475,342)	(1,038,032)
		<hr/>	<hr/>

In preparing these financial statements:

- (a) The director is 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 director acknowledges his 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.

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

Approved by the board on 30/9/2003

Director

Elaph Publishing Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	25% straight line
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INVESTMENTS

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

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

FOREIGN CURRENCY TRANSLATION

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

GROUP ACCOUNTS

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

1	OTHER OPERATING EXPENSES	2002 £	2001 £
	Administrative expenses	437,310	759,878
2	INVESTMENT INCOME	2002 £	2001 £
	Bank interest	200	449
3	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2002 £	2001 £
	Loss on ordinary activities before taxation is stated after charging/ (crediting):		
	Depreciation of tangible assets:		
	Charge for the year:		
	owned assets	54,637	52,203
	Loss on foreign exchange transactions	-	7,207
4	TANGIBLE FIXED ASSETS		Plant and machinery £
	Cost		
	01 January 2002		218,548
	Additions		
	31 December 2002		218,548
	Depreciation		
	01 January 2002		66,543
	Charge in the year		54,637
	31 December 2002		121,180
	Net book value		
	31 December 2002		97,368
	31 December 2001		152,005

Elaph Publishing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

5 FIXED ASSET INVESTMENTS

Shares in group undertakings
and participating interests
£

Cost

1 January 2002 and 31 December 2002

60

In the opinion of the director the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

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				
Arab Motoring & Publishing Associates Limited	England	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 £
Arab Motoring & Publishing Associates Limited	(13,230)	(4,528)

6 DEBTORS

Due within one year
Other debtors

2002 £	2001 £
-	-
173,414	175,331

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

7	CREDITORS: Amounts falling due within one year	2002 £	2001 £
	Bank loans and overdrafts	1,271	-
	Trade creditors	47,333	45,695
	Taxes and social security costs	4,321	3,755
	Other creditors	17,269	2,041
		<hr/> 70,194	<hr/> 51,491
8	CREDITORS: Amounts falling due in more than one year	2002 £	2001 £
	Other loans	1,679,123	1,343,567
	Loans		
	Wholly repayable within five years	1,679,123	1,343,567
	Loan maturity analysis:		
	In more than two years but not more than five years	1,679,123	1,343,567
9	SHARE CAPITAL	2002 £	2001 £
	Authorised		
	100,000 Ordinary shares of £1 each	100,000	100,000
	Allotted, issued and fully paid		
	100 Ordinary shares of £1 each	100	100
10	STATEMENT OF MOVEMENT ON RESERVES		Profit and loss account £
	01 January 2002		(1,038,132)
	Retained loss for the period		(437,110)
	31 December 2002		<hr/> (1,475,242)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

11	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2002 £	2001 £
	Loss for the financial year	(437,110)	(759,429)
	Proceeds from issue of shares	-	-
		<hr/>	<hr/>
	Net depletion in shareholders' funds	(437,110)	(759,429)
	Opening shareholders' funds	(1,038,032)	(278,603)
		<hr/>	<hr/>
	Closing shareholders' funds	(1,475,142)	(1,038,032)
		<hr/>	<hr/>

12 CONTROL

The ultimate controlling party is Saif Media Establishment.

13 RELATED PARTY TRANSACTIONS

The company has received a loan of £1,579,123 from its parent company, Saif Media Establishment. This loan is interest free and is included in other creditors falling due after more than one year.

Elaph Publishing Limited

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

	2002	2001
	£	£
TURNOVER		
Bank interest received	200	449
	<hr/> 200	<hr/> 449
OVERHEAD EXPENSES		
Wages and salaries	160,767	85,458
Employer's NI contributions	15,270	4,570
Website host expenses	17,566	1,199
Newspaper software costs	54,327	385,539
Rent re licences and other	-	-
Management charges	10,628	17,122
Repairs and maintenance	320	1,555
Printing, postage and stationery	1,625	2,613
Advertising	-	-
Video equipment hire costs	-	21,372
Video clip editing	6,051	17,645
Telephone	10,939	8,557
Computer running costs	8,034	9,849
Contributor fees	31,832	21,435
Travelling expenses	1,129	45,762
Entertaining	-	70
Legal and professional fees	200	5,550
Consultancy fees	56,075	55,960
Audit and accountancy	5,175	3,665
Bank charges	1,824	1,454
Profit/loss on foreign currency	-	7,207
Sundry expenses	226	1,093
Charitable donations	685	10,000
Depreciation	54,637	52,203
	<hr/> 437,310	<hr/> 759,878
NET LOSS FOR THE YEAR	<hr/> (437,110)	<hr/> (759,429)