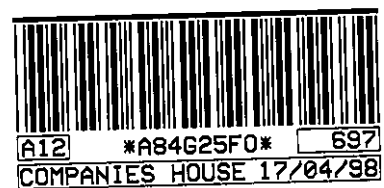


Company Number: 1995369

TECHNICAL AND GENERAL LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1997**

CHANTREY VELLACOTT
Chartered Accountants
Gresham House
53 Clarendon Road
Watford
Herts WD1 1LR



TECHNICAL AND GENERAL LIMITED

OFFICERS AND ADVISERS

DIRECTORS

Dr Ahmad Youssef
Mr Hitham J Youssef
Mr Fouad G Youssef
Mr Hani C Youssef

SECRETARY AND REGISTERED OFFICE

Dr Ahmad Youssef
Russell Square House
10-12 Russell Square
London WC1B 5LF

REGISTERED NUMBER

1995369

AUDITORS

Chantrey Vellacott
Chartered Accountants
Gresham House
53 Clarendon Road
Watford
Herts WD1 1LR

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TECHNICAL AND GENERAL LIMITED

DIRECTORS' REPORT

The directors present their report, together with the audited financial statements of the company, for the period ended 31 December 1997.

RESULTS AND DIVIDEND

The results of the company for the period are set out on page 4 of the financial statements. The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The principal activity of the company continued to be that of general exporters and commission agents, petroleum consultants and services for the oil industry.

Turnover of £773,024 (1996 - £43,789) was achieved during the period.

The directors are satisfied with the result for the period and are hopeful that the position will improve in the forthcoming period.

FUTURE DEVELOPMENTS AND EVENTS SINCE THE END OF THE Period

There have been no events since the period end which have had a material effect on the business of the company.

DIRECTORS AND THEIR INTERESTS

The directors who held office throughout the period and their interest in the share capital of the company were:

	At 30.12.1997	At 1.7.1996
Dr Ahmad Youssef	9,999	99
Mr Hitham J Youssef	1	1
Mr Fouad G Youssef	-	-
Mr Hani C Youssef (appointed 22 April 1997)	-	-

CAPITAL

On 22 April 1997, 9,900 ordinary shares of £1 each were issued at par to Dr A Youssef to provide additional working capital.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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.

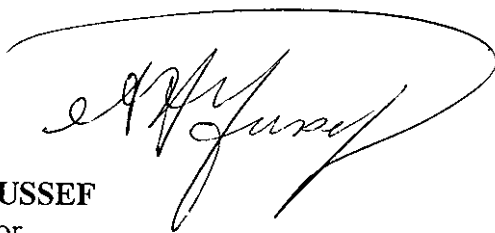
TECHNICAL AND GENERAL LIMITED

DIRECTORS' REPORT (Cont'd)

AUDITORS

A resolution concerning the reappointment of Chantrey Vellacott as auditors will be proposed at the forthcoming Annual General Meeting.

SIGNED ON BEHALF OF THE BOARD

A handwritten signature in dark ink, appearing to read 'A Youssef', enclosed within a large, loopy oval flourish.

A YOUSSEF
Director

Approved by the Board on 26 February 1998.

REPORT OF THE AUDITORS TO THE MEMBERS OF TECHNICAL AND GENERAL LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, 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 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 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



CHANTREY VELLACOTT

Chartered Accountants and Registered Auditors

WATFORD

26 February 1998

TECHNICAL AND GENERAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
TURNOVER	2	773,024	43,789
Cost of sales		666,525	35,231
GROSS PROFIT		106,499	8,558
Distribution costs	32,014		5,006
Administrative expenses	67,788		3,523
		99,802	8,529
OPERATING PROFIT		6,697	29
Amounts written off fixed asset investment		-	(1)
Interest receivable and similar income	3	1,920	61
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	8,617	89
Taxation	6	460	17
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8,157	72
Retained profits brought forward		3,183	3,111
RETAINED PROFITS CARRIED FORWARD		£11,340	£3,183

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

The company has no recognised gains and losses other than those included in the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profits shown above and their historical cost equivalents.

The notes on pages 6 to 8 form part of these financial statements.

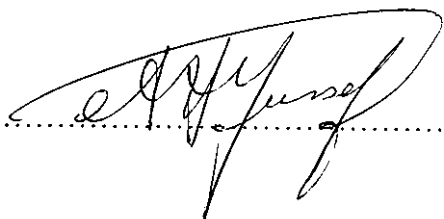
TECHNICAL AND GENERAL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1997

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	7		8,803		3,760
CURRENT ASSETS					
Debtors	8	54,772		21,993	
Cash at bank and in hand		108,234		23,389	
		<u>163,006</u>		<u>45,382</u>	
CREDITORS: Amounts falling due within one	9	<u>150,469</u>		<u>45,859</u>	
NET CURRENT ASSETS/ (LIABILITIES)			<u>12,537</u>		<u>(477)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£21,340</u>		<u>£3,283</u>
CAPITAL AND RESERVES					
Called up share capital	10		10,000		100
Profit and loss account (page 4)			11,340		3,183
SHAREHOLDERS' FUNDS	11		<u>£21,340</u>		<u>£3,283</u>

Approved by the Board on 26 February 1998.



..... A YOUSSEF - Director

The notes on pages 6 to 8 form part of these financial statements.

TECHNICAL AND GENERAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS **FOR THE PERIOD ENDED 31 DECEMBER 1997**

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Turnover represents sales and commissions invoiced during the period and excludes value added tax.

(c) Depreciation

Fixed assets are depreciated over their expected useful lives on the reducing balance method using the following rates per annum:

Office fixtures and equipment - 20%

(d) Cash flow statement

The company has taken advantage of the provisions of Financial Reporting Standard No.1 and has not prepared a cash flow statement.

(e) Leasing

The costs of operating leases are written off as incurred.

2 TURNOVER

	1997	1996
Middle East	£773,024	£43,789
	<u> </u>	<u> </u>

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	1997	1996
Bank interest	£1,920	£61
	<u> </u>	<u> </u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997	1996
This is stated after charging:	£	£
Directors' Remuneration	9,000	-
Depreciation	2,738	940
Auditors' remuneration	2,640	1,250
	<u> </u>	<u> </u>

TECHNICAL AND GENERAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS **FOR THE PERIOD ENDED 31 DECEMBER 1997 (Cont'd)**

5	STAFF COSTS AND EMPLOYEES (including directors)	1997 £	1996 £
	Wages and salaries	9,000	-
	Social security costs	900	-
		<u>£9,900</u>	<u>£ -</u>

The average number of employees during the year was:
Administration, sales and management

Number	Number
<u>4</u>	<u>3</u>

6	TAXATION	1997	1996
	UK corporation tax at 24% (1996 - 24% and 25%)	<u>£460</u>	<u>£17</u>

7	TANGIBLE FIXED ASSETS	Office fixtures and equipment £
	Cost:	
	At 1 July 1996	14,190
	Additions in period	7,781
	At 31 December 1997	<u>21,971</u>
	Depreciation:	
	At 1 July 1996	10,430
	Charge for the period	2,738
	At 31 December 1997	<u>13,168</u>
	Net book value:	
	At 31 December 1997	<u>£8,803</u>
	At 30 June 1996	<u>£3,760</u>

8	DEBTORS	1997 £	1996 £
	Trade debtors	46,538	19,709
	Other debtors	8,234	2,284
		<u>£54,772</u>	<u>£21,993</u>

TECHNICAL AND GENERAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS **FOR THE PERIOD ENDED 31 DECEMBER 1997 (Cont'd)**

9	CREDITORS: Amounts falling due within one year	1997	1996
		£	£
	Trade creditors	40,341	-
	Corporation tax	460	17
	Accruals	11,850	1,492
	Directors' account	97,818	44,350
		<hr/>	<hr/>
		£150,469	£45,859
		<hr/>	<hr/>

10	CALLED UP SHARE CAPITAL	1997	1996
	Authorised		
	100,000 ordinary shares of £1 each	£100,000	£100,000
		<hr/>	<hr/>
	Allotted and fully paid		
	10,000 ordinary shares of £1 each	£10,000	£100
		<hr/>	<hr/>

11	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1997	1996
		£	£
	Profit for the period after taxation	8,157	72
	Opening shareholders' funds	3,283	3,211
	Share capital	9,900	-
		<hr/>	<hr/>
	Closing shareholders' funds	£21,340	£3,283
		<hr/>	<hr/>

Shareholders' funds are fully attributable to equity interests.

12 CONTROL

Control of the company is vested in Dr A Youssef director and major shareholder.