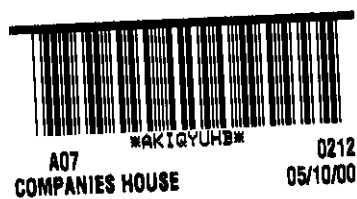


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000
FOR
CASPIAN PUBLISHING LIMITED**



CASPIAN PUBLISHING LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2000

The directors present their report with the financial statements of the company for the year ended 30 June 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of magazine publishing (namely Real Business and Real Deals magazines), contract publishing and conference and events management.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors are satisfied with the results for the year and with the state of the company's affairs at the balance sheet date.

The directors expect the increasing levels of activity to be sustained in the foreseeable future.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2000.

FIXED ASSETS

The changes in fixed assets are shown in the notes to the financial statements.

DIRECTORS

The directors all of whom served during the year under review were:

J N B Whitney	(Non-executive Chairman)
M Bokaie	(Chief Executive)
K J Cazenove	(Advertisement Director)
S P Greene	(Non-executive Director)
R D Musson	(Non-executive Director)
S P Rock	(Editorial Director)

The beneficial interests of the directors holding office on 30 June 2000 in the issued share capital of the company were as follows:

Ordinary £1 shares	30.6.00	1.7.99
J N B Whitney	1,333	1,333
M Bokaie	39,991	39,991
K J Cazenove	13,333	13,333
S P Greene	-	-
R D Musson	506	506
S P Rock	13,333	13,333

STATEMENT OF 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.

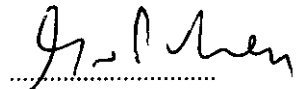
**CASPIAN PUBLISHING LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2000**

AUDITORS

The auditors, Wheawill & Sudworth, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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:



G N Pickett - SECRETARY

Dated: 19-9-00

CASPIAN PUBLISHING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000

		<u>30.6.00</u>	<u>30.6.99</u>
	Notes	£	£
TURNOVER		4,111,247	2,670,205
Cost of sales		<u>2,304,298</u>	<u>1,578,831</u>
GROSS PROFIT		1,806,949	1,091,374
Administrative expenses		<u>1,500,697</u>	<u>941,558</u>
OPERATING PROFIT	3	306,252	149,816
Interest receivable and similar income		<u>12,778</u>	<u>5,388</u>
		319,030	155,204
Interest payable and similar charges		<u>2,010</u>	<u>1,167</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		317,020	154,037
Tax on profit on ordinary activities	4	<u>44,358</u>	<u>1,829</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		272,662	152,208
Deficit brought forward		<u>(173,903)</u>	<u>(326,111)</u>
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD		<u>£98,759</u>	<u>£(173,903)</u>

The notes form part of these financial statements

CASPIAN PUBLISHING LIMITED
REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
CASPIAN PUBLISHING LIMITED

We have audited the financial statements on pages five to eleven which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described on page two 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 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Wheawill & Sudworth
Chartered Accountants &
Registered Auditors
Mountbarrow House
12 Elizabeth Street
London
SW1W 9RB

Dated:

4/10/2000

CASPIAN PUBLISHING LIMITED
BALANCE SHEET
30 JUNE 2000

		30.6.00		30.6.99	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		142,325		67,926
Investments	6		<u>4</u>		<u>-</u>
			142,329		67,926
CURRENT ASSETS:					
Debtors	7	893,043		684,263	
Cash at bank and in hand		<u>510,917</u>		<u>246,066</u>	
		1,403,960		930,329	
CREDITORS: Amounts falling due within one year	8	<u>893,771</u>		<u>615,289</u>	
NET CURRENT ASSETS:			<u>510,189</u>		<u>315,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			652,518		382,966
CREDITORS: Amounts falling due after more than one year	9		<u>2,445</u>		<u>5,555</u>
			<u>£650,073</u>		<u>£377,411</u>
CAPITAL AND RESERVES:					
Called up share capital	11		133,312		133,312
Share premium	12		418,002		418,002
Profit and loss account			<u>98,759</u>		<u>(173,903)</u>
SHAREHOLDERS' FUNDS (all equity interests):			<u>£650,073</u>		<u>£377,411</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:

.....

- DIRECTOR

.....
- DIRECTOR

Approved by the Board on 19-9-00

The notes form part of these financial statements

CASPIAN PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property	- 20% on cost
Office equipment	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 25% on cost

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. STAFF COSTS

	30.6.00	30.6.99
	£	£
Wages and salaries	954,661	610,796
Social security costs	97,773	57,954
	<u>1,052,434</u>	<u>668,750</u>

The average monthly number of employees during the year was as follows:

	30.6.00	30.6.99
Management and finance	6	5
Editorial and design	14	8
Conferences and events	7	5
Sales and marketing	<u>6</u>	<u>6</u>
	<u>33</u>	<u>24</u>

The above figures include three executive directors for each year.

CASPIAN PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

3. OPERATING PROFIT

The operating profit is stated after charging:

	30.6.00	30.6.99
	£	£
Depreciation - owned assets	30,975	18,316
Depreciation - assets on hire purchase contracts	6,800	5,000
Auditors' remuneration	6,000	5,000
Operating leases - property	45,000	31,065
Operating leases - other	<u>61,165</u>	<u>24,745</u>
 Directors' emoluments	 <u>209,239</u>	 <u>155,000</u>

4. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	30.6.00	30.6.99
	£	£
UK corporation tax	44,357	1,118
Tax under/(over) provided in previous years	<u>1</u>	<u>711</u>
	<u>44,358</u>	<u>1,829</u>

UK corporation tax has been charged at 20% (1999 - 20.75%).

The charge for the year has been reduced by approximately £ 27,000 by utilising tax losses brought forward.

5. TANGIBLE FIXED ASSETS

	Leasehold property	Office equipment	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£	£
COST:					
At 1 July 1999	2,508	3,136	21,924	87,353	114,921
Additions	<u>42,092</u>	<u>13,498</u>	<u>14,477</u>	<u>42,107</u>	<u>112,174</u>
At 30 June 2000	<u>44,600</u>	<u>16,634</u>	<u>36,401</u>	<u>129,460</u>	<u>227,095</u>
DEPRECIATION:					
At 1 July 1999	1,505	1,916	11,219	32,355	46,995
Charge for year	<u>2,506</u>	<u>1,648</u>	<u>6,706</u>	<u>26,915</u>	<u>37,775</u>
At 30 June 2000	<u>4,011</u>	<u>3,564</u>	<u>17,925</u>	<u>59,270</u>	<u>84,770</u>
NET BOOK VALUE:					
At 30 June 2000	<u>40,589</u>	<u>13,070</u>	<u>18,476</u>	<u>70,190</u>	<u>142,325</u>
At 30 June 1999	<u>1,003</u>	<u>1,220</u>	<u>10,705</u>	<u>54,998</u>	<u>67,926</u>

CASPIAN PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

5. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures and fittings	Computer equipment	Totals
	£	£	£
COST:			
At 1 July 1999	-	20,000	20,000
Additions	<u>9,000</u>	<u>-</u>	<u>9,000</u>
At 30 June 2000	<u>9,000</u>	<u>20,000</u>	<u>29,000</u>
DEPRECIATION:			
At 1 July 1999	-	5,833	5,833
Charge for year	<u>1,800</u>	<u>5,000</u>	<u>6,800</u>
At 30 June 2000	<u>1,800</u>	<u>10,833</u>	<u>12,633</u>
NET BOOK VALUE:			
At 30 June 2000	<u>7,200</u>	<u>9,167</u>	<u>16,367</u>
At 30 June 1999	<u>-</u>	<u>14,167</u>	<u>14,167</u>

6. FIXED ASSET INVESTMENTS

	£
COST:	
Additions	<u>4</u>
At 30 June 2000	<u>4</u>
NET BOOK VALUE:	
At 30 June 2000	<u>4</u>
	30.6.00
	£
Unlisted investments	<u>4</u>
	30.6.99
	£
	<u>-</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Real Business Limited
Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

	30.6.00
	£
Aggregate capital and reserves	<u>2</u>

CASPIAN PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

6. FIXED ASSET INVESTMENTS - continued

Real Deals Limited

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

	30.6.00
	£
Aggregate capital and reserves	<u>2</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.00	30.6.99
	£	£
Trade debtors	656,032	465,180
Other debtors	1,852	952
Prepayments & accrued income	<u>235,159</u>	<u>218,131</u>
	<u>893,043</u>	<u>684,263</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.00	30.6.99
	£	£
Hire purchase contracts	8,702	6,667
Trade creditors	554,664	400,805
Other creditors	4	-
Other tax and social security	141,396	107,190
Deferred income	136,993	91,509
Corporation tax	44,357	1,118
Accrued expenses	<u>7,655</u>	<u>8,000</u>
	<u>893,771</u>	<u>615,289</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.6.00	30.6.99
	£	£
Hire purchase contracts	<u>2,445</u>	<u>5,555</u>

10. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	30.6.00	30.6.99
	£	£
Expiring:		
Between one and five years	<u>206,143</u>	<u>106,165</u>
	<u>206,143</u>	<u>106,165</u>

CASPIAN PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	30.6.00	30.6.99
		value:	£	£
200,000	Ordinary	£1	<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	30.6.00	30.6.99
		value:	£	£
133,312	Ordinary	£1	<u>133,312</u>	<u>133,312</u>

12. SHARE PREMIUM

			30.6.00	30.6.99
			£	£
Share premium			<u>418,002</u>	<u>418,002</u>

13. RELATED PARTY DISCLOSURES

For the whole year, the company was under the control of the three executive directors who were major shareholders of the company:

M Bokaie
K J Cazenove
S P Rock

14. RECONCILIATION OF PROFIT AND LOSS RESERVE

	30.6.99	30.3.99
	£	£
Profit for the financial year	272,662	152,208
Opening profit and loss reserve	<u>(173,903)</u>	<u>(326,111)</u>
Closing profit and loss reserve	<u>98,759</u>	<u>(173,903)</u>