

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001
FOR
CASPIAN PUBLISHING LIMITED**



CASPIAN PUBLISHING LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2001

DIRECTORS:	J N B Whitney M Bokaie K J Cazenove S P Greene R D Musson S P Rock
SECRETARY:	S P Rock (appointed 14/12/2001)
REGISTERED OFFICE:	Millbank Tower 21-24 Millbank London SW1P 4QP
REGISTERED NUMBER:	3157774 (England and Wales)
AUDITORS:	Wheawill & Sudworth Chartered Accountants & Registered Auditors Mountbarrow House 12 Elizabeth Street London SW1W 9RB

CASPIAN PUBLISHING LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2001

The directors present their report with the financial statements of the company for the year ended 30 June 2001.

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 2001.

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 2001 in the issued share capital of the company were as follows:

Ordinary £1 shares	30.6.01	1.7.00
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 2001**

AUDITORS

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

ON BEHALF OF THE BOARD:



~~S.P. Rock - SECRETARY~~

K.J. CAZENOVE - DIRECTOR

Dated:

29/1/2

CASPIAN PUBLISHING LIMITED

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

We have audited the financial statements of Caspian Publishing Limited for the year ended 30 June 2001 on pages five to fifteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

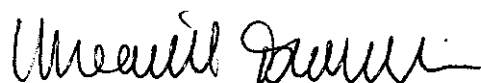
Basis of audit opinion

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 June 2001 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:

31/1/2

CASPIAN PUBLISHING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2001**

		<u>30.6.01</u>	<u>30.6.00</u>
	Notes	£	£
TURNOVER		5,741,936	4,111,247
Cost of sales		<u>3,155,334</u>	<u>2,304,298</u>
GROSS PROFIT		2,586,602	1,806,949
Administrative expenses		<u>2,003,702</u>	<u>1,500,697</u>
OPERATING PROFIT	3	582,900	306,252
Interest receivable and similar income		<u>24,591</u>	<u>12,778</u>
		607,491	319,030
Interest payable and similar charges	4	<u>843</u>	<u>2,010</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		606,648	317,020
Tax on profit on ordinary activities	5	<u>180,399</u>	<u>44,358</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		426,249	272,662
Retained profit/(deficit) brought forward		<u>98,759</u>	<u>(173,903)</u>
RETAINED PROFIT CARRIED FORWARD		<u>£525,008</u>	<u>£98,759</u>

CONTINUING OPERATIONS

All of the companies activities were acquired and none of its activities discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

CASPIAN PUBLISHING LIMITED

**BALANCE SHEET
30 JUNE 2001**

		<u>30.6.01</u>		<u>30.6.00</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		160,078		142,325
Investments	7		<u>4</u>		<u>4</u>
			160,082		142,329
CURRENT ASSETS:					
Debtors	8	1,311,973		893,043	
Cash at bank and in hand		<u>1,031,885</u>		<u>510,917</u>	
		2,343,858		1,403,960	
CREDITORS: Amounts falling due within one year	9	<u>1,427,618</u>		<u>893,771</u>	
NET CURRENT ASSETS:			<u>916,240</u>		<u>510,189</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,076,322		652,518
CREDITORS: Amounts falling due after more than one year	10		<u>-</u>		<u>2,445</u>
			<u>£1,076,322</u>		<u>£650,073</u>
CAPITAL AND RESERVES:					
Called up share capital	12		133,312		133,312
Share premium	13		418,002		418,002
Profit and loss account			<u>525,008</u>		<u>98,759</u>
SHAREHOLDERS' FUNDS:	15		<u>£1,076,322</u>		<u>£650,073</u>

ON BEHALF OF THE BOARD:



M Bokaie - DIRECTOR

Approved by the Board on 29/1/02

The notes form part of these financial statements

CASPIAN PUBLISHING LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2001**

		30.6.01		30.6.00	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		620,185		368,455
Returns on investments and servicing of finance	2		23,748		10,768
Taxation			(44,756)		(1,119)
Capital expenditure and financial investment	2		(73,497)		(103,178)
			525,680		274,926
Financing	2		(4,712)		(10,075)
Increase in cash in the period			<u>£520,968</u>		<u>£264,851</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		520,968		264,851	
Cash outflow from decrease in debt and lease financing		<u>4,712</u>		<u>10,075</u>	
Change in net funds resulting from cash flows			525,680		274,926
New finance leases			-		(9,000)
Movement in net funds in the period			525,680		265,926
Net funds at 1 July			<u>499,770</u>		<u>233,844</u>
Net funds at 30 June			<u>£1,025,450</u>		<u>£499,770</u>

The notes form part of these financial statements

CASPIAN PUBLISHING LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2001**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30.6.01 £	30.6.00 £
Operating profit	582,900	306,252
Depreciation charges	55,744	37,775
Increase in debtors	(418,930)	(208,780)
Increase in creditors	<u>400,471</u>	<u>233,208</u>
Net cash inflow from operating activities	<u><u>620,185</u></u>	<u><u>368,455</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	30.6.01 £	30.6.00 £
Returns on investments and servicing of finance		
Interest received	24,591	12,778
Interest element of hire purchase payments	<u>(843)</u>	<u>(2,010)</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>23,748</u></u>	<u><u>10,768</u></u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(73,497)	(103,174)
Cash payments - investment purchase	<u>-</u>	<u>(4)</u>
Net cash outflow for capital expenditure	<u><u>(73,497)</u></u>	<u><u>(103,178)</u></u>
Financing		
Loan repayments in year	<u>(4,712)</u>	<u>(10,075)</u>
Net cash outflow from financing	<u><u>(4,712)</u></u>	<u><u>(10,075)</u></u>

The notes form part of these financial statements

CASPIAN PUBLISHING LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2001**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.00 £	Cash flow £	At 30.6.01 £
Net cash:			
Cash at bank and in hand	<u>510,917</u>	<u>520,968</u>	<u>1,031,885</u>
	<u>510,917</u>	<u>520,968</u>	<u>1,031,885</u>
Debt:			
Hire purchase	<u>(11,147)</u>	<u>4,712</u>	<u>(6,435)</u>
	<u>(11,147)</u>	<u>4,712</u>	<u>(6,435)</u>
Total	<u><u>499,770</u></u>	<u><u>525,680</u></u>	<u><u>1,025,450</u></u>
Analysed in Balance Sheet			
Cash at bank and in hand	510,917		1,031,885
Hire purchase			
within one year	(8,702)		(6,435)
after one year	<u>(2,445)</u>		<u>-</u>
	<u><u>499,770</u></u>		<u><u>1,025,450</u></u>

CASPIAN PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

1. ACCOUNTING POLICIES

Accounting convention

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

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

	30.6.01	30.6.00
	£	£
Wages and salaries	1,253,718	954,661
Social security costs	126,650	97,773
	<u>1,380,368</u>	<u>1,052,434</u>

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

	30.6.01	30.6.00
Management and finance	10	6
Editorial and design	20	14
Conferences and events	6	7
Sales and marketing	8	6
	<u>44</u>	<u>33</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 2001**

3. OPERATING PROFIT

The operating profit is stated after charging:

	30.6.01	30.6.00
	£	£
Hire of plant and machinery	44,216	38,782
Depreciation - owned assets	48,944	30,975
Depreciation - assets on hire purchase contracts	6,800	6,800
Auditors' remuneration	<u>6,394</u>	<u>6,000</u>
Directors' emoluments	<u>192,740</u>	<u>209,239</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	30.6.01	30.6.00
	£	£
Hire purchase	<u>843</u>	<u>2,010</u>

5. TAXATION

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

	30.6.01	30.6.00
	£	£
UK corporation tax	180,000	44,357
Tax under/(over) provided in previous years	<u>399</u>	<u>1</u>
	<u>180,399</u>	<u>44,358</u>

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

6. TANGIBLE FIXED ASSETS

	Leasehold property	Office equipment	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£	£
COST:					
At 1 July 2000	44,600	16,634	36,401	129,460	227,095
Additions	<u>1,500</u>	<u>11,475</u>	<u>5,673</u>	<u>54,849</u>	<u>73,497</u>
At 30 June 2001	<u>46,100</u>	<u>28,109</u>	<u>42,074</u>	<u>184,309</u>	<u>300,592</u>
DEPRECIATION:					
At 1 July 2000	4,011	3,564	17,925	59,270	84,770
Charge for year	<u>9,220</u>	<u>4,440</u>	<u>7,913</u>	<u>34,171</u>	<u>55,744</u>
At 30 June 2001	<u>13,231</u>	<u>8,004</u>	<u>25,838</u>	<u>93,441</u>	<u>140,514</u>
NET BOOK VALUE:					
At 30 June 2001	<u>32,869</u>	<u>20,105</u>	<u>16,236</u>	<u>90,868</u>	<u>160,078</u>
At 30 June 2000	<u>40,589</u>	<u>13,070</u>	<u>18,476</u>	<u>70,190</u>	<u>142,325</u>

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

6. 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 2000 and 30 June 2001	<u>9,000</u>	<u>20,000</u>	<u>29,000</u>
DEPRECIATION:			
At 1 July 2000	1,800	10,833	12,633
Charge for year	<u>1,800</u>	<u>5,000</u>	<u>6,800</u>
At 30 June 2001	<u>3,600</u>	<u>15,833</u>	<u>19,433</u>
NET BOOK VALUE:			
At 30 June 2001	<u>5,400</u>	<u>4,167</u>	<u>9,567</u>
At 30 June 2000	<u>7,200</u>	<u>9,167</u>	<u>16,367</u>

7. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 July 2000 and 30 June 2001	<u>4</u>
NET BOOK VALUE:	
At 30 June 2001	<u>4</u>
At 30 June 2000	<u>4</u>
	30.6.01
	£
Unlisted investments	<u>4</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:	holding
Ordinary	100.00
	30.6.01
	£
Aggregate capital and reserves	<u>2</u>

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

7. FIXED ASSET INVESTMENTS - continued

Real Deals Limited

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

	30.6.01	30.6.00
	£	£
Aggregate capital and reserves	<u>2</u>	<u>2</u>

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.01	30.6.00
	£	£
Trade debtors	904,312	656,032
Other debtors	19,043	1,852
Prepayments & accrued income	<u>388,618</u>	<u>235,159</u>
	<u>1,311,973</u>	<u>893,043</u>

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.01	30.6.00
	£	£
Hire purchase contracts (see note 11)	6,435	8,702
Trade creditors	1,052,351	554,664
Other creditors	4	4
Other tax and social security	91,930	141,396
Deferred income	82,154	136,993
Corporation tax	180,000	44,357
Accrued expenses	<u>14,744</u>	<u>7,655</u>
	<u>1,427,618</u>	<u>893,771</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	30.6.01	30.6.00
	£	£
Hire purchase contracts (see note 11)	<u>-</u>	<u>2,445</u>

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	30.6.01 £	30.6.00 £
Gross obligations repayable:		
Within one year	7,642	10,712
Between one and five years	<u>-</u>	<u>2,903</u>
	<u>7,642</u>	<u>13,615</u>
Finance charges repayable:		
Within one year	1,207	2,010
Between one and five years	<u>-</u>	<u>458</u>
	<u>1,207</u>	<u>2,468</u>
Net obligations repayable:		
Within one year	6,435	8,702
Between one and five years	<u>-</u>	<u>2,445</u>
	<u>6,435</u>	<u>11,147</u>

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

	Operating leases			
	Land and buildings		Other	
	30.6.01 £	30.6.00 £	30.6.01 £	30.6.00 £
Expiring:				
Within one year	-	-	32,253	-
Between one and five years	<u>140,501</u>	<u>145,000</u>	<u>3,878</u>	<u>61,143</u>
	<u>140,501</u>	<u>145,000</u>	<u>36,131</u>	<u>61,143</u>

12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30.6.01	30.6.00
			£	£
200,000	Ordinary	£1	<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.6.01	30.6.00
			£	£
133,312	Ordinary	£1	<u>133,312</u>	<u>133,312</u>

CASPIAN PUBLISHING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

13. SHARE PREMIUM

	30.6.01	30.6.00
	£	£
Share premium	<u>418,002</u>	<u>418,002</u>

14. CONTINGENT LIABILITIES

The company may be obliged to defend a claim of constructive dismissal brought by a former employee. The employee ceased employment after the company year end.
The potential liability including costs is approximately £100,00.

15. 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

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.01	30.6.00
	£	£
Profit for the financial year	<u>426,249</u>	<u>272,662</u>
Net addition to shareholders' funds	426,249	272,662
Opening shareholders' funds	<u>650,073</u>	<u>377,411</u>
Closing shareholders' funds	<u>1,076,322</u>	<u>650,073</u>
 Equity interests	 <u>1,076,322</u>	 <u>650,073</u>