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NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION

ON 26TH FEBRUARY 1996 TO 28TH FEBRUARY 1997

F.W. STEPHENS & CO.,
Chartered Accountants,
10 Charterhouse Square,
LONDON, EC1M 6LQ.



NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

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NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

OFFICERS AND ADVISORS

DIRECTORS

A.I. Pavlov
Mrs. M.I. Pavlova
I. Pavlov

SECRETARY

Mrs. M.I. Pavlova

REGISTERED OFFICE

10 Charterhouse Square,
London, EC1M 6LQ.

REGISTERED NUMBER

3164455

ACCOUNTANTS

F.W. Stephens & Co.,
Chartered Accountants,
10 Charterhouse Square,
London, EC1M 6LQ.

BANKERS

Barclays Bank PLC.,
1 Pall Mall East,
London, SW1Y 5AX

NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

DIRECTORS' REPORT

FOR THE PERIOD FROM 26TH FEBRUARY 1996

TO 28TH FEBRUARY 1997

The directors present herewith their annual report, together with the financial statements of the company for the period ended 28th February 1997.

DIRECTORS' RESPONSIBILITIES

Company law requires us as 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 its results for the 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

REVIEW OF BUSINESS AND PRINCIPLE ACTIVITIES

The company was incorporated on 26th February 1996 and started trading immediately. The principle activity of the company is that of agents and consultants for the export of equipment, principally to Russia.

RESULTS OF OPERATIONS AND DIVIDENDS

The net profit of the company during the period was £61,876. A dividend of £55,181 was paid in February 1997.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period and their interests in the shares of the company at the beginning and end of the year were:-

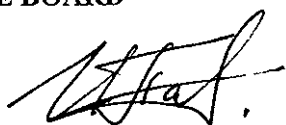
Ordinary shares of £1 each

A.I. Pavlov	50
Mrs. M.I. Pavlova	50

Mr.I. Pavlov was appointed a director of the company on 3rd June 1997.

BY ORDER OF THE BOARD

Ivan Pavlov
Director



12th June 1998.

ACCOUNTANTS' REPORT TO THE MEMBERS ON
THE UNAUDITED ACCOUNTS OF
NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

We report on the accounts for the period ended 28th February 1997 set out on pages 4 to 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

As described on page 5 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purpose of this report. These procedures provide only the assurance expressed in our opinion.

OPINION

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records;
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the period specified in Section 249A(4) of the Act and did not, at any time within that period fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).

F.W. Stephens & Co.

F.W. STEPHENS & CO.

CHARTERED ACCOUNTANTS

**10 Charterhouse Square,
LONDON, EC1M 6LQ.**

12th June 1998.

NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 26TH FEBRUARY 1996 TO 28TH FEBRUARY 1997

	<u>Notes</u>	1997 £
TURNOVER		165,253
Administrative expenses		<u>83,362</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	81,891
Tax on ordinary activities	4	<u>20,015</u>
		61,876
DIVIDEND PAID	5	<u>55,181</u>
RETAINED PROFIT FO THE PERIOD CARRIED FORWARD		<u>£6,695</u>

All activities are from continuing operations.

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 prepared.

The attached notes form an integral part of these financial statements.

NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

BALANCE SHEET

AS AT 28TH FEBRUARY 1997

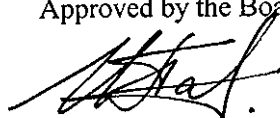
	Notes	£	1997 £
FIXED ASSETS			
Tangible assets	6		1,133
CURRENT ASSETS			
Cash at bank		30,226	
CREDITORS - amounts falling due within one year	7	<u>24,514</u>	
NET CURRENT ASSETS			<u>5,712</u>
NET ASSETS			<u>£6,845</u>
Represented by:			
CAPITAL AND RESERVES			
Called up share capital	8		150
Profit and loss account			<u>6,695</u>
EQUITY SHAREHOLDERS' FUNDS	9		<u>£6,845</u>

The directors are satisfied that the company was entitled to exemption under Subsection (2) of Section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to Subsection (2) of Section 249B in relation to the accounts for the financial period.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its result for the financial period in accordance with the requirements of Section 226, and which otherwise comply with requirements of this Act relating to accounts, so far as applicable to the company.

The directors have taken advantage of the exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion the company is entitled to these exemptions as a small company.

Approved by the Board of Directors on 12th June 1998.



IVAN PAVLOV

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DIRECTOR

The attached notes form an integral part of these financial statements.

NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

28TH FEBRUARY 1997

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost basis and in accordance with applicable accounting standards.

1.2 Turnover

Turnover represents the value of goods and services supplied to customers during the period.

2. OPERATING PROFIT

1997

£

This is stated after charging:

Directors' emoluments

25,300

Depreciation

125

3. STAFF COSTS (including directors' remuneration)

Wages and salaries

28,050

Social security costs

2,210

£30,260

The average weekly number of employees during the period was made up as follows:

No.

Offices and management

3

4. TAXATION

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

UK corporation tax at 24%

£20,105

5. DIVIDENDS

Dividend paid during the year at £367.87 per share

£55,181

NEW SCIENTIFIC TECHNICAL EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

28TH FEBRUARY 1997

6. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £
Cost:	
Additions	1,258
At 28th February 1997	<u>1,258</u>
Depreciation:	
Charge for period	125
At 28th February 1997	<u>125</u>
Net book value at 28th February 1997	<u>£1,133</u>

7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £
Corporation tax	6,220
Advance corporation tax	13,795
Other taxes and social security costs	742
Directors' current accounts	2,257
Accruals and deferred income	1,500
	<u>£24,514</u>

8. SHARE CAPITAL

	<u>1997</u>	
	Authorised	Allotted, Issue and Fully Paid
Ordinary shares of £1 each	<u>£1,000</u>	<u>£150</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1997 £
Issue of shares	150
Profit for the financial period	6,695
Closing shareholders funds	<u>£6,845</u>