
BAGEES CORPORATION LIMITED

ABBREVIATED ACCOUNTS

**FOR THE PERIOD ENDED
31 MAY 2001**



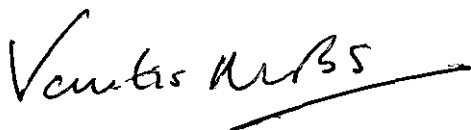
BAGEES CORPORATION LIMITED

The following reproduces the text of the accountants' report in respect of the company's annual financial statements, from which the abbreviated accounts (set out on pages 2 to 4) have been prepared.

**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE
UNAUDITED FINANCIAL STATEMENTS OF BAGEES CORPORATION LIMITED**

As described on the balance sheet you are responsible for the preparation of the financial statements for the period ended 31 May 2001 set out on pages 2 to 4 and you consider that the company is exempt from an audit under section 249A(1) of the Companies Act 1985.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records of the company and from information and explanations supplied to us.



Vantis MBS
Accountants - Business Advisers
82 St John Street
London
EC1M 4JN

02/7/02

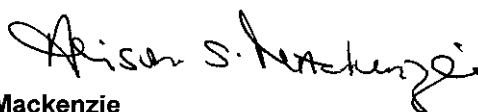
BAGEES CORPORATION LIMITED

ABBREVIATED BALANCE SHEET
As at 31 May 2001

	Note	31 May 2001 £	£
FIXED ASSETS			
Intangible fixed assets	2		79,200
Tangible fixed assets	3		4,172
			<u>83,372</u>
CURRENT ASSETS			
Debtors		27,922	
Cash at bank		22,515	
		<u>50,437</u>	
CREDITORS: amounts falling due within one year		<u>(18,701)</u>	
NET CURRENT ASSETS			<u>31,736</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>115,108</u>
CAPITAL AND RESERVES			
Called up share capital	4		125,007
Share premium account			170,241
Profit and loss account			(180,140)
SHAREHOLDERS' FUNDS			<u>115,108</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and no notice requiring an audit has been deposited under section 249B(2) of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 May 2001 and of its loss for the period then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 1/7/02 and signed on its behalf.



A S Mackenzie
Director

The notes on pages 3 to 4 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
For the period ended 31 May 2001

1. ACCOUNTING POLICIES**1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.3 Intangible fixed assets and amortisation

Intangible fixed assets are valued at cost less accumulated amortisation which is charged to the profit and loss account over the estimated useful economic life of the assets as follows:

Intellectual property rights - 5 years straight line.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment - 25%

2. INTANGIBLE FIXED ASSETS

	£
Cost	
At 2 May 2000	-
Additions	99,000
At 31 May 2001	<u>99,000</u>
Amortisation	
At 2 May 2000	-
Charge for the period	19,800
At 31 May 2001	<u>19,800</u>
Net book value	
At 31 May 2001	<u><u>79,200</u></u>

BAGEES CORPORATION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the period ended 31 May 2001

3. TANGIBLE FIXED ASSETS

	£
Cost	
Additions	4,450
	<hr/>
At 31 May 2001	4,450
	<hr/>
Depreciation	
Charge for the period	278
	<hr/>
At 31 May 2001	278
	<hr/>
Net book value	
At 31 May 2001	4,172
	<hr/> <hr/>

4. SHARE CAPITAL

	2001
	£
Authorised	
20,000,000 Ordinary shares of 1p each	200,000
	<hr/>
Allotted and called up	
12,500,710 Ordinary shares of 1p each	125,007
	<hr/> <hr/>

1 share was issued at par on 2 May 2000 to facilitate incorporation.

12,000,000 shares were issued at par on 9 February 2001 to facilitate initial fund raising. Consideration of £99,000 was received in the form of Intellectual property purchased from A S MacKenzie, and £10,000 and was received in the form of consultancy services provided by R Beni, R Burdett and M Julius, shareholders of the company.

500,709 shares were issued at 35p per share during the year to facilitate further fund raising. Of these shares at the year end an amount of £6,683 remained unpaid.

The shares issued at 35p had options attached to purchase further shares at 45p per share in the ratio of 1 option for every 4 shares, which expire on 31 March 2002, totalling 125,177 share options.