

LAHA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2000

Company registration no. 2762224



LAHA LIMITED

Number 2762224

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English Register

YEAR ENDED 31 DECEMBER 2000

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LAHA LIMITED

GENERAL INFORMATION

DIRECTORS

P C F Pettit
J S Ellman-Brown (resigned 8 June 2000)
A Al-Shaibany (appointed 8 June 2000)

SECRETARY

R Evans

REGISTERED OFFICE

Kensington Centre
66 Hammersmith Road
London
W14 8YT

AUDITORS

Arthur Andersen
20 Old Bailey
London
EC4M 7AN

SOLICITORS

Linklaters & Alliance
One Silk Street
London
EC2Y 8HQ

LAHA LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 2000

The directors submit their report and accounts for the year ended 31 December 2000.

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 of the company for the year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

REVIEW OF THE BUSINESS

During the year under review the company published and distributed an Arabic language magazine. The magazine is printed in Beirut, Lebanon and distributed to twelve countries.

DIVIDEND

The directors do not recommend payment of a dividend. (1999: £Nil).

DIRECTORS

The directors during the year are as shown on page 2.

LAHA LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

YEAR ENDED 31 DECEMBER 2000

DIRECTORS' INTERESTS

No director had a beneficial interest in the company's or any other group company's shares at any time during the year.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Arthur Andersen be reappointed as auditors of the company will be put to the Annual General Meeting.

By order of the Board.



R EVANS
Secretary

London

25th July 2001

Auditors' report

To the Shareholders of Laha Limited:

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

20 Old Bailey
London
EC4M 7AN

25 July 2001

LAHA LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £	1999 £
Turnover	1	84,475	-
Cost of sales		<u>(558,170)</u>	<u>-</u>
Gross profit		(473,695)	-
Other operating expenses (net)	2&3	(1,234,040)	(47,787)
Forgiveness of group loan		-	598,111
Loss on ordinary activities before finance charges		<u>(1,707,735)</u>	<u>550,324</u>
Finance charges(net)	4	620	-
(LOSS) / PROFIT BEFORE AND AFTER TAXATION	5,6&12	<u>(1,707,115)</u>	<u>550,324</u>

The accompanying notes form an integral part of the financial statements.

All results derive from continuing activities.

LAHA LIMITED

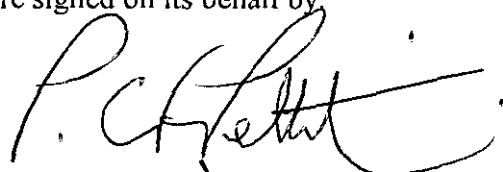
BALANCE SHEET

AT 31 DECEMBER 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	312,565	-
		<u>312,565</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	89,988	-
Cash at bank and in hand		94,580	-
		<u>184,568</u>	<u>-</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(309,132)</u>	<u>-</u>
NET CURRENT ASSETS		<u>(124,564)</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>188,001</u>	<u>-</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	<u>1,942,903</u>	<u>47,787</u>
CAPITAL AND RESERVES:			
Called up share capital	11	2	2
Profit and loss account	12	<u>(1,754,904)</u>	<u>(47,789)</u>
EQUITY SHAREHOLDERS' DEFICIT	13	<u>(1,754,902)</u>	<u>(47,787)</u>
		<u>188,001</u>	<u>-</u>

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

The financial statements on pages 6 to 13 were approved by the board of directors on 25 July 2001 and were signed on its behalf by:



P C F PETTIT

Director

LAHA LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 2000

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies, all of which have been applied consistently throughout the year and preceding year, are set out below.

Preparation of financial statements

The financial statements are prepared under the historical cost convention and on the basis applicable to that of a going concern.

Basis of preparation

The company realised a loss of £1,707,115 (1999: profit of £550,324) during the year ended 31 December 2000. Since the balance sheet shows a deficit of £1,754,902 the company is dependent, in the absence of other funding, on the continued financial support of its ultimate parent company. The directors have been assured that further support will continue to be made available to the company. On that basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that might be necessary if the ultimate parent company were not to provide further support.

Foreign currencies

Transactions in foreign currencies are recorded at the average rate of exchange, set periodically by the company, by reference to actual market rates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis at rates estimated to write off expenditure on fixed assets over their expected useful economic lives. The following annual rates have been used:

Leasehold improvements	- 8%
Computer systems	- 20%
Furniture and other equipment	- 8% to 12.5%

Pension costs

The company operates a defined contribution pension scheme in which company contributions are charged to the profit and loss account in the accounting period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

LAHA LIMITED

ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 DECEMBER 2000

Cash flow

The financial statements do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirements to prepare such a statement under Financial Reporting Standard 1 (Revised) - "Cash flow statements".

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

LAHA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

1. TURNOVER

Turnover represents the net sales revenue from distribution and advertising after deduction of distributors' commission, VAT and other sales taxes.

In the opinion of the directors, disclosure of turnover by geographical market would be detrimental to the company's business.

2. OTHER OPERATING EXPENSES (NET)	2000 £	1999 £
Distribution costs	122,731	-
Administrative expenses	1,111,309	47,787
Other operating expenses (net)	<u>1,234,040</u>	<u>47,787</u>

3. STAFF COSTS	2000 Number	1999 Number
Average number of persons employed including directors:		
Editorial - UK	2	1
- Overseas	9	2
Administration and production - Overseas	9	-
	<u>20</u>	<u>3</u>

Their aggregate remuneration comprised:	2000 £	1999 £
Wages and salaries	171,276	18,320
	<u>171,276</u>	<u>18,320</u>

No director received any remuneration from the company during the year (1999: £Nil).

LAHA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

4. FINANCE CHARGES (NET)	2000 £	1999 £
Bank loans and overdrafts	620	-

5. LOSS BEFORE AND AFTER TAXATION

	2000 £	1999 £
This is stated after charging:		
Auditors' remuneration for audit services	8,027	-
Loss on foreign exchange transactions	(88)	-
Depreciation	27,492	-

6. TAXATION

No corporation tax liability arises in view of the loss incurred in the year. Losses are carried forward for set off against future taxable profits.

7. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Computer systems £	Furniture and other equipment £	Total £
Cost				
At 1 January 2000	-	-	-	-
Additions	53,076	71,487	215,494	340,057
Disposals	-	-	-	-
At 31 December 2000	53,076	71,487	215,494	340,057
Depreciation				
At 1 January 2000	-	-	-	-
Charge for the year	4,246	10,117	13,129	27,492
Disposals	-	-	-	-
At 31 December 2000	4,246	10,117	13,129	27,492
Net book value				
At 31 December 2000	48,830	61,370	202,365	312,565
At 31 December 1999	-	-	-	-

LAHA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

8. DEBTORS	2000 £	1999 £
Trade debtors	75,747	-
Other debtors	3,522	-
VAT	618	-
Prepayments and accrued income	10,101	-
	<u>89,988</u>	<u>-</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000 £	1999 £
Trade creditors	22,180	-
Other creditors	14,876	-
Accruals and deferred income	272,076	-
	<u>309,132</u>	<u>-</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2000 £	1999 £
Amounts owed to parent company	<u>1,942,903</u>	<u>47,787</u>

The company is dependent on a loan from its ultimate parent company which is unsecured, interest free and has no fixed date for repayment. The directors have obtained assurances that the loan will not be recalled within the foreseeable future.

11. SHARE CAPITAL

	2000 and 1999	
	Number	£
Ordinary shares of £1 each:		
Authorised	<u>100</u>	<u>100</u>
Allotted and fully paid	<u>2</u>	<u>2</u>

LAHA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2000**

12. PROFIT AND LOSS ACCOUNT	2000	1999
	£	£
Retained loss brought forward	(47,789)	(598,113)
(Loss) / profit for the financial year after taxation	(1,707,115)	550,324
	<hr/>	<hr/>
Retained loss carried forward	<u>(1,754,904)</u>	<u>(47,789)</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2000	1999
	£	£
(Loss) / profit for the financial year after taxation	(1,707,115)	550,324
Opening shareholders' deficit at 1 January	<u>(47,787)</u>	<u>(598,111)</u>
	<hr/>	<hr/>
Closing shareholders' deficit at 31 December	<u>(1,754,902)</u>	<u>(47,787)</u>

14. RELATED PARTIES

Name	Nature of Relation- ship	Amount outstanding at 31 Dec 2000 £	Amount outstanding at 31 Dec 1999 £	Transaction	Value of transaction during the year £
Quickmarsh Limited - Laha Purchases	Common Control	(630)	-	Trading Balance	(630)
Quickmarsh Limited - Laha Sales	Common Control	18,826	-	Trading Balance	18,826

The company has taken advantage of an exemption under FRS 8 "Related Party Transactions", as a 90% owned subsidiary, not to disclose transactions and balances with Media Communications Group plc, the immediate parent company.

15. ULTIMATE PARENT COMPANY

Reference Investments Inc., a company registered in the British Virgin Islands, was the ultimate parent company of Laha Limited at 31 December 2000.

The immediate parent company is Media Communications Group Plc, registered in England and Wales, for which group accounts are prepared. A copy of these accounts is available to the public at the Kensington Centre, 66 Hammersmith Road, London W14 0PA.
