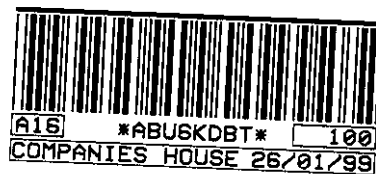


DROLE COMPUTING SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 1997



DROLE COMPUTING SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 1997

COMPANY INFORMATION

Directors: C J Lester-Smith
Mrs V M Lester-Smith

Secretary: C J Lester-Smith

Company Number: 1865914

Registered Office: Holcombe House
London Road
Sunningdale
Berkshire

Auditor: S S Prayag, F.C.C.A.
Morrish & Co.
17 Garton Close
Ponders End
Enfield
EN3 4BZ

Bankers: Bank of Scotland

DROLE COMPUTING SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 1997

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DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1997.

COMPANY NUMBER

The company registration number is 1865914.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal business activity, which has remained unchanged during the year under review, was that of the provision of computer consultancy services.

No significant change in activity is envisaged in the ensuing year.

RESULTS AND DIVIDENDS

The results for the period under review are set out on page 4.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets are set out in note 8 of the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the company at 1 January 1997 and 31 December 1997 are stated as below:

	<u>Class of share</u>	<u>Number of shares</u>
C J Lester-Smith	Ordinary	1
Mrs V M Lester-Smith	Ordinary	-

Continued.....

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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. The directors are required to:

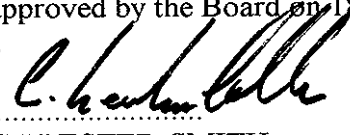
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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.

AUDITORS

The company has by elective resolution under section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Messrs Morrish & Co. will be deemed to be reappointed for each succeeding financial year.

This report was approved by the Board on 18 December 1998 and signed on its behalf by Mr C J Lester-Smith.

CHAIRMAN : 
C J LESTER-SMITH

AUDITOR'S REPORT TO THE SHAREHOLDERS OF DROLE COMPUTING
SERVICE LIMITED

We have audited the financial statements on pages 4 to 9, which have been prepared under the historical cost convention and accounting policies set out on page 7.

Respective responsibilities of directors and auditors.

As described on pages 1 to 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an 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 the 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 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 misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we 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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

REGISTERED AUDITOR
S S PRAYAG, F.C.C.A.



MORRISH & CO.
17 GARTON CLOSE
PONDER'S END
ENFIELD
EN3 4BZ

DATED: 18 December 1998

DROLE COMPUTING SERVICES LIMITEDPAGE 4PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		£	£
TURNOVER	2	12607557	11416784
Less: Cost of Sales		12293514	11010154
		<hr/>	<hr/>
GROSS PROFIT		314043	406630
Less: Administrative Expenses		142387	147828
		<hr/>	<hr/>
Add: Other Operating Income	3	171656 10186	258802 12929
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE MANAGEMENT CHARGES		181842	271731
Less: Group Management Charges		130000	120000
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	51842	151731
TAXATION	6	16100	33925
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		35742	117806
ACCUMULATED RESERVES brought forward		168781	50975
		<hr/>	<hr/>
ACCUMULATED RESERVES carried forward		204523	168781
		<hr/>	<hr/>

There were no recognised gains or losses other than the profit for the above financial period.

The notes on pages 7 to 9 form part of these financial statements.

DROLE COMPUTING SERVICES LIMITED

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BALANCE SHEET31 DECEMBER 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Tangible Assets	7	62510	35504
CURRENT ASSETS			
Debtors	8	1127716	982833
Cash at bank & in hand		1092387	1020772
		2220103	2003605
CREDITORS: Amounts falling due in less than one year	9	2077090	1869328
NET CURRENT ASSETS		143013	134277
TOTAL ASSETS		205523	169781
CREDITORS: Amounts falling due in more than one year		-	-
NET ASSETS		205523	169781
Financed by:			
CAPITAL & RESERVES			
Share Capital	10	1000	1000
Profit and Loss Account		204523	168781
		205523	169781

The financial statements were approved by the Board on 18 December 1998 and signed on its behalf by the two directors:

DIRECTOR:DIRECTOR:

The notes on pages 7 to 9 form part of these financial statements.

DROLE COMPUTING SERVICES LIMITEDPAGE 6STATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31 DECEMBER 1997

	<u>1997</u>	<u>1996</u>
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities after taxation	35742	117806
Adjustment for items not involving the flow of funds:		
Depreciation	56688	29950
	<hr/>	<hr/>
	92430	147756
APPLICATION OF FUNDS		
Net Purchase of fixed assets	83694	11735
	<hr/>	<hr/>
FUNDS GENERATED BY OPERATIONS	<hr/>	<hr/>
	8736	136021
MOVEMENTS IN WORKING CAPITAL		
Movement in Debtors	144883	(199432)
Movement in Creditors	(207762)	(31387)
	<hr/>	<hr/>
	(62879)	(230819)
Movement in net liquid funds:		
Increase of cash at bank	71615	366840
	<hr/>	<hr/>
	8736	136021
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

The principal accounting policies of the company are set out below.

The accounts are prepared under the historical cost convention.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Fixtures & Equipment- 33% per annum on a straight line basis.

2. TURNOVER

Turnover represents amounts invoiced to customers during the period net of Value Added Tax.

3. OTHER OPERATING INCOME

	<u>1997</u>	<u>1996</u>
	£	£
Bank Deposit Interest	10186	12929

4. PROFIT ON ORDINARY ACTIVITIES

is stated after accounting for:

Auditors Remuneration	1200	1200
Depreciation	56688	29950

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 19975. STAFF COSTS

	<u>1997</u> £	<u>1996</u> £
Wages & Salaries	9501080	7945423
Social Security Costs	906729	779811
	<hr/>	<hr/>
	10407809	8725234
	<hr/>	<hr/>

6. TAXATION

UK Corporation tax based on the profit for the year at 31%	16100	33925
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7. TANGIBLE FIXED ASSETS

	<u>Fixtures & Equipment</u> £	<u>Total</u> £
<u>COST</u>		
At 1.1.1997	72335	72335
Additions	83694	83694
(Disposals)	(13873)	(13873)
	<hr/>	<hr/>
At 31.12.1997	142156	142156
	<hr/>	<hr/>
<u>DEPRECIATION</u>		
At 1.1.1997	36831	36831
Charge for Year	56688	56688
(Disposals)	(13873)	(13873)
	<hr/>	<hr/>
At 31.12.1997	79646	79646
	<hr/>	<hr/>
<u>NET BOOK VALUE 31.12.97</u>	62510	62510
	<hr/>	<hr/>
<u>NET BOOK VALUE 31.12.96</u>	35504	35504
	<hr/>	<hr/>

DROLE COMPUTING SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

8. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade Debtors	1127176	982833

9. CREDITORS: amounts falling due within
one year

Trade Creditors	252106	225655
Corporation Tax	16100	33925
Other creditors including taxation & social security	837473	795748
Accruals	971411	814000
	<hr/>	<hr/>
	2077090	1869328
	<hr/>	<hr/>

10. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and Fully Paid</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	No.	No.	No.	No.
Ordinary Shares of £1 each	1000	1000	1000	1000
	<hr/>	<hr/>	<hr/>	<hr/>

11. HOLDING COMPANY

The ultimate holding company is Delarue Charterhouse Group Holdings Limited,
a company incorporated in the U.K.