

**MERCHANT INTERNATIONAL TRADING
AND CONSULTING GROUP LIMITED**

BALANCE SHEET AND DETAILED ACCOUNTS

AS AT 31ST DECEMBER 1995

Registered Office: Crown House,
2 Crown Dale,
London
SE19 8NQ

Registered No: 2898956
England & Wales

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**The following page does not form part
of the statutory accounts**

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MERCHANT INTERNATIONAL TRADING AND CONSULTING GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31st December 1995.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year under review was that of providing an intellectual resource to major international corporations in emerging markets.

RESULTS AND DIVIDENDS

	£
Profit for the year after taxation	17,922
Dividend paid	(2,216)
Retained profit brought forward	6,450
Retained profit at 31st December 1995	<u>22,156</u>

After a satisfactory trading year when the demand for Merchant International Ltd's unique blend of services increased, the board has recognised that multi-nationals are now taking the view that the type of research and services offered are essential to their decision making, when investing in the emerging markets.

It is intended therefore, to raise the company's profile during 1996 by increasing its exposure in the media. It has also been decided that Merchant International Ltd's services be packaged and marketed jointly. In short Merchant International Ltd's strategy is to reduce the volume of smaller assignments and single service activities and target the more significant projects; achieving smaller volume higher margin.

The board recognises the long lead times that will occur and intends to raise finance for equity to meet that projected need.

DIRECTORS AND DIRECTORS' INTERESTS

The interests, as defined by the Companies Act 1985, of the directors in the £1 shares of the company at the beginning and the end of the year were as follows:-

	1.1.95	31.12.95
A. Bailey (appointed 28th February 1995)	-	-
S. A. Poole- Robb	33	334
A. V. Poole- Robb	33	333
J. A. Poole- Robb	-	300
I. Henderson	33	33
J. M. Gervers (appointed 9th February 1995)	-	-

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.

In preparing the above report, the directors have taken advantage of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

By Order of the Board 5.9.96

ff. M.C. Barrett
Secretary

I. Henderson

**REPORT OF THE ACCOUNTANTS TO THE MEMBERS OF
MERCHANT INTERNATIONAL TRADING AND CONSULTING GROUP LIMITED**

We have examined, without carrying out an audit, the accounts for the year ended 31st December 1995 set out on pages 4 to 6.

Respective responsibilities of directors and reporting accountant

As described on page 2 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. It is our responsibility to examine the accounts and, based on our examination, to report our opinion, as set out below, to the shareholders.

Basis of opinion

We conducted our examination in accordance with the appropriate standards for reporting accountants issued by the Auditing Practices Board. This examination consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the company's officers as we considered necessary for the purposes of this report.

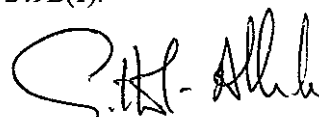
The examination was not an audit conducted in accordance with Auditing Standards. Accordingly, we do not express an audit opinion on the Accounts. Therefore our examination does not provide any assurance that the accounting records and the accounts are free from material misstatement.

Opinion

In our opinion:

- a) the accounts are in agreement with those 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, the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(4) of the Act; and
- c) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

Churchdown Chambers,
Bordyke,
Tonbridge,
Kent.



Gilbert Allen & Co
9.9.96
Chartered Accountants

MERCHANT INTERNATIONAL TRADING AND CONSULTING GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1995

16.2.1994 to 31.12.1994 £		Notes	1995 £
171,467	TURNOVER	(1b)	271,903
<u>(50,156)</u>	COST OF SALES		<u>(88,043)</u>
121,311	GROSS PROFIT		183,860
<u>(112,262)</u>	Administrative expenses		<u>(172,314)</u>
9,049	OPERATING PROFIT	(2)	11,546
52	Interest receivable and other income		15,470
<u>-</u>	Interest payable and similar charges		<u>(3,119)</u>
9,101	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,897
<u>(2,651)</u>	Taxation	(9)	<u>(5,975)</u>
6,450	PROFIT FOR THE FINANCIAL YEAR		<u>17,922</u>
-	Dividend paid		<u>(2,216)</u>
6,450			15,706
-	RETAINED PROFIT BROUGHT FORWARD		6,450
<u>6,450</u>	RETAINED PROFIT CARRIED FORWARD		<u>22,156</u>

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

MERCHANT INTERNATIONAL TRADING AND CONSULTING GROUP LIMITED

ABBREVIATED BALANCE SHEET AS AT 31ST DECEMBER 1995

1994 £		Notes	1995 £
414	FIXED ASSETS	(2)	57,824
	CURRENT ASSETS		
21,250	Stock and work in progress		27,906
4,261	Debtors and Prepayments		27,357
20,995	Cash at Bank		-
<u>46,506</u>			<u>55,263</u>
	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
-	Bank overdraft		2,073
1,138	Other taxes		-
36,581	Creditors and accruals		27,981
-	Directors' Loan Accounts		3,706
2,651	Corporation tax		5,975
-	Hire purchase liabilities		16,732
<u>40,370</u>			<u>56,467</u>
6,136	NET CURRENT ASSETS		(1,204)
	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
-	Hire purchase liabilities		(33,464)
<u>6,550</u>	NET ASSETS		<u>23,156</u>
	CAPITAL AND RESERVES		
100	Called up share capital	(3)	1,000
6,450	Profit and loss account		22,156
<u>6,550</u>	SHAREHOLDERS FUNDS		<u>23,156</u>

For the financial year ended 31st December 1995, the company was entitled to exemption from audit under Section 249A(2) Companies Act 1985; and no notice has been deposited under section 249B(2). 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 year and of its profit or loss for the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Companies Act 1985, so far as applicable to the company.

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

In the preparation of the company's annual accounts, the directors have taken advantage of special exemptions applicable to small companies provided by Part 1 of Schedule 8 and have done so on the grounds that, in their opinion, the company qualifies as a small company.

These accounts were approved by the board on 5-9-96

S. A. Poole- Robb
Director

MERCHANT INTERNATIONAL TRADING AND CONSULTING GROUP LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 1995

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Turnover represents sales at invoiced value to outside customers.

(c) Depreciation

Furniture and fittings are written off over their estimated useful lives.

(d) Work in progress is valued by the directors at cost.

(e) Hire purchase agreements

Assets acquired under hire purchase agreements have been capitalised under tangible fixed assets and their net obligation shown under creditors.

2. FIXED ASSETS - TANGIBLE

	Motor vehicles	Equipment	Total
	£	£	£
Cost at 1.1.1995	-	538	538
Additions	72,000	4,712	76,712
Disposals	-	-	-
Cost at 31.12.1995	<u>72,000</u>	<u>5,250</u>	<u>77,250</u>
Depreciation at 1.1.1995	-	124	124
Charge for year	18,000	1,302	19,302
No longer required	-	-	-
Depreciation at 31.12.1995	<u>18,000</u>	<u>1,426</u>	<u>19,426</u>
Net book value at 31.12.1995	<u>54,000</u>	<u>3,824</u>	<u>57,824</u>
Net book value at 31.12.1994	<u>-</u>	<u>414</u>	<u>414</u>

3. SHARE CAPITAL

Authorised shares of £1 each	<u>1,000</u>
Issued and fully paid	
1,000 Ordinary shares of £1 each	<u>1,000</u>