

Company number : 3198330

ROUSE & CO INTERNATIONAL LIMITED

(formerly ROUSE & CO INTERNATIONAL (HOLDINGS) LIMITED)

FINANCIAL STATEMENTS

30 APRIL 1998



Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

DIRECTORS AND OFFICERS

DIRECTORS

P E Rouse
R A Ross-Macdonald
S D Adams
A J T Willoughby

SECRETARY

J J Byrne

REGISTERED OFFICE

The Isis Building
Thames Quay
193 Marsh Wall
London E14 9SG

AUDITORS

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

DIRECTORS' REPORT

The directors submit their report and the financial statements of the group and company for the year ended 30 April 1998.

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was that of the provision of consultancy services in the field of intellectual property rights and supplier of management services.

REVIEW OF THE BUSINESS

The consolidated results for the year are set out on page 6. The directors consider that given the investment which is taking place for the future growth of the group, the results for the year and current state of affairs of the group to be satisfactory.

With effect from 1 May 1998 the trade of Rouse Co International Services Limited was transferred to the company.

CHANGE OF NAME

On 1 May 1998, the company changed its name to Rouse & Co International Limited.

RESULTS AND DIVIDENDS

The group loss for the period after taxation was £4,602 (1997:£9,916).

The directors do not recommend the payment of a dividend on ordinary shares of the company and therefore the loss of £4,602 has been taken to reserves.

DIRECTOR

The following directors have held office since 1 May 1997:-

P E Rouse
R A Ross-Macdonald
S D Adams
A J T Willoughby
S E Corbett (Resigned 28 February 1998)

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

The directors' interests in the shares of the company, were as follows:-

	Ordinary shares of £1 each	
	30 April 1998	30 April 1997
P E Rouse	1,500	1,500
R A Ross-Macdonald	1,500	1,500
S D Adams	1,500	1,500
A J T Willoughby	1,500	1,500

POST BALANCE SHEET EVENTS

On 28 September 1998 the company held an Extraordinary General Meeting to pass three Special Resolutions. These were to re-designate the Non-Voting 'A' Ordinary shares of £1 as Voting Ordinary shares, and to sub-divide each £1 Ordinary share into ten £0.10 Ordinary shares. The Articles of Association were also revised to enable the company to allot new ordinary shares to the directors and certain employees of the group.

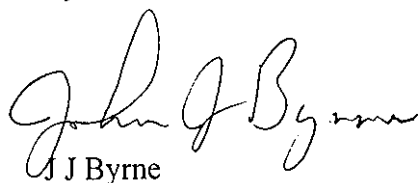
On the same date the company allotted 482,329 £0.10 Ordinary shares in the company at £1.80, a premium of £1.70 per share, with 30,938 Ordinary shares being allotted partly-paid at £0.10 per share.

The total amount received by the company from the allotment of the ordinary shares was £871,286. These funds will be used to provide working capital to finance the growth of the group's international activities.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board


J J Byrne

Secretary

27 January 1999

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS**

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 requirements of 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' REPORT TO THE MEMBERS OF ROUSE & CO INTERNATIONAL LIMITED

We have audited the financial statements on pages 6 to 17.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent 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 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 of 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 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 financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company and group at 30 April 1998 and of the group result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

28 January 1999

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the period ended 30 April 1998

	Notes	1998	1997
TURNOVER	1	3,855,548	2,332,400
Change in value of work in progress		(42,531)	(43,370)
		<u>3,898,079</u>	<u>2,375,770</u>
Other operating charges (net)	2	3,814,992	2,337,423
OPERATING PROFIT		<u>83,087</u>	<u>38,347</u>
Interest receivable	3	1,169	341
		<u>84,256</u>	<u>38,688</u>
Interest payable	4	57,421	700
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>26,835</u>	<u>37,988</u>
Taxation	7	31,437	47,904
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	16	<u>£ (4,602)</u>	<u>£ (9,916)</u>

The operating loss for the period arises from the group's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

CONSOLIDATED BALANCE SHEET
30 April 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets	8	256,746	163,911
		<u> </u>	<u> </u>
CURRENT ASSETS			
Work in progress	10	91,693	43,370
Debtors	11	1,647,459	1,115,511
Cash at bank and in hand		70,396	119,704
		<u>1,809,548</u>	<u>1,278,585</u>
		<u> </u>	<u> </u>
CREDITORS			
Amounts falling due within one year	12	1,986,325	1,324,314
		<u> </u>	<u> </u>
NET CURRENT (LIABILITIES)		<u>(176,777)</u>	<u>(45,729)</u>
		<u> </u>	<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES		79,969	118,182
		<u> </u>	<u> </u>
CREDITORS			
Amounts falling due after more than one year	13	598	34,535
		<u>£ 79,371</u>	<u>£ 83,647</u>
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	15	6,000	6,000
Capital reserve	17	87,563	87,563
Profit and loss account	16	(14,192)	(9,916)
		<u> </u>	<u> </u>
SHAREHOLDERS' FUNDS	17	<u>£ 79,371</u>	<u>£ 83,647</u>
		<u> </u>	<u> </u>


Approved by the board on 27 January 1999

P E Rouse..........Director

PARENT COMPANY BALANCE SHEET
30 April 1998

	Notes	1998	1997
FIXED ASSETS			
Investments	9	36,752	102
		<u> </u>	<u> </u>
CURRENT ASSETS			
Debtors	11	6,000	6,000
CREDITORS			
Amounts falling due within one year	12	36,752	102
NET CURRENT (LIABILITIES)/ASSETS		<u>(30,752)</u>	<u>5,898</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 6,000</u>	<u>£ 6,000</u>
		<u>=====</u>	<u>=====</u>
CAPITAL AND RESERVES			
Called up share capital	15	6,000	6,000
Profit and loss account	16	-	-
SHAREHOLDERS' FUNDS	17	<u>£ 6,000</u>	<u>£ 6,000</u>
		<u>=====</u>	<u>=====</u>

Approved by the board on 27th Jan 1999

P E Rouse..........Director

Financial statements for the period ended 30 April 1998**ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

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

BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of the company and its subsidiary undertakings.

As permitted by Section 230 of the Companies Act 1985, the profit and loss of the parent company has not been presented.

Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Fixtures and fittings	25% on reducing balance
Computer equipment	33% on reducing balance
Leasehold improvements	over lease term

INVESTMENTS

Unlisted investments are stated at cost. Provision is made for any permanent diminution in value.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of work in progress includes direct salary costs, plus an apportionment of related overhead costs. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion. Provision is made for unbillable time.

Financial statements for the period ended 30 April 1998

ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities are denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Fixed asset investments denominated in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions except when financed by borrowings denominated in foreign currencies when both the investments and the borrowings are re-translated at the rates of exchange ruling at the end of the period.

TURNOVER

Turnover represents fees receivable during the period in respect of the company's principal activity.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 1998

**1. TURNOVER AND PROFIT ON ORDINARY
ACTIVITIES BEFORE TAXATION**

The group's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	1998	1997
United Kingdom	1,025,170	659,110
Hong Kong	1,176,923	1,060,542
China	916,313	612,748
Indonesia	315,301	-
Middle East	421,841	-
	<u>£ 3,855,548</u>	<u>£ 2,332,400</u>

2. OTHER OPERATING CHARGES (NET)

Staff costs	1,122,690	1,139,415
Operating expenses	2,692,429	1,239,290
Other operating income	(127)	(41,282)
	<u>£ 3,814,992</u>	<u>£ 2,337,423</u>

3. INTEREST RECEIVABLE

Bank interest	<u>£ 1,169</u>	<u>£ 341</u>
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4. INTEREST PAYABLE

Bank interest payable	56,895	700
Finance lease interest	526	-
	<u>£ 57,421</u>	<u>£ 700</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 1998

	1998	1997
5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
owned assets	79,591	40,483
(Profit) on disposal	(154)	-
Auditors' remuneration	24,389	11,200
Loss on exchange of foreign currency	53,060	4,546
Operating lease rentals:		
Land and buildings	169,099	-
	<u>169,099</u>	<u>-</u>
6. EMPLOYEES		
The average weekly number of persons (including directors) employed by the groups during the year was:	No.	No.
Administration	56	21
Management	49	12
	<u>105</u>	<u>33</u>
Staff costs for the above persons:		
Wages and salaries	1,120,832	1,035,832
Social security costs	41,841	103,583
	<u>£ 1,162,673</u>	<u>£ 1,139,415</u>

DIRECTORS' REMUNERATION

Aggregate emoluments	£ 295,179	£ 308,361
Highest paid director:		
Aggregate emoluments	£ 166,663	£ 220,000

No pension costs were incurred with respect to the directors.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 1998

	1998	1997
7. TAXATION		
Based on the profit for the year:		
UK Corporation tax at 29% (1997: 24%)	37,000	47,919
Over provision in earlier years	(24,370)	(15)
Double taxation relief	(34,662)	-
Overseas taxation suffered	53,469	-
	<u>£ 31,437</u>	<u>£ 47,904</u>

There are tax losses in subsidiary undertakings of £10,000 available to be offset against future trading profits arising in those companies.

8. TANGIBLE FIXED ASSETS

GROUP	Leasehold improvements	Fixtures and fittings	Computer equipment	TOTAL
Cost:				
1 May 1997	16,441	81,575	150,593	248,609
Additions	5,099	32,677	141,538	179,314
Disposals	-	(520)	(3,716)	(4,236)
Exchange differences	(484)	(692)	(3,408)	(4,584)
30 April 1998	<u>21,056</u>	<u>113,040</u>	<u>285,007</u>	<u>419,103</u>
Depreciation:				
1 May 1997	12,123	31,604	40,971	84,698
Charge in the period	5,862	20,097	53,632	79,591
Disposals	-	(94)	(535)	(629)
Exchange differences	(357)	(141)	(805)	(1,303)
30 April 1998	<u>17,628</u>	<u>51,466</u>	<u>93,263</u>	<u>162,357</u>
Net book value:				
30 April 1998	<u>3,428</u>	<u>61,574</u>	<u>191,744</u>	<u>£ 256,746</u>
30 April 1997	<u>4,318</u>	<u>49,971</u>	<u>109,622</u>	<u>£ 163,911</u>

The net book value of computer equipment includes £4,168 (1997:£7,458) in respect of assets held under hire purchase contracts. The depreciation charge on those assets was £3,041 (1997:£2,085).

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 1998

9. FIXED ASSET INVESTMENTS	1998	1997
At 1 May 1997	102	-
Additions at cost	36,650	102
At 30 April 1998	£ 36,752	£ 102

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Name	Country of incorporation	Class of shares	Percentage	Nature of business
Rouse & Co International Services Limited	United Kingdom	Ordinary	100	Consultancy services
Rouse & Co International (UK) Limited	United Kingdom	Ordinary	100	Consultancy services
Rouse & Co International (ME) Limited	United Kingdom	Ordinary	100	Consultancy services
Rouse & Co International * (Hong Kong) Limited	Hong Kong	Ordinary	100	Consultancy services
P.T. Rouse & Co International (Indonesia)	# Indonesia	Ordinary	95	Consultancy services

* This company is a subsidiary undertaking of Rouse & Co International (UK) Limited.

5% of this company is owned by Rouse & Co International (UK) Limited and hence this makes this a wholly owned subsidiary for undertaking.

	Group		Company	
	1998	1997	1998	1997
10. STOCKS				
Work in progress	£ 91,693	£ 43,370	£ -	£ -

This represents the unbilled costs in respect of consultancy services.

11. DEBTORS

Due within one year:

Trade debtors	1,324,670	772,613	-	-
Other debtors	122,792	248,459	6,000	6,000
Prepayments and accrued income	199,997	94,439	-	-
	£ 1,647,459	£ 1,115,511	£ 6,000	£ 6,000

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 1998

	Group		Company	
	1998	1997	1998	1997
12. CREDITORS				
Amounts falling due within one year:				
Bank loans and overdraft	668,011	219,422	-	-
Obligations under finance leases	2,394	2,545	-	-
Trade creditors	342,827	130,290	-	-
Amounts owed to subsidiary undertaking	-	-	36,652	-
Corporation tax	9,954	24,280	-	-
Other taxation and social security costs	153,655	118,124	-	-
Other creditors	609,748	788,883	100	102
Accruals and deferred income	199,736	40,770	-	-
	<u>£ 1,986,325</u>	<u>£ 1,324,314</u>	<u>£ 36,752</u>	<u>£ 102</u>

Included in other creditors is an amount of £508,248 (1997:£788,781) owed to Willoughby & Partners (formerly Rouse & Co), a firm in which the directors are partners.

13. CREDITORS

Amounts falling due after one year:				
Bank loans	-	31,452	-	-
Obligations under finance lease	598	3,083	-	-
	<u>£ 598</u>	<u>£ 34,535</u>	<u>£ -</u>	<u>£ -</u>

The bank loans are secured by a fixed charge over the groups assets.

Composite guarantees are in place between all United Kingdom group companies.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 1998

	1998	1997
14. OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASES		
GROUP		
Disclosed as payable:		
Within one year	2,394	2,545
In more than one year	598	3,083
	<u>£ 2,992</u>	<u>£ 5,628</u>
Gross liabilities:		
Finance charges allocated to future periods	<u>£ 2,992</u>	<u>£ 5,628</u>
15. SHARE CAPITAL		
Authorised:		
150,000 A ordinary shares of £1 each	150,000	150,000
150,000 Non -voting A ordinary shares of £1 each	150,000	150,000
	<u>£ 300,000</u>	<u>£ 300,000</u>
Allotted, issued and fully paid:		
6,000 A ordinary shares of £1 each	<u>£ 6,000</u>	<u>£ 6,000</u>
16. PROFIT AND LOSS ACCOUNT	1998	1997
	Group	Group
1 May 1997	(9,916)	-
Loss for the period	(4,602)	(9,916)
Exchange difference on consolidation	326	-
30 April 1998	<u>£ (14,192)</u>	<u>£ (9,916)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 1998

	1998	1997
17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
GROUP		
Loss for the financial period	(4,602)	(9,916)
Issue of share capital	-	6,000
Capital reserve on consolidation	-	87,563
Exchange losses	326	-
	<u>(4,276)</u>	<u>83,647</u>
Opening shareholder' funds	83,647	-
Closing shareholders' funds	<u>£ 79,371</u>	<u>£ 83,647</u>
COMPANY		
Issue of share capital	-	6,000
Opening shareholders' funds	6,000	-
Closing shareholders' funds	<u>£ 6,000</u>	<u>£ 6,000</u>
	<u>1998</u>	<u>1997</u>
18. COMMITMENTS UNDER OPERATING LEASES		
At 30 April 1998, the group had annual commitments under non-cancellable operating leases as follows:		
Land and buildings:		
expiring within 1 year	78,165	-
expiring between 2 and 5 years	137,821	-
	<u>£ 215,986</u>	<u>£ -</u>

19. TRANSACTIONS WITH DIRECTORS

During the year the group was invoiced an administration charge of £1,197,330 (1997:£816,966) by Willoughby & Partners (formerly Rouse & Co), a firm in which the directors are partners.