

ROUSE & CO INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

30 APRIL 1999



Bessler Hendrie
Chartered Accountants
River House
6 Walnut Tree Park
Walnut Tree Close
Guildford
Surrey GU1 4TW

ROUSE & CO INTERNATIONAL LIMITED

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

Bessler Hendrie
Chartered Accountants
River House
6 Walnut Tree Park
Walnut Tree Close
Guildford
Surrey GU1 4TW

ROUSE & CO INTERNATIONAL LIMITED**DIRECTORS' REPORT**

The directors submit their report and the financial statements of Rouse & Co International Limited for the year ended 30 April 1999.

PRINCIPAL ACTIVITIES

The principal activity of the group is the management, protection and exploitation of intellectual property throughout the world.

REVIEW OF THE BUSINESS

The consolidated results for the year are set out on page 6. The directors are dissatisfied with the results for the year despite part of the loss being attributable to investment taking place for the future growth of the group. During the year the directors reviewed overhead costs and appropriate action was taken to reduce costs, with the main benefit arising in the year to 30 April 2000. With increased turnover since the year end and a reduced cost base the group is currently showing reasonable levels of profitability.

RESULTS AND DIVIDENDS

The group loss for the year after taxation was £650,904 (1998: loss £4,602).

The directors do not recommend the payment of a dividend on ordinary shares of the company and therefore the loss of £650,904 has been taken to reserves.

COMMENCEMENT OF TRADING

The company commenced trading on 1 May 1998 having succeeded to the trade previously undertaken by Rouse & Co International Services Limited, a subsidiary undertaking.

DIRECTORS

The following directors have held office since 1 May 1998:-

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

ROUSE & CO INTERNATIONAL LIMITED**DIRECTORS' REPORT**

DIRECTORS' INTERESTS IN SHARES

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

	Ordinary shares of 10p each 30 April 1999	Ordinary shares of £1 each 30 April 1998
P E Rouse	157,473	1,500
R A Ross-Macdonald	101,316	1,500
S D Adams	88,177	1,500
A J T Willoughby	106,301	1,500

AUTHORISED SHARE CAPITAL

At an Extraordinary General Meeting held on 28 September 1998, a Special Resolution was passed to re-designate the existing 150,000 'A' ordinary shares of £1 and the non-voting 'A' ordinary shares of £1, as ordinary shares of £1 each in the capital of the company to rank pari-passu in all respects.

ISSUED SHARE CAPITAL

At an Extraordinary General Meeting held on 28 September 1998, an Ordinary Resolution was passed so that the company could allot up to 530,000 ordinary shares of 10p in the share capital of the company. At the same meeting the allotment of 513,267 shares was approved and credited as fully paid at a premium of £1.70 per share. Of these, 30,938 ordinary shares included in the allotment were issued for 10p per share. The outstanding premium of £1.70 being due for payment at such dates as advised by the directors. A further 12,000 ordinary shares have been allotted and credited as fully paid at a premium of £1.70 per share before the year end.

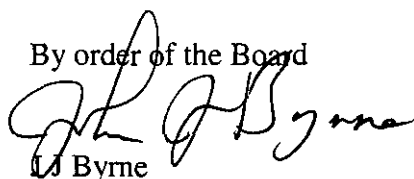
POST BALANCE SHEET EVENT

On 7 July 1999 the company allotted 58,000 ordinary shares of 10p in the company at £2.50, a premium of £2.40 per share. The total amount received by the company from the allotment of the ordinary shares was £145,000. These funds will be used to provide the group with working capital.

AUDITORS

A resolution to reappoint Bessler Hendrie, Chartered Accountants, who were appointed during the year, as auditors will be put to the members at the Annual General Meeting.

By order of the Board



J Byrne

Secretary

14 January 2000

ROUSE & CO INTERNATIONAL LIMITED**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 20.

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.

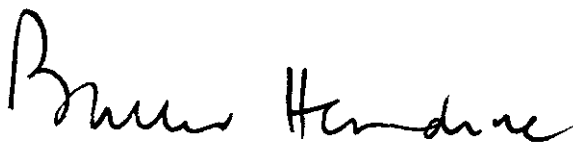
BASIS OF OPINION

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 affairs of the company and of the group at 30 April 1999 and of the group loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bessler Hendrie
Registered Auditor
River House
6 Walnut Tree Park
Walnut Tree Close
Guildford
Surrey GU1 4TW

17 January 2000

ROUSE & CO INTERNATIONAL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 April 1999

	Notes	1999 £	1998 £
TURNOVER	1	5,226,716	3,855,548
Change in value of work in progress		61,935	(42,531)
		<hr/> 5,288,651	<hr/> 3,898,079
Other operating charges (net)	2	5,769,807	3,814,992
		<hr/> (481,156)	<hr/> 83,087
OPERATING (LOSS)/PROFIT			
Interest receivable	3	349	1,169
		<hr/> (480,807)	<hr/> 84,256
Interest payable	4	81,708	57,421
		<hr/> (562,515)	<hr/> 26,835
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5		
Taxation	7	88,389	31,437
		<hr/> (650,904)	<hr/> (4,602)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	18	£	£

The operating loss for the year arises from the company'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.

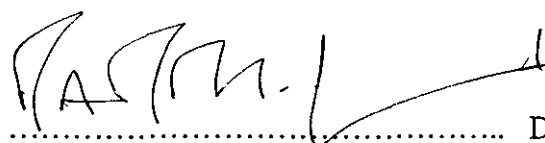
ROUSE & CO INTERNATIONAL LIMITED

CONSOLIDATED BALANCE SHEET

30 April 1999

	Notes	1999	1998
FIXED ASSETS			
Tangible assets	8	744,448	256,746
CURRENT ASSETS			
Work in progress	10	153,720	91,693
Debtors	11	2,285,230	1,647,459
Cash at bank and in hand		97,054	70,396
		<u>2,536,004</u>	<u>1,809,548</u>
CREDITORS			
Amounts falling due within one year	12	2,486,515	1,986,325
NET CURRENT ASSETS/(LIABILITIES)			
		<u>49,489</u>	<u>(176,777)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>793,937</u>	<u>79,969</u>
CREDITORS			
Amounts falling due after more than one year	13	423,592	598
		<u>£ 370,345</u>	<u>£ 79,371</u>
CAPITAL AND RESERVES			
Called up share capital	16	58,527	6,000
Share premium account	17	892,954	-
Capital reserve	17	87,563	87,563
Profit and loss account	18	(668,699)	(14,192)
SHAREHOLDERS' FUNDS			
	19	<u>£ 370,345</u>	<u>£ 79,371</u>

Approved by the Board on 14 January 2000


 Director
 R A Ross-Macdonald

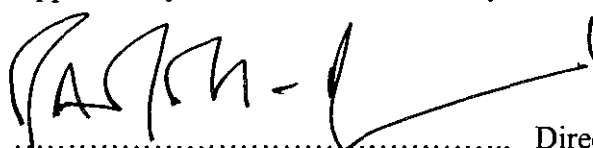
ROUSE & CO INTERNATIONAL LIMITED

PARENT COMPANY BALANCE SHEET

30 April 1999

	Notes	1999	1998
FIXED ASSETS			
Tangible assets	8	504,270	-
Investments	9	36,752	36,752
		<u>541,022</u>	<u>36,752</u>
CURRENT ASSETS			
Stock and work in progress	10	110,389	-
Debtors	11	2,510,368	6,000
Cash at bank and in hand		15,251	-
		<u>2,636,008</u>	<u>6,000</u>
CREDITORS			
Amounts falling due within one year	12	2,735,501	36,752
		<u>(99,493)</u>	<u>(30,752)</u>
NET CURRENT (LIABILITIES)			
		<u>441,529</u>	<u>6,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS			
Amounts falling due after more than one year	13	423,592	-
		<u>£ 17,937</u>	<u>£ 6,000</u>
CAPITAL AND RESERVES			
Called up share capital	16	58,527	6,000
Share premium account	17	892,954	-
Profit and loss account	18	(933,544)	-
		<u>£ 17,937</u>	<u>£ 6,000</u>
SHAREHOLDERS' FUNDS			
	19	<u>£ 17,937</u>	<u>£ 6,000</u>

Approved by the Board on 14 January 2000



Director

R A Ross-Macdonald

ROUSE & CO INTERNATIONAL LIMITED**Financial statements for the year ended 30 April 1999****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 all of 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:-

Leasehold improvements	over lease term
Computer equipment	33% on reducing balance
Office equipment, fixtures and fittings	25% on reducing balance
Motor vehicle	20% straight line

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.

ROUSE & CO INTERNATIONAL LIMITED**Financial statements for the year ended 30 April 1999****ACCOUNTING POLICIES**

DEFERRED TAXATION

Taxation deferred or accelerated by the effect of timing differences is accounted for on the liability method to the extent that it is probable that a liability will crystallise.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange 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.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

TURNOVER

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

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 1999

1. TURNOVER AND PROFIT/(LOSS) 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:

	1999	1998
United Kingdom	2,107,517	1,025,170
Hong Kong	958,761	1,176,923
China	1,046,090	916,313
Indonesia	380,032	315,301
Middle East	734,316	421,841
	<u>£ 5,226,716</u>	<u>£ 3,855,548</u>

2. OTHER OPERATING CHARGES (NET)

Staff costs	3,078,243	1,122,690
Operating expenses	2,810,141	2,692,429
Other operating income	(118,577)	(127)
	<u>£ 5,769,807</u>	<u>£ 3,814,992</u>

3. INTEREST RECEIVABLE

Bank interest	<u>£ 349</u>	<u>£ 1,169</u>
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4. INTEREST PAYABLE

Bank interest payable	44,830	56,895
Finance lease interest	33,814	526
Other interest	3,064	-
	<u>£ 81,708</u>	<u>£ 57,421</u>

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1999

	1999	1998
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:		
Charge for the year:		
owned assets	199,406	79,591
leased assets	114,019	-
(Profit)/Loss on disposal	5,152	(154)
Auditors' remuneration	24,812	24,389
(Profit)/Loss on exchange of foreign currency	(68,610)	53,060
Operating lease rentals:		
Land and buildings	343,813	169,099
Office equipment	9,252	-
	<u>199,406</u>	<u>79,591</u>

6. EMPLOYEES

The average weekly number of persons (including directors) employed by the group during the year was:	No.	No.
Administration	111	90
Management	18	15
	<u>129</u>	<u>105</u>

Staff costs for the above persons:

Wages and salaries	3,014,267	1,120,832
Social security costs	41,120	41,841
	<u>3,055,387</u>	<u>1,162,673</u>

DIRECTORS' REMUNERATION

Aggregate emoluments	£ 519,989	£ 295,179
Highest paid director:		
Aggregate emoluments	£ 207,706	£ 166,663

No pension costs were incurred in respect of the directors.

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1999

	1999	1998
7. TAXATION		
Based on the profit for the year:		
UK Corporation tax at 31% (1998 - 29%)	62,242	37,000
Over provision in earlier years	(1,126)	(24,370)
Double taxation relief	(28,566)	(34,662)
Overseas taxation suffered	55,839	53,469
	<u>£ 88,389</u>	<u>£ 31,437</u>

There are tax losses in the parent company of £329,000 available to be set against future trading profits in the company.

8. TANGIBLE FIXED ASSETS
GROUP

	Leasehold improvements	Furniture, fixtures and fittings	Office and computer equipment	Motor Vehicles	TOTAL
Cost:					
1 May 1998	21,056	113,040	285,007	-	419,103
Additions	728	370,382	429,675	41,185	841,970
Disposals	(17,372)	(30,670)	(40,241)	-	(88,283)
Exchange differences	788	1,085	6,677	-	8,550
30 April 1999	<u>5,200</u>	<u>453,837</u>	<u>681,118</u>	<u>41,185</u>	<u>1,176,140</u>
Depreciation:					
1 May 1998	17,628	51,446	93,263	-	162,337
Charge in the year	1,009	107,649	198,589	6,178	313,425
Disposals	(17,118)	(9,278)	(15,678)	-	(42,074)
Exchange differences	656	371	2,157	-	3,184
30 April 1999	<u>2,175</u>	<u>150,188</u>	<u>278,331</u>	<u>6,178</u>	<u>436,872</u>
Net book value:					
30 April 1999	<u>3,025</u>	<u>303,629</u>	<u>402,787</u>	<u>35,007</u>	<u>£ 744,448</u>
30 April 1998	<u>3,428</u>	<u>61,594</u>	<u>191,744</u>	<u>-</u>	<u>£ 256,766</u>

The net book value of furniture, fixtures and fittings, office and computer equipment, and motor vehicles includes £27,619 (1998: £Nil), £245,705 (1998: £4,168) and £35,007 (1998: £Nil) respectively in respect of assets held under hire purchase contracts. The depreciation charge on those assets was £114,019 (1998: £3,041).

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1999
8. TANGIBLE FIXED ASSETS continued

COMPANY

	Computer equipment	Office equipment	Furniture, fixtures and fittings	Motor Vehicles	TOTAL
Cost:					
1 May 1998	-	-	-	-	-
Additions	338,188	135,513	181,615	41,185	696,501
30 April 1999	338,188	135,513	181,615	41,185	696,501
Depreciation:					
1 May 1998	-	-	-	-	-
Charge in the year	108,996	33,758	43,299	6,178	192,231
30 April 1999	108,996	33,758	43,299	6,178	192,231
Net book value:					
30 April 1999	229,192	101,755	138,316	35,007	£ 504,270
30 April 1998	-	-	-	-	£ -

The net book value of computer equipment, office equipment, furniture, fixtures and fittings and motor vehicles includes £172,511 (1998: £Nil), £73,194 (1998: £Nil), £24,390 (1998: £Nil) and £35,007 (1998: £Nil) respectively in respect of assets held under hire purchase contracts. The depreciation charge on those assets was £111,821 (1998: £Nil).

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1999

9. FIXED ASSET INVESTMENTS

	1999	1998
At 1 May 1998	36,752	102
Additions at cost	-	36,650
30 April 1999	£ 36,752	£ 36,752

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	Non-trader
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 (Overseas) Limited	*			Consultancy services
	Hong Kong	Ordinary	100	
Beijing Rouse Consultancy	*			Consultancy services
	China	Ordinary	100	
P T Rouse & Co International (Indonesia)	#			Consultancy services
	Indonesia	Ordinary	95	

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

5% of this company is owned by Rouse & Co International (UK) Limited so that it is a wholly owned subsidiary undertaking.

	Group		Company	
	1999	1998	1999	1998
10. STOCKS				
Work in progress	£ 153,720	£ 91,693	£ 110,389	£ -

This represents unbilled costs in respect of consultancy services.

11. DEBTORS

Due within one year:

Trade debtors	1,895,366	1,324,670	1,876,408	-
Amounts due from subsidiary undertakings	-	-	403,094	-
Other debtors	109,556	122,792	27,200	6,000
Prepayments and accrued income	280,308	199,997	203,666	-
	£ 2,285,230	£ 1,647,459	£ 2,510,368	£ 6,000

Included in trade debtors is an amount of £181,494 (1998: £Nil) owed to Willoughby & Partners, a firm in which A J T Willoughby is a partner.

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 1999

	Group		Company	
	1999	1998	1999	1998
12. CREDITORS				
Amounts falling due within one year:				
Bank loans and overdraft	654,336	668,011	654,336	-
Obligations under finance leases	160,964	2,394	160,343	-
Trade creditors	935,964	342,827	846,554	-
Amounts owed to subsidiary undertakings	-	-	433,107	36,652
Corporation tax	32,450	9,954	-	-
Other taxation and social security costs	410,129	153,655	391,166	-
Other creditors	8,677	609,748	3,017	100
Accruals and deferred income	283,995	199,736	246,978	-
	<u>£ 2,486,515</u>	<u>£ 1,986,325</u>	<u>£ 2,735,501</u>	<u>£ 36,752</u>

The bank loans and overdraft are secured by a fixed charge over the group's assets.

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

Included in other creditors is an amount of £Nil (1998: £508,248) owed to Willoughby & Partners, a firm in which A J T Willoughby is a partner.

13. CREDITORS

Amounts falling due after one year:

Bank loans	275,000	-	275,000	-
Obligations under finance leases	148,592	598	148,592	-
	<u>£ 423,592</u>	<u>£ 598</u>	<u>£ 423,592</u>	<u>£ -</u>

The obligations under finance leases include £148,592 (1998: £Nil) in respect of instalments payable between 2 and 5 years.

ROUSE & CO INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1999
14. OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASES

	1999	1998
GROUP		
Disclosed as payable:		
Within one year	179,500	3,000
In more than one year	163,725	750
	<u> </u>	<u> </u>
Gross liability	£ 343,225	£ 3,750
	<u> </u>	<u> </u>
Finance charges allocated to future periods	£ 33,668	£ 758
	<u> </u>	<u> </u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements and the unprovided potential liability are as follows:-

	Amount provided		Unprovided liability	
	1999	1998	1999	1998
GROUP				
Excess of tax allowances over depreciation	-	-	12,000	-
Losses, in excess of	-	-	(10,500)	-
	<u>£ -</u>	<u>£ -</u>	<u>£ 1,500</u>	<u>£ -</u>

	Amount provided		Unprovided liability	
	1999	1998	1999	1998
COMPANY				
Excess of tax allowances over depreciation	-	-	10,500	-
Losses, in excess of	-	-	(10,500)	-
	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1999

	1999	1998
16. SHARE CAPITAL		
Authorised:		
3,000,000 ordinary shares of 10p each	300,000	-
150,000 A ordinary shares of £1 each	-	150,000
150,000 Non-voting A ordinary shares of £1 each	-	150,000
	<u>300,000</u>	<u>300,000</u>
	£ 300,000	£ 300,000

At an Extraordinary General Meeting held on 28 September 1998, a Special Resolution was passed to re-designate the existing 150,000 'A' ordinary shares of £1 each and the 150,000 non-voting 'A' ordinary shares of £1, as 3,000,000 ordinary shares of 10p each in the capital of the company to rank pari-passu in all respects.

Allotted, issued and fully paid:

585,267 ordinary shares of 10p each	58,527	-
6,000 A ordinary shares of £1 each	-	6,000
	<u>58,527</u>	<u>6,000</u>
	£ 58,527	£ 6,000

At the same Extraordinary General Meeting held on 28 September 1998, an Ordinary Resolution was passed so that the company could allot up to 530,000 ordinary shares of 10p in the share capital of the company. At the same meeting the allotment of 513,267 shares was approved and credited as fully paid at a premium of £1.70 per share. Of these, 30,938 ordinary shares included in the allotment were issued for 10p per share, with the outstanding premium of £1.70 being due for payment at such dates as advised by the directors. A further 12,000 ordinary shares were allotted and credited as fully paid at a premium of £1.70 per share before the year end.

17. CAPITAL RESERVES	Share Premium Account	Capital Reserve
1 May 1998	-	87,563
Issue of shares	892,854	-
	<u>892,854</u>	<u>87,563</u>
30 April 1999	£ 892,854	£ 87,563

During the year 525,267 ordinary shares of 10p were issued at a premium of £1.70 per share.

ROUSE & CO INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1999

	Group		Company	
18. PROFIT AND LOSS ACCOUNT	1999	1998	1999	1998
1 May 1998	(14,192)	(9,916)	-	-
Loss for the year	(650,904)	(4,602)	(933,544)	-
Exchange difference on consolidation	(3,603)	326	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
30 April 1999	£ (668,699)	£ (14,192)	£ (933,544)	£ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS
GROUP

	1999	1998
Loss for the financial period	(650,904)	(4,602)
Issue of share capital	945,481	-
Exchange difference on consolidation	(3,603)	326
	<u> </u>	<u> </u>
	290,974	(4,276)
Opening shareholders' funds	<u>79,371</u>	<u>83,647</u>
Closing shareholders' funds	£ <u>370,345</u>	£ <u>79,371</u>

COMPANY

Loss for the financial period	(933,544)	-
Issue of share capital	945,481	-
	<u>11,937</u>	<u>-</u>
Opening shareholders' funds	<u>6,000</u>	<u>6,000</u>
Closing shareholders' funds	£ <u>17,937</u>	£ <u>6,000</u>

20. CAPITAL COMMITMENTS

	Group		Company	
	1999	1998	1999	1998
Capital expenditure contracted for but not provided in the financial statements.	£ -	£ -	£ -	£ -
Capital expenditure not contracted but approved by the directors.	£ -	£ -	£ -	£ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

ROUSE & CO INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1999

	1999	1998
21. COMMITMENTS UNDER OPERATING LEASES		
At 30 April 1999, the group had annual commitments under non-cancellable operating leases as follows:		
Land and buildings:		
expiring within 1 year	52,000	78,165
expiring between 2 and 5 years	59,078	137,821
expiring in 5 years or more	232,735	-
Equipment:		
expiring within 1 year	-	-
expiring between 2 and 5 years	9,252	-
	<hr/>	<hr/>
	£ 353,065	£ 215,986
	<hr/>	<hr/>

22. TRANSACTIONS WITH DIRECTORS

During the year the group was invoiced an administration charge of £Nil (1998: £1,197,330) by Willoughby & Partners, a firm in which A J T Willoughby is a partner. During the year the group invoiced administration charges of £611,006 (1998: £Nil) to Willoughby & Partners.