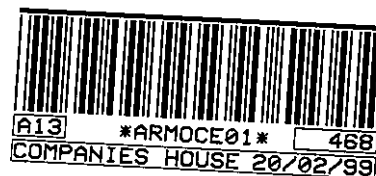


CSTIM Limited

Report and Accounts
December 31, 1998



Rees Pollock
Chartered Accountants

CSTIM LIMITEDDirectors

K R Alcock
J S Dallas
D S Hay
A J S Summers

Secretary

R Lindsay

Auditors

Rees Pollock
7 Pilgrim Street
London
EC4V 6DR

Bankers

Barclays Bank plc
99 Hatton Gardens
London
EC1N 8DN

Solicitors

Lindeman Lindsay
513 Africa House
64/78 Kingsway
Holborn
London
WC2B 6BG

Registered Office

Lindeman Lindsay
513 Africa House
64/78 Lingsway
London
WC2B 6BG

Company Number

3548695

CSTIM LIMITEDDIRECTORS' REPORT

The directors present their report and accounts for the period ended December 31, 1998.

Results and dividends

The profit for the period, after taxation, amounted to £143,458.

Review of the business

The company was incorporated on April 14, 1998 and commenced trading on May 4, 1998.

The company's principal activity during the year was that of providing advisory services to companies engaged in investment management.

Directors and their interests

The directors who served during the year and their interests in the share capital of the company were as follows:

		At December 31, 1998
		Ordinary shares
K R Alcock	(appointed May 7, 1998)	4,150
J S Dallas	(appointed April 21, 1998)	4,150
D S Hay	(appointed September 15, 1998)	-
AJS Summers	(appointed October 22, 1998)	-
Chettleburghs Limited	(appointed on incorporation, resigned April 14, 1998)	-

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 year. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

CSTIM LIMITEDDIRECTORS' REPORT

(continued)

Year 2000

The company is currently undertaking a full review of all its computer systems and other relevant equipment to ensure that they are able to operate effectively after December 31, 1999. The company believes that all of its operating systems will have been modified where necessary and that the problem will not pose a significant operational threat. The euro situation is also being monitored.

Directors' responsibilities

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 accounts 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.

The directors confirm that these accounts comply with these requirements.

Auditors

Rees Pollock were appointed as first auditors to the company and a resolution to re-appoint them will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD



K R Alcock
Director

February 12, 1999

**REES POLLOCK***Chartered Accountants*

7 Pilgrim Street
London EC4V 6DR
Telephone 0171 329 6404
Fax 0171 329 6408

**REPORT OF THE AUDITORS TO THE MEMBERS OF
CSTIM LIMITED**

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on pages 2 and 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 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 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 December 31, 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock
Chartered Accountants
Registered Auditor

February 12, 1999

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Rees Pollock
Chartered Accountants
Registered Auditor

February 12, 1999

CSTIM LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED DECEMBER 31, 1998

	Notes	1998 £
Turnover	2	1,076,036
Cost of sales		(744,380)
Gross profit		----- 331,656
Administrative expenses		(148,217)
Operating profit	3a	----- 183,439
Bank interest receivable		4,654
Bank interest payable		(5,413)
Profit on ordinary activities before taxation		----- 182,680
Taxation charge on profit on ordinary activities	5	(39,222)
Profit after taxation		----- 143,458
Dividends paid		-
Retained profit for the financial year	10	----- £143,458
Retained profit carried forward		=====

There were no recognised gains or losses in 1998 other than the profit for the period.

All amounts relate to continuing activities.

There is no difference between the amounts as reported above and the amounts on an unmodified historical basis.

The notes on pages 8 to 13 form part of these accounts

CSTIM LIMITEDBALANCE SHEET AT DECEMBER 31, 1998

	Notes	1998 £
Fixed assets		
Tangible	6	39,581

Current assets		
Debtors	7	318,110
Cash at bank and in hand	14	160,975

		479,085
Creditors: amounts falling due within one year	8	(242,593)

Net current assets		236,492

Total assets less current liabilities		275,073
Creditors: amounts falling due after more than one year	9	(122,615)

		£153,458
		=====
Capital and reserves:		
Called up share capital	11	10,000
Profit and loss account		143,458

Shareholders' equity funds	12	£153,458
		=====

Approved by the Board on February 12, 1999



J S Dallas



Directors

K R Alcock

The notes on pages 8 to 13 form part of these accounts

CSTIM LIMITEDCASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1998

	Notes	£	1998 £
Net cash inflow from operating activities	3c		40,303
Returns on investment and servicing of finance			
Interest received		4,654	
Interest paid		(5,413)	

Net cash outflow from returns on investment and servicing of finance			(759)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets			(47,548)

Net cash flow before financing			(8,004)
Financing			
Share capital subscribed		10,000	
Bank loans		100,000	
Bank loan repayments		(12,121)	
Shareholders loans		71,100	

Net cash inflow from financing			168,979

Increase in cash	14		£160,975
			=====

The notes on pages 8 to 13 form part of these accounts

CSTIM LIMITEDNOTES TO THE ACCOUNTS AT DECEMBER 31, 19981. Accounting policiesAccounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Investments

Investments held as fixed assets are valued at original cost unless, in the opinion of the directors there has been a permanent diminution in value, in which case an appropriate adjustment is made.

Listed investments held as current assets are periodically revalued to current market value and the difference between cost and market value is taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that taxation will be payable.

Foreign currencies

Transactions in foreign currencies during the year are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pensions

The company makes contributions to an independently administered pension scheme. Contributions are charged to the profit and loss account when they become payable. In addition the company makes contributions to certain employees' personal pension arrangements which are charged to the profit and loss account as they become due.

Depreciation

Depreciated is provided on all tangible fixed assets so as to write off the cost of each asset evenly over its useful life as follows:

Computer and office equipment	-	over 3 years
Fixtures and fittings	-	over 3 years

2. Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, all of which are continuing, stated net of value added tax.

CSTIM LIMITEDNOTES TO THE ACCOUNTS AT DECEMBER 31, 1998

(continued)

3. Operating profit

1998

£

(a) This is stated after charging:

Auditors' remuneration	3,500
Depreciation of fixed assets	7,967
Operating lease rentals - land and buildings	21,667
- plant and machinery	1,694
	=====

1998

£

(b) Directors' remuneration

Aggregate emoluments	183,078
Contribution to money purchase pension schemes for directors	10,491
	=====

Two directors receive pension contributions.

(c) Reconciliation of operating profit to net cash inflow
from operating activities

1998

£

Operating profit	183,439
Depreciation charges	7,967
Increase in debtors	(318,110)
Increase in creditors	167,007

Net cash inflow from operating activities	£40,303
	=====

CSTIM LIMITEDNOTES TO THE ACCOUNTS AT DECEMBER 31, 1998
(continued)4. Staff costs

	1998 £
Wages and salaries	501,768
Social security costs	50,117
Defined contribution pension costs	28,256

	£580,141
	=====

The average monthly number of employees during the year was as follows:

	1998 No.
Professionals	8
Administration	1

	9
	=====

5. Taxation charge on profit on ordinary activities

	1998 £
Based on the profit for the year	£39,222
	=====

6. Tangible fixed assets

	Fixtures and fittings £	Computers and office equipment £	Total £
Cost:			
Additions during the period	810	46,738	47,548
	-----	-----	-----
At December 31, 1998	810	46,738	47,548
	=====	=====	=====
Depreciation:			
Charge for the period	40	7,927	7,967
	-----	-----	-----
At December 31, 1998	40	7,927	7,967
	=====	=====	=====
Net book value			
At December 31, 1998	770	38,811	39,581
	=====	=====	=====

CSTIM LIMITEDNOTES TO THE ACCOUNTS AT DECEMBER 31, 1998
(continued)7. Debtors

	1998 £
Trade debtors	262,763
Other debtors	1,080
Prepayments and accrued income	54,267

	£318,110
	=====

8. Creditors: amounts falling due within one year

	1998 £
Bank loans (see note 10)	36,364
Trade creditors	32,229
Corporation tax	39,222
Other taxes and social security costs	68,619
Other creditors	14,713
Accruals and deferred income	51,446

	£242,593
	=====

9. Creditors : amounts falling due after more than one year

	1998 £
Shareholders loans (see note 10)	71,100
Bank loan (see note 10)	51,515

	£122,615
	=====

The bank loan is secured on all the assets of the company and is repayable by instalments of £3,030 ending June 2001. Interest is at 3.5% over base rate.

CSTIM LIMITEDNOTES TO THE ACCOUNTS AT DECEMBER 31, 1998

(continued)

10. Loans

	1998
Repayable by instalments – bank loan amounts falling due:	£
within one year	36,364
between one and two years	36,364
between two and five years	15,151

	£87,879

Repayable other than by instalments – shareholder loans	
Amounts falling due:	
In five years or more	71,600

	£158,979
	=====

11. Share capital

	Authorised	Allotted, called up and fully paid
	1998 No.	1998 £
Ordinary shares of £1 each	20,000	10,000
	=====	=====

During the period £10,000 shares were allotted for cash consideration at £1 each.

12. Reconciliation of movements in shareholders' funds

	1998
	£
Opening shareholders' equity funds	-
Retained profit for the year	143,458
Ordinary share capital subscribed	10,000

Closing shareholders' equity funds	£153,458
	=====

CSTIM LIMITEDNOTES TO THE ACCOUNTS AT DECEMBER 31, 1998

(continued)

13. Other financial commitments

At December 31, 1998 the company had annual commitments under non-cancellable operating leases as set out below.

	1998
	Plant and machinery £
Operating leases which expire: within two to five years	2,258
	<u> </u>

14. Reconciliation of net cash flow to movement in net funds and analysis of net funds

	At incorporation	Cash flows	Other changes	At December 31, 1998
	£	£	£	£
Cash in hand, at bank	-	160,975	-	160,975
	<u> </u>	<u> </u>	<u> </u>	<u> </u>