

Company Registration No. 4214548 (England and Wales)

M.A. INTERNATIONAL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2003



**M.A. INTERNATIONAL LIMITED**

**COMPANY INFORMATION**

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<b>Chairman</b>	R C H Jeens
<b>Directors</b>	R C Hawk R C H Jeens J D Moore J C Rae B S Solanki
<b>Secretary</b>	PK Cosec Services Limited
<b>Company number</b>	4214548
<b>Registered office</b>	15 The Green Richmond Surrey TW9 1PX
<b>Auditors</b>	Ernst & Young LLP Rolls House 7 Rolls Buildings Fetter Lane London EC4A 1NH
<b>Business address</b>	1 Cornhill London EC3V 3ND
<b>Bankers</b>	Lloyds TSB Bank Plc 34 Moorgate London EC2R 6DN

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**M.A. INTERNATIONAL LIMITED**

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**M.A. INTERNATIONAL LIMITED**

**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2003**

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I am pleased to present to you our annual shareholder report and accounts. As you are well aware the year to 31 March 2003 encompassed some major changes for the m.a. organisation.

Firstly the group completed a restructuring process on 30 September 2002 to move from a partnership organisation to a corporate entity. This allowed the firm to issue equity in the form of shares or options to all of its former partners and employees, and put in place an appropriate legal and governance structure. The partnership had been in existence since inception in 1996 and therefore this move presented a great cultural challenge for the firm. This challenge was met and overall the transition has been smooth.

Secondly, in August 2002 we signed a significant joint venture with HCL Technologies (HCLm.a.Limited). We see this as a major step in moving into offshore technology and business process management. We have invested considerable time and effort in building up the relationship and have secured our first client. We expect that in the coming year this relationship will make a positive contribution to the firm's results.

Finally, in addition to these internal events we experienced an extremely tough market particularly in the third and fourth quarters of the year as our clients were under renewed and intense pressure to reduce costs.

Please note that the enclosed statutory accounts for the group do not properly reflect the overall performance of the firm as the figures only incorporate all parts of the m.a. organisation for the last half of the year. For the whole of the year ended 31 March 2002 and the first half of the year ended 31 March 2003 the figures exclude both the US operations and the UK partnership. If these were to be included you would see total turnover of £16.5million in 2002 falling to £14.2 million in 2003, a reduction of 14%. Chargeability fell and rates continued to be under pressure.

The management team have responded positively and successfully to the challenging market conditions by establishing new internal structures to improve the firm's capacity to meet client needs and in particular by focussing our sales efforts on important initiatives for our key clients. We also controlled our costs tightly whilst managing to pay some bonuses during the year. This strategy paid off as we ended the year with modest profit and a much more focussed team. Total staffing levels, after several years of very strong growth, were flat over the year.

The year we are reporting on was a tough year for everyone in m.a. and it has been a testimony to the firm's strong values to have achieved so much during the year. The firm ended the year in a stronger position to move forward and this is now confirmed by the steady improvement in the range and quality of business that has since been secured. The investment in change made in the past year shows good signs of being rewarded as chargeability has increased and business conditions for our key clients have improved.

Robert Jeens

Chairman

14 August 2003

## **M.A. INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003**

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The directors present their report and financial statements for the year ended 31 March 2003.

#### **Principal activities and review of the business**

The principal activity of the group is the provision of management consultancy services. The principal activities of the company's subsidiaries are detailed in note 15 to the financial statements.

#### **Review of the business**

See Chairman's statement.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of a dividend.

#### **Directors**

The following directors have held office during the year:

M H Fisher	(Resigned 30 September 2002)
R C Hawk	(Appointed 30 September 2002)
C M Hughes	(Resigned 30 September 2002)
R C H Jeens	(Appointed 30 September 2002)
J D Moore	(Appointed 30 September 2002)
J C Rae	(Appointed 30 September 2002)
B S Solanki	(Appointed 30 September 2002)

#### **Directors' interests**

The directors' interests in the shares of the company were as stated below:

	<b>Ordinary of 1p each</b>	
	<b>31 March 2003</b>	<b>1 April 2002</b>
R C Hawk	225,230	-
R C H Jeens	108,275	-
J D Moore	290,385	-
J C Rae	-	-
B S Solanki	225,409	-

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Ernst & Young LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

**M.A. INTERNATIONAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

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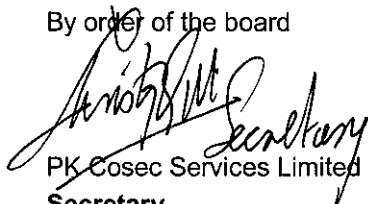
**Directors' responsibilities**

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 the group and of the profit or loss of the group 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 group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



PK Cossec Services Limited

**Secretary**

14 August 2003

**M.A. INTERNATIONAL LIMITED**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF M.A. INTERNATIONAL LIMITED**

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We have audited the group's financial statements for the year ended 31 March 2003 which comprise the Consolidated Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 26. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the directors' report and the Chairman's Statement and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

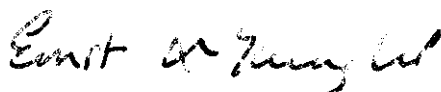
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 as at 31 March 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Ernst & Young LLP  
Registered Auditor**



14 August 2003  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London  
EC4A 1NH

**M.A. INTERNATIONAL LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2003**

	Notes	2003 £	2002 as restated £
<b>Turnover</b>	<b>3</b>		
Continuing operations		9,011,993	8,141,347
Acquisitions		1,336,979	-
		<u>10,348,972</u>	<u>8,141,347</u>
Cost of sales		(8,233,414)	(5,959,391)
<b>Gross profit</b>		<u>2,115,558</u>	<u>2,181,956</u>
Administrative expenses		(1,597,140)	(818,255)
Other operating income		1,000	2,000
		<u>519,418</u>	<u>1,365,701</u>
<b>Operating profit</b>	<b>7</b>		
Continuing operations		433,460	1,365,701
Acquisitions		85,958	-
		<u>519,418</u>	<u>1,365,701</u>
Share of operating loss in Joint Venture	<b>8</b>	(119,953)	-
Other interest receivable and similar income		18,786	6,842
Amounts written off investments	<b>9</b>	-	(24,749)
Interest payable and similar charges	<b>10</b>	(20,716)	-
		<u>397,535</u>	<u>1,347,794</u>
<b>Profit on ordinary activities before taxation</b>			
		397,535	1,347,794
Tax on profit on ordinary activities	<b>11</b>	(272,236)	(393,488)
		<u>125,299</u>	<u>954,306</u>
<b>Profit on ordinary activities after taxation</b>			
		125,299	954,306
Dividends	<b>12</b>	-	(97,994)
		<u>125,299</u>	<u>856,312</u>
<b>Retained profit for the year</b>	<b>21</b>		
		<u>125,299</u>	<u>856,312</u>

**Group Statement of Total Recognised Gains and Losses**

There are no recognised gains and losses other than those passing through the profit and loss account.



**M.A. INTERNATIONAL LIMITED**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2003**

		2003	2002
	Notes	£	as restated £
<b>Fixed assets</b>			
Tangible assets	14	57,009	31,959
Investments in joint ventures	15		
- Share of gross assets		29,102	
- Share of gross liabilities		(51,055)	
- Share of net liabilities		(21,953)	
Investments - other	15	1	1
		35,057	31,960
<b>Current assets</b>			
Debtors	16	2,717,800	2,419,545
Cash at bank and in hand		1,082,211	198,082
		3,800,011	2,617,627
<b>Creditors: amounts falling due within one year</b>	17	(1,632,813)	(1,388,168)
<b>Net current assets</b>		2,167,198	1,229,459
<b>Total assets less current liabilities</b>		2,202,255	1,261,419
<b>Creditors: amounts falling due after more than one year</b>	18	(808,000)	-
<b>Provisions for liabilities and charges</b>	19	-	(872)
		1,394,255	1,260,547
<b>Capital and reserves</b>			
Called up share capital	20	54,137	1
Share premium account	21	236,619	-
Other reserves	21	(282,346)	-
Profit and loss account	21	1,385,845	1,260,546
<b>Equity Shareholders' funds</b>	22	1,394,255	1,260,547

The financial statements were approved by the Board on 14 August 2003.

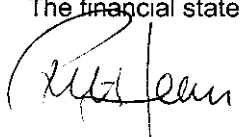
  
R C H Jeens  
Director

**M.A. INTERNATIONAL LIMITED**

**COMPANY BALANCE SHEET  
AS AT 31 MARCH 2003**

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Investments	15	39,610	-
		<u>39,610</u>	<u>-</u>
<b>Current assets</b>			
Debtors	16	22,518	1
Cash at bank and in hand		104,212	-
		<u>126,730</u>	<u>1</u>
<b>Creditors: amounts falling due within one year</b>	17	(1,045)	-
		<u>125,685</u>	<u>1</u>
<b>Net current assets</b>		125,685	1
<b>Total assets less current liabilities</b>		<u>165,295</u>	<u>1</u>
<b>Capital and reserves</b>			
Called up share capital	20	54,137	1
Share premium account	21	236,619	-
Other reserves	21	(244,778)	-
Profit and loss account	21	119,317	-
		<u>165,295</u>	<u>1</u>
<b>Equity shareholders' funds</b>		<u>165,295</u>	<u>1</u>

The financial statements were approved by the Board on 14 August 2003.

  
R C H Jeens  
Director

**M.A. INTERNATIONAL LIMITED**

**GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2003**

	2003		2002	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		276,137		311,571
<b>Returns on investments and servicing of finance</b>				
Interest received	18,786		6,842	
Interest paid	(20,716)		-	
<b>Net cash (outflow)/ inflow for returns on investments and servicing of finance</b>		(1,930)		6,842
<b>Taxation</b>		(323,614)		(158,299)
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets	(36,936)		(46,231)	
Payments to acquire investments	(98,000)		(10,500)	
Receipts from sales of tangible assets	5,773		-	
<b>Net cash outflow from capital expenditure</b>		(129,163)		(56,731)
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertakings (net of cash acquired)	246,290		-	
<b>Net cash inflow from acquisitions and disposals</b>		246,290		-
<b>Equity dividends paid</b>		-		(97,994)
<b>Net cash inflow before financing</b>		67,720		5,389
<b>Financing</b>				
Issue of ordinary share capital	8,409		1	
Other new long term loans	808,000		-	
<b>Increase in equity and debt</b>		816,409		-
<b>Net cash inflow from financing</b>		816,409		1
<b>Increase in cash in the year</b>		884,129		5,390

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2003**

1	Reconciliation of operating profit to net cash inflow from operating activities		2003	2002
			£	£
	Operating profit		519,418	1,365,701
	Depreciation of tangible fixed assets		29,932	15,009
	Amortisation of intangible assets		(50,663)	-
	Profit on disposal of tangible assets		(3,047)	-
	Decrease/(increase) in debtors		83,433	(1,419,838)
	(Decrease)/Increase in creditors		(302,936)	350,699
	Net cash inflow from operating activities		276,137	311,571

2	Analysis of net funds	1 April 2002	Cash flow	31 March 2003
		£	£	£
	Net cash:			
	Cash at bank and in hand	198,082	884,129	1,082,211
	Debt:			
	Debts falling due after one year	-	(808,000)	(808,000)
	Net funds	198,082	76,129	274,211

3	Reconciliation of net cash flow to movement in net funds	2003	2002
		£	£
	Increase in cash in the year	884,129	5,390
	Cash inflow from increase in debt	(808,000)	-
	Movement in net funds in the year	76,129	5,390
	Opening net funds	198,082	192,692
	Closing net funds	274,211	198,082

## **M.A. INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003**

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

##### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Computer equipment	Over 30 months
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The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

##### **1.4 Investments**

Fixed asset investments are stated at cost less provision for diminution in value. The carrying values of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

##### **1.5 Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **1.6 Foreign currency translation**

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

## M.A. INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

#### 1 Accounting policies

(continued)

##### 1.7 Group accounts

The group financial statements consolidate the results of the company and its subsidiary undertakings for the period to 31 March 2003.

In respect of m.a. management services Limited and its subsidiary undertakings, the group financial statements have been prepared in accordance with the principles of merger accounting. The profit of m.a. management services Limited and its subsidiary undertakings (including m.a. ventures Limited) has been included in the financial statements for the whole year ended 31 March 2003. Comparative figures have been presented as if the companies had been combined throughout the previous period and at the previous balance sheet date.

The profits and losses of the other subsidiary undertaking (m.a. partners LLC) are consolidated from the date of acquisition using the acquisition method of accounting. The difference between the cost of acquisition of shares in the subsidiary undertakings and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

The joint venture (HCLm.a. Limited) has been accounted for using the equity method of accounting.

The transactions relating to the Employee Benefit Trust have been consolidated with the company and the group's financial statements.

No profit and loss account has been presented for m.a. international Limited as permitted by section 230 of the Companies Act 1985. The parent company's profit for the financial period was £119,317.

##### 1.8 Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given, over the fair value of identifiable net assets acquired. Negative goodwill is written back to the profit and loss account over its expected useful economic life.

#### 2 Share of joint venture's turnover

	2003 £	2002 £
Turnover: group and share of joint venture	10,373,712	8,141,347
Less: share of joint venture's turnover	(24,740)	-
Group turnover	<u>10,348,972</u>	<u>8,141,347</u>

#### 3 Turnover

##### Geographical market

	Turnover	
	2003 £	2002 £
United Kingdom and Europe	9,011,993	8,141,347
United States of America	1,336,979	-
	<u>10,348,972</u>	<u>8,141,347</u>

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

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**4 Cost of sales and net operating expenses**

The total figures for continuing operations in 2003 include the following amounts relating to acquisitions:  
cost of sales £1,227,128, administrative expenses £23,893.

**M.A. INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2003****5 Acquisition of subsidiary undertakings**

On 28 October 2002, the entire share capital of m.a. partners LLC was acquired by m.a. international Limited for a consideration of £65.

Profit after taxation of m.a. partners LLC was as follows:

	£
1 April 2002 to date of acquisition	78,323
Financial year ended 31 March 2002	87,267

The net assets of m.a. partners LLC acquired were as follows:

	Book Value £	Fair value to group and at date of acquisition £
<b>Fixed assets</b>		
Tangible	20,772	20,772
<b>Current assets</b>		
Debtors	379,181	379,181
Cash at Bank	246,355	246,355
<b>Total assets</b>	646,308	646,308
<b>Liabilities</b>		
Trade creditors	(148,298)	(148,298)
Accruals	(171,124)	(171,124)
Corporation tax	(132,158)	(132,158)
Other Loans	(144,000)	(144,000)
<b>Total liabilities</b>	(595,580)	(595,580)
<b>Net Assets</b>	50,728	50,728
<b>Negative goodwill capitalised</b>		(50,663)
<b>Satisfied by:</b>		
Cash consideration		65



**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

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**The subsidiary undertaking acquired during the period made the following contributions to and utilisation of group cash flow.**

	£
Net cash outflow from operating activities	(192,138)
Returns on investment and servicing of finance	(3,656)
Taxation	(63,156)
Capital expenditure and financial investment	(668)
	<hr/>
Decrease in cash	<u>(259,618)</u>

**Analysis of net inflow of cash in respect of the purchase of the subsidiary undertaking:**

Cash at bank and in hand acquired	246,355
Less: Consideration paid	<u>(65)</u>
	<u>246,290</u>

# M.A. INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

### 6 Supplementary information relating to the merger

On 30 September 2002, m.a. partnership (IoM) Limited subdivided its share capital from 2,000 £1 shares into 4,000,000 shares of £0.0005 each. The trustees of these shares then distributed these shares in accordance with the wishes of the beneficiaries of the Trust. On the same day a share for share exchange took place between m.a. partnership (IoM) Limited (shares of £0.0005 each) and m.a. international Limited (shares of £0.01 each).

m.a. management services Limited, a subsidiary of m.a.international Limited acquired the shares of m.a.partnership (IoM) Limited on 7 November 2002 by way of a share for share exchange with m.a. international Limited.

At the time of the mergers the shares in m.a. partnership (IoM) Limited were estimated to have a fair value of £1,186,350.

The aggregate value of the net assets of each party to the merger at the date of the merger is:

	Net assets £
m.a. international Limited	1
m.a. management services Limited	100
m.a. partnership (IoM) Limited	(5,679)
m.a. ventures Limited	1,290,809
m.a. partners Limited	1
m.a. partnership Limited	1
millennia associate resources Limited	1

### Profit and Loss Account

	2003		2002
	Pre merger £	Post merger £	£
m.a. international Limited	-	119,317	-
m.a. management services Limited	-	-	-
m.a. partnership (IoM) Limited	(4,066)	(1,551)	1,369
m.a. ventures Limited	27,626	3,790	854,942
m.a. partners Limited	-	-	-
m.a. partnership Limited	-	-	-
millennia associate resources Limited	-	-	-

### 7 Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Amortisation of intangible assets	(50,663)	-
Depreciation of tangible assets	29,931	15,009
Loss on foreign exchange transactions	21,360	171
Auditors' remuneration	30,000	18,545
and after crediting:		
Profit on disposal of tangible assets	(3,047)	-

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

<b>8</b>	<b>Share of operating loss in joint ventures</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Share of operating loss in HCLm.a. Limited	(119,953)	-
		<u>          </u>	<u>          </u>
<b>9</b>	<b>Amounts written off investments</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Amounts written off fixed asset investments:		
	- diminution in value	-	24,749
		<u>          </u>	<u>          </u>
<b>10</b>	<b>Interest payable</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Loan interest	20,716	-
		<u>          </u>	<u>          </u>

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

<b>11 Taxation</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U.K. corporation tax	168,012	392,617
Adjustment for prior years	71,326	(1)
	<u>239,338</u>	<u>392,616</u>
<b>Foreign corporation tax</b>		
Foreign corporation tax	36,277	-
	<u>275,615</u>	<u>392,616</u>
<b>Current tax charge</b>		
<b>Deferred tax</b>		
Deferred tax charge/ (credit) for current year	(3,379)	872
	<u>272,236</u>	<u>393,488</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>397,535</u>	<u>1,347,794</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002 : 30.00%)	<u>119,261</u>	<u>404,338</u>
Effects of:		
Non deductible expenses	41,048	(6,130)
Depreciation add back	7,544	4,502
Capital allowances	(5,194)	(5,679)
Tax losses carried forward	39,041	-
Foreign income taxed at a higher rate	7,375	-
Adjustments to previous periods	71,326	(1)
Other tax adjustments	(4,786)	(4,414)
	<u>156,354</u>	<u>(11,722)</u>
<b>Current tax charge</b>	<u>275,615</u>	<u>392,616</u>
<b>12 Dividends</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Ordinary interim paid	-	97,994

**M.A. INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2003****13 Intangible fixed assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 April 2002	-
Negative goodwill on consolidation	(50,663)
	<hr/>
At 31 March 2003	(50,663)
	<hr/>
<b>Amortisation</b>	
At 1 April 2002	-
Charge for the year	(50,663)
	<hr/>
At 31 March 2003	(50,663)
	<hr/>
<b>Net book value</b>	
At 31 March 2003	-
	<hr/> <hr/>
At 31 March 2002	-
	<hr/> <hr/>

The parent company does not own any intangible assets.

**14 Tangible fixed assets**

	<b>Computer equipment £</b>
<b>Cost</b>	
At 1 April 2002	50,314
Additions	36,936
Acquired upon acquisition of subsidiary	48,975
Disposals	(2,726)
	<hr/>
At 31 March 2003	133,499
	<hr/>
<b>Depreciation</b>	
At 1 April 2002	18,355
Acquired upon acquisition of subsidiary	28,203
Charge for the year	29,932
	<hr/>
At 31 March 2003	76,490
	<hr/>
<b>Net book value</b>	
At 31 March 2003	57,009
	<hr/> <hr/>
At 31 March 2002	31,959
	<hr/> <hr/>

The parent company does not own any tangible assets.

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2003**

**15 Fixed asset investments**

	Group Unlisted investments £	Company Unlisted investments £
<b>Cost</b>		
At 1 April 2002	24,750	-
Additions	-	39,610
	<hr/>	<hr/>
At 31 March 2003	24,750	39,610
	<hr/>	<hr/>
<b>Provisions for diminution in value</b>		
At 1 April 2002 & at 31 March 2003	24,749	-
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 March 2003	1	39,610
	<hr/>	<hr/>
At 31 March 2002	1	-
	<hr/>	<hr/>

**The group's share of the joint ventures, HCLm.a. Limited is as follows:**

The principal activity of HCLm.a. Limited is the provision of management consultancy services in the offshore market.

Share of turnover		24,740
		<hr/>
Share of loss before tax	119,953	
Taxation	-	
	<hr/>	
Share of loss after tax		119,953
		<hr/>
Share of assets		
Fixed assets	2,329	
Current assets	26,773	
	<hr/>	
	29,102	
Share of liabilities		
Due within one year or less	(51,055)	
	<hr/>	
Share of net liabilities		(21,953)
		<hr/>

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

**15 Fixed asset investments**

(continued)

Company	Country of incorporation	Class of share capital held	Proportion held by	
			Parent company	Group
			%	%
<b>Subsidiary undertakings</b>				
m.a. management services Limited	England	Ordinary	100	
m.a. partners LLC	USA	Ordinary	100	
m.a. partnership (IoM) Limited	Isle of Man	Ordinary		100
m.a. partners Limited	England	Ordinary		100
m.a. ventures Limited	England	Ordinary		100
millennia assoicate resources Limited	England	Ordinary		100
<b>Other significant interests</b>				
HCLm.a. Limited	England	Ordinary		49
			<b>Capital and reserves</b>	<b>Profit/(loss) for the year</b>
			<b>2003</b>	<b>2003</b>
			£	£
m.a. management services Limited			100	-
m.a. partners LLC			100,201	128,004
m.a. partnership (IoM) Limited			(5,403)	(5,617)
m.a. partners Limited			1	-
m.a. ventures Limited			1,293,726	31,416
millennia assoicate resources Limited			1	-

The principal activities of the subsidiary undertakings are as follows:

- (i) m.a. management servives Limited - Investment holding company.
- (ii) m.a. partners LLC - Provision of management consultancy.
- (iii) m.a. partnership (IoM) Limited - Investment holding company.
- (iv) m.a. partners Limited - Dormant company.
- (v) m.a. ventures Limited - Provision of management consultancy.
- (vi) millennia assoicate resources Limited - Dormant company.

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

<b>16 Debtors</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Trade debtors	2,370,705	1,377,190
Amounts owed by joint venture	124,752	-
Other debtors	114,895	1,029,950
Prepayments and accrued income	104,941	12,405
Deferred tax asset (see note 12)	2,507	-
	<u>2,717,800</u>	<u>2,419,545</u>

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Other debtors	22,518	1
	<u>22,518</u>	<u>1</u>

<b>17 Creditors: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Trade creditors	445,274	255,350
Corporation tax	344,617	392,616
Other taxes and social security costs	218,358	87,019
Other creditors	234,769	-
Accruals and deferred income	389,795	653,183
	<u>1,632,813</u>	<u>1,388,168</u>

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Trade creditors	980	-
Accruals and deferred income	65	-
	<u>1,045</u>	<u>-</u>



**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

<b>18 Creditors: amounts falling due after more than one year</b>	<b>2003</b>	<b>2002</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Other loans	<u>808,000</u>	<u>-</u>

Other loan relates to loans from employees (including directors).

The loan shall be repayable on the earliest to occur of the following:

(i) 30 September 2010

(ii) a sale, listing or a liquidation

(iii) at the group's discretion.

If the lender ceases to be employed or engaged by the group, 50% of the capital shall be paid on the date 6 months following the lender ceasing to be employed or engaged with the balance payable on the date 12 months following the lender ceasing to be so employed or engaged.

Interest has been accrued on the loan at a rate equal to 2% per annum above the base rate of Lloyds TSB PLC. As at 31 March 2003, the rate was 5.75%. Interest is paid twice annually.

The company does not have any creditors due after more than one year.

**19 Provisions for liabilities and charges**

**The deferred tax asset/liabilities (included in the debtors, note 16) is made up as follows:**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Deferred tax liabilities at 1 April 2002	872	
Profit and loss account	<u>(3,379)</u>	
Deferred tax asset at 31 March 2003	<u>(2,507)</u>	
	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Capital allowances in (arrears)/advances of depreciation	<u>(2,507)</u>	<u>872</u>

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

<b>20 Share capital</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100,000,000 Ordinary of 1p each	1,000,000	-
1,000,000 Ordinary of £ 1 each	-	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
 <b>Allotted, called up and fully paid</b>		
5,413,700 Ordinary of 1p each	54,137	-
1 Ordinary of £ 1 each	-	1
	<u>54,137</u>	<u>1</u>

On 30 September 2002, 3,954,370 ordinary shares of 1p each were issued for the group reorganisation.

On 4 November 2002, 634,528 ordinary shares of 1p each were issued at par to individual shareholders and 546,021 ordinary shares of 1p each were issued at a premium of 29p each to the Employee Benefit Trust.

On 13 February 2003, 8,818 ordinary shares of 1p each were issued at par to individual shareholders and 269,907 ordinary shares of 1p each were issued at a premium of 29p each to the Employee Benefit Trust.

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

**21 Statement of movements on reserves**  
**Group**

	Share premium account £	Other reserves £	Profit and loss account £
Balance at 1 April 2002	-	-	1,260,546
Retained profit for the year	-	-	125,299
Premium on shares issued during the year	236,619	-	-
Reserves for employee benefit trust increase	-	(244,778)	-
Merger reserves increase	-	(37,568)	-
	<u>236,619</u>	<u>(282,346)</u>	<u>1,385,845</u>
Balance at 31 March 2003	<u>236,619</u>	<u>(282,346)</u>	<u>1,385,845</u>

**Company**

	Share premium account £	Reserves for employee benefit trust £	Profit and loss account £
Balance at 1 April 2002	-	-	-
Retained profit for the year	-	-	119,317
Premium on shares issued during the year	236,619	-	-
Movement during the year	-	(244,778)	-
	<u>236,619</u>	<u>(244,778)</u>	<u>119,317</u>
Balance at 31 March 2003	<u>236,619</u>	<u>(244,778)</u>	<u>119,317</u>

**M.A. INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2003**

<b>22 Reconciliation of movements in shareholders' funds</b>	<b>2003</b>	<b>2002</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Profit for the financial year	125,299	954,306
Dividends	-	(97,994)
	<u>125,299</u>	<u>856,312</u>
Proceeds from issue of shares	290,755	1
Movements on other reserves	(282,346)	-
	<u>133,708</u>	<u>856,313</u>
Net addition to shareholders' funds	1,260,547	404,234
Opening shareholders' funds	<u>1,394,255</u>	<u>1,260,547</u>
Closing shareholders' funds	<u>1,394,255</u>	<u>1,260,547</u>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Profit for the financial year	119,317	-
Proceeds from issue of shares	290,755	1
Movements on other reserves	(244,778)	-
	<u>165,294</u>	<u>1</u>
Net addition to shareholders' funds	1	-
Opening shareholders' funds	<u>165,295</u>	<u>1</u>
Closing shareholders' funds	<u>165,295</u>	<u>1</u>
	<b>£</b>	<b>£</b>
<b>23 Directors' emoluments</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	<u>281,470</u>	<u>-</u>
Emoluments disclosed above represent the amounts paid to the following directors:		
R C H Jeens	30,000	-
J D Moore	75,730	-
J C Rae	17,562	-
R C Hawk	79,089	-
B S Solanki	79,089	-
	<u>281,470</u>	<u>-</u>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	<u>79,089</u>	<u>-</u>

## M.A. INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

#### 24 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Management	7	2
Administration	9	8
Consultants	49	48
	<u>65</u>	<u>58</u>

##### Employment costs

	£	£
Wages and salaries	4,679,100	2,966,389
Social security costs	448,324	332,067
	<u>5,127,424</u>	<u>3,298,456</u>

#### 25 Employee Benefit Trust

The Trust was set up by m.a. international Limited on 17 October 2002. The company wishes this Trust to operate as an employee share scheme within the meaning of section 743 of the Companies Act 1985 to facilitate the recruitment, retention and motivation of employees of m.a. international Limited and its subsidiaries. The Trustees of the Trust are Gerrard Trust (Jersey) Limited. The beneficiaries of the Trust are any employee of an m.a. group company, the relatives of such an employee or a charity. The Trustees have absolute discretion in the exercise of the powers conferred upon them, namely the acquisition by purchase of shares and the transfer of those shares to the beneficiaries of the Trust in a way in which the Trustees think fit.

During the year, the Trust purchased 815,928 ordinary shares of 1p each in m.a. international Limited at a premium of 29p. Options have been granted to employees for 481,628 shares at an exercise price of 30p each.

#### 26 Related party transactions

##### (i) HCLm.a. Limited

As at 31 March 2003, an amount of £124,752 was due from HCLm.a. Limited, a joint venture in which the group has a participating interest.

##### (ii) Directors

As at 31 March 2003, other loans of £40,000 each were due to R C Hawk, J D Moore and B S Solanki, all of who are directors of the m.a. international Limited.