

ARALON ADVISORY SERVICES LIMITED

FINANCIAL STATEMENTS

**for the year ended
31 DECEMBER 2000**

Company No: 1684721



ARALON ADVISORY SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

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ARALON ADVISORY SERVICES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2000

1. **Financial statements**

The directors present their report and the audited financial statements for the year ended 31 December 2000.

2. **Principal activity**

The principal activity of the company is the provision of accountancy and consultancy services.

3. **Review of business and future developments**

The directors expect that the present level of activity will be sustained for the foreseeable future.

4. **Dividends and transfers to reserves**

The directors do not recommend a dividend for the year. The profit for the financial year of £228,912 will be transferred to reserves.

5. **Fixed assets**

The movements in fixed assets during the year are set out on page 15.

6. **Directors**

The directors of the company at 31 December 2000, all of whom have been directors for the whole of the year ended on that date, were as follows:-

J.W.C. Swartz (Chairman)

D.W. Hall (Secretary)

7. **Directors' interests in shares of the company**

No directors had any beneficial interest in the shares of the company at any time during the year.

8. **Directors' interests in contracts**

There were no contracts during the year in which a director held a beneficial interest.

ARALON ADVISORY SERVICES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2000

9. **Close company provisions**

The company is a close company under the provisions of Section 414 of the United Kingdom Income and Corporation Taxes Act 1988.

10. **Directors' responsibilities**

The directors are required by U.K. company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that year.

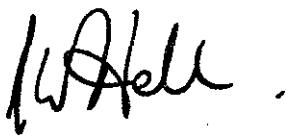
The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that appropriate accounting statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

11. **Auditors**

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



D.W. Hall
Secretary

27th March, 2001

Registered office:-

20 Cadogan Place,
LONDON,
SW1X 9SA

REPORT OF THE AUDITORS
TO THE DIRECTORS OF ARALON ADVISORY SERVICES LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages 4 to 15 together with the financial statements of Aralon Advisory Services Limited for the year ended 31 December 2000.

1. **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with section 246A (3) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with that provision and to report our opinion to you.

2. **Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

3. **Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A (3) of the Companies Act 1985 and the abbreviated financial statements to be delivered are properly prepared in accordance with that provision.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
LONDON

6 April, 2001

ARALON ADVISORY SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2000

	<u>NOTES</u>	<u>2000</u> £	<u>1999</u> £
<u>Fixed Assets</u>	6	<u>308,310</u>	<u>324,888</u>
<u>Current Assets</u>			
Debtors	7	2,539,318	2,490,261
Cash at bank and in hand		<u>395,469</u>	<u>126,158</u>
		2,934,787	2,616,419
Creditors: amount falling due within one year	8	<u>288,736</u>	<u>215,858</u>
<u>Net current assets</u>		<u>2,646,051</u>	<u>2,400,561</u>
<u>Total assets less current liabilities</u>		2,954,361	2,725,449
Creditors: amounts falling due after more than one year	9	495,000	495,000
Provisions for liabilities and charges	10	<u>-</u>	<u>-</u>
<u>NET ASSETS</u>		<u>£ 2,459,361</u>	<u>£ 2,230,449</u>
<u>Capital and Reserves</u>			
Called up share capital	11	100	100
Retained profits		2,459,261	2,230,349
<u>EQUITY SHAREHOLDERS' FUNDS</u>	12	<u>£ 2,459,361</u>	<u>£ 2,230,449</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the board on

,2001

J.W.C. Swartz

Directors

D.W.Hall

The report of the Auditors is on page 3.

The notes on pages 7 to 15 form an integral part of these financial statements.

ARALON ADVISORY SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>NOTES</u>	<u>2000</u> £	<u>1999</u> £
<u>Gross profit - continuing operations</u>		326,623	315,094
Interest receivable and other income		<u>18,009</u>	<u>10,050</u>
<u>Profit on ordinary activities</u>			
<u>before taxation</u>		344,632	325,144
Tax on profit on ordinary activities	5	<u>(115,720)</u>	<u>(101,073)</u>
<u>Retained profit for the year</u>		<u>£ 228,912</u>	<u>£ 224,071</u>
<u>Statement of retained profits</u>			
Retained profits brought forward		2,230,349	2,006,278
Retained profit for the year		<u>228,912</u>	<u>224,071</u>
Retained profits carried forward		<u>£ 2,459,261</u>	<u>£ 2,230,349</u>

The company has no recognised gains and losses other than profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The report of the Auditors is on page 3.

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ARALON ADVISORY SERVICES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>NOTES</u>	<u>2000</u> £	<u>1999</u> £
<u>Operating activities</u>			
Net cash flow from operating activities	16	<u>456,166</u>	<u>226,413</u>
<u>Returns on investments and servicing of finance</u>			
Interest received		18,009	10,050
Net cash inflow from returns on investments and servicing of finance		<u>18,009</u>	<u>10,050</u>
<u>Taxation</u>			
UK Corporation Tax		<u>(115,871)</u>	<u>(140,573)</u>
Tax Paid		<u>(115,871)</u>	<u>(140,573)</u>
<u>Capital Expenditure</u>			
Purchase of tangible fixed assets		(88,993)	(136,700)
Net cash outflow from capital expenditure		<u>(88,993)</u>	<u>(136,700)</u>
<u>Decrease in cash in the period</u>		<u>£ 269,311</u>	<u>£ (40,810)</u>
<u>Analysis of changes in net cash</u>			
Cash at bank and in hand at beginning of period		126,158	166,968
Decrease in cash in the period		269,311	(40,810)
Cash at bank and in hand at end of period		<u>£ 395,469</u>	<u>£ 126,158</u>

The report of the Auditors is on page 3.

The notes on pages 7 to 15 form an integral part of these financial statements.

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with appropriate Accounting Standards in the United Kingdom.

A summary of the principal accounting policies which have been applied consistently is set out below:-

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention using the going concern basis.

1.2 Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned, or in the case of leasehold properties, over the remaining period of the lease or over a period of 50 years, whichever is less. The principal annual rates used for this purpose are:-

Leasehold improvements	Lease life
Furniture and fittings	10%
Computer equipment	25%
Motor vehicles	17.5% for the first 4 years
	7.5% for the next 4 years

1.3 Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1.4 Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in the gross profit – continuing operations.

1.6 Pension scheme arrangement

The company operates two defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to these funds and amounts to £122,900 (1999: £112,500).

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit before taxation is stated after charging:-

	<u>2000</u>	<u>1999</u>
Auditors' remuneration	5,982	5,728
Depreciation of fixed assets	105,571	121,732
Directors' emoluments (see note 3)	394,184	379,733
Operating leases on properties	<u>261,580</u>	<u>137,689</u>

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. DIRECTORS' EMOLUMENTS

	<u>2000</u>	<u>1999</u>
Aggregate emoluments	362,184	347,733
Company pension contributions to money purchase schemes	32,000	32,000

One director takes part in a pension scheme

Highest paid director

Aggregate emoluments	215,735	207,245
Company pension contributions to money purchase schemes	-	-

4. EMPLOYEE INFORMATION

- a) The company employed an average of 48 employees (1999: 51) (including executive directors) during the period, all of whom are involved in the provision of services.
- b) Employment costs of all employees including temporary staff, were as follows:-

	<u>2000</u>	<u>1999</u>
Gross salaries and wages	1,959,580	1,918,943
Employer's national insurance and state pension contributions	186,780	177,816
Other pension costs (see note 1.6)	122,900	112,500
	<u>£ 2,269,260</u>	<u>£ 2,209,259</u>

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>2000</u>	<u>1999</u>
United Kingdom corporation tax at 30% (1999: 30.25%)	115,720	106,613
Deferred tax	-	(5,540)
	<u>£ 115,720</u>	<u>£ 101,073</u>

6. **FIXED ASSETS**

	<u>NET BOOK VALUE</u>	
	<u>2000</u>	<u>1999</u>
Furniture and fittings	86,844	102,957
Computer equipment	203,668	193,540
Motor vehicles	17,798	28,391
	<u>£ 308,310</u>	<u>£ 324,888</u>

The movements on fixed assets are set out in Appendix A.

7. **DEBTORS**

	<u>2000</u>	<u>1999</u>
Trade debtors	2,358,665	2,408,102
Prepayments and accrued income	180,653	82,159
	<u>£ 2,539,318</u>	<u>£ 2,490,261</u>

All the above amounts are due within one year of the balance sheet date.

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2000</u>	<u>1999</u>
Trade creditors	167,306	115,902
Other creditors, including tax and social security	74,160	74,256
Accrued expenses	47,270	25,700
	<u>£ 288,736</u>	<u>£ 215,858</u>

The creditors for taxation and social security includes UK corporation tax payable amounting to £73,864 (1999: £74,015).

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The advances from the holding company are unsecured, free of interest and no fixed date for repayment has been set.

	<u>2000</u>	<u>1999</u>
<u>At 31 December</u>	<u>£ 495,000</u>	<u>£ 495,000</u>

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>2000</u>	<u>1999</u>
Deferred tax representing the full potential liability:-		
Capital allowances	£ -	£ -

The movement on the provision for deferred tax is as follows:-

	<u>2000</u>	<u>1999</u>
At 1 January	-	5,540
Transferred to profit and loss account:-	-	(5,540)
<u>At 31 December</u>	<u>£ -</u>	<u>£ -</u>

11. CALLED UP SHARE CAPITAL

	<u>2000</u>	<u>1999</u>
<u>Authorised</u>		
100 ordinary shares of £1 each	£ 100	£ 100
<u>Allotted, called up, and fully paid:</u>		
100 shares of £1 each	£ 100	£ 100

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
Profits for the financial year	228,912	224,071
Net addition to shareholders' funds	228,912	224,071
Opening equity shareholders' funds	2,230,449	2,006,378
Closing equity shareholders' funds	<u>£ 2,459,361</u>	<u>£ 2,230,449</u>

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

13. **FINANCIAL COMMITMENTS**

The company leases properties on short term leases.

	<u>2000</u>	<u>1999</u>
Expiring between five and ten years inclusive	307,500	-
Expiring within one year	<u>-</u>	<u>34,422</u>
<u>At 31 December</u>	<u>£ 307,500</u>	<u>£ 34,422</u>

The company had no capital commitments at 31 December 2000 (1999 - £NIL).

14. **HOLDING COMPANY**

The holding company is Mawarid Limited incorporated in the Kingdom of Saudi Arabia.

15. **DIRECTORS' LOANS**

In accordance with the requirements of Schedule 6 to the Companies Act 1985 the amounts arising from persons who were directors during the year were as follows:-

<u>Name of director</u>	<u>Type of Loan</u>	<u>Balance at 31.12.00</u>	<u>Balance at 31.12.99</u>	<u>Maximum amount outstanding during the period</u>
		<u>£</u>	<u>£</u>	<u>£</u>
J.W.C. Swartz	Quasi-loan	4,690	-	4,690

ARALON ADVISORY SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

16. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOWS FROM OPERATING ACTIVITIES**

	<u>2000</u>	<u>1999</u>
Net operating profit	326,623	315,094
Depreciation on tangible fixed assets	105,571	121,732
(Increase) / decrease in trade debtors	49,437	(276,990)
(Increase) / decrease in prepayments and accrued income	(98,494)	4,231
Increase in trade creditors	51,404	73,395
Increase in other taxation and social security	55	241
Increase/(decrease) in accrued expenses	<u>21,570</u>	<u>(11,290)</u>
Net cash inflow from operating activities	<u>£ 456,166</u>	<u>£ 226,413</u>

The report of the Auditors is on page 3.