ARALON ADVISORY SERVICES LIMITED

FINANCIAL STATEMENTS

for the year ended
31 DECEMBER 2001

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ARALON ADVISORY SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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ARALON ADVISORY SERVICES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2001

1. Financial statements

The directors present their report and the audited financial statements for the year ended 31 December 2001.

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 £253,269 will be transferred to reserves.

5. Fixed assets

The movements in fixed assets during the year are set out on page 14.

6. Directors

The directors of the company at 31 December 2001, 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.

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 2001. 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

31 MAY ,2002

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 14 together with the financial statements of Aralon Advisory Services Limited for the year ended 31 December 2001.

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
Chartered Accountants and Registered Auditors
LONDON

31 MAY ,2002

ARALON ADVISORY SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2001

	NOTES	2001	2000
		£	£
Fixed Assets	6	287,608	308,310
Current Assets			
Debtors	7	2,707,936	2,539,318
Cash at bank and in hand		365,368	395,469
		3,073,304	2,934,787
Creditors: amount falling due within one year	8	(153,282)	(288,736)
Net current assets		2,920,022	2,646,051
Total assets less current liabilities		3,207,630	2,954,361
Creditors: amounts falling due after more than one year	9	(495,000)	495,000
NET ASSETS		£ 2,712,630	£ 2,459,361
Capital and Reserves			
Called up share capital	10	100	100
Retained profits		2,712,530	2,459,261
EQUITY SHAREHOLDERS' FUNDS	11	£ 2,712,630	£ 2,459,361

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 31 MAY ,2002

J.W.C. Swartz)
) Directors
D.W.Hall)

The report of the Auditors is on page 3.
The notes on pages 7 to 14 form an integral part of these financial statements.

ARALON ADVISORY SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

	NOTES	2001 £	2000 £
Gross profit - continuing operations		348,981	326,623
Interest receivable and other income		23,143	18,009
Profit on ordinary activities before taxation	2	372,124	344,632
Tax on profit on ordinary activities	5	(118,855)	(115,720)
Retained profit for the year		£ 253,269	£ 228,912
Statement of retained profits			
Retained profits brought forward		2,459,261	2,230,349
Retained profit for the year		253,269	228,912
Retained profits carried forward		£ 2,712,530	£ 2,459,261

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.
The notes on pages 7 to 14 form an integral part of these financial statements.

ARALON ADVISORY SERVICES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

	NOTES	2001 £	2000 £
Operating activities			
Net cash flow from operating activities	15	159,224	456,166
Returns on investments and servicing of finance			
Interest received		23,143	18,009
Net cash inflow from returns on investments and servicing of finance		23,143	18,009
Taxation			
UK Corporation Tax		(124,430)	(115,871)
Tax Paid		(124,430)	(115,871)
Capital Expenditure			
Purchase of tangible fixed assets		(88,038)	(88,993)
Net cash outflow from capital expenditure		(88,038)	(88,993)
Increase/(decrease) in cash in the period		£ (30,101)	£ 269,311
Analysis of changes in net cash			
Cash at bank and in hand at beginning of period		395,469	126,158
Increase/(decrease) in cash in the period		(30,101)	269,311
Cash at bank and in hand at end of period		£ 365,368	£ 395,469

The report of the Auditors is on page 3.
The notes on pages 7 to 14 form an integral part of these financial statements.

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.

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 arrangements**

The company operates two defined contribution pension schemes for certain employees and a defined contribution scheme for all employees with more than three months service which commenced on 1 October 2001. 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 £183,684 (2000: £122,900).

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit before taxation is stated after charging:-

	2001 £	2000 £
Auditors' remuneration	6,584	5,982
Depreciation of fixed assets	108,740	105,571
Directors' emoluments (see note 3)	411,747	394,184
Operating leases on properties	307,500	261,580

3. DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Aggregate emoluments	375,372	362,184
Company pension contributions to money purchase schemes	36,375	32,000

One director takes part in a pension scheme

Highest paid director

Aggregate emoluments	223,865	215,735
Company pension contributions to money purchase schemes	-	-

4. EMPLOYEE INFORMATION

a) The company employed an average of 47 employees (2000: 48) (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:-

	2001	2000
Gross salaries and wages	2,037,553	1,959,580
Employer's national insurance and state pension contributions	181,668	186,780
Other pension costs (see note 1.6)	183,684	122,900
	£ 2,402,905	£ 2,269,260

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
United Kingdom corporation tax at 30% (2000: 30%)	118,450	115,732
United Kingdom corporation tax - prior year	405	(12)
	£ 118,855	£ 115,720

6. FIXED ASSETS

	NET BOOK VALUE	
	2001	2000
Furniture and fittings	76,999	86,844
Computer equipment	198,307	203,668
Motor vehicles	12,302	17,798
	£ 287,608	£ 308,310

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

7. DEBTORS

	2001	2000
Trade debtors	2,554,936	2,358,665
Prepayments and accrued income	153,000	180,653
	£ 2,707,936	£ 2,539,318

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

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
Trade creditors	43,502	167,306
Other creditors, including tax and social security	68,530	74,160
Accrued expenses	41,250	47,270
	£ 153,282	£ 288,736

The creditors for taxation and social security includes UK corporation tax payable amounting to £68,289 (2000: £73,864).

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.

	2001	2000
At 31 December	£ 495,000	£ 495,000

10. CALLED UP SHARE CAPITAL

	2001	2000
Authorised		
100 ordinary shares of £1 each	£ 100	£ 100
Allotted, called up, and fully paid:		
100 shares of £1 each	£ 100	£ 100

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
Profits for the financial year	253,269	228,912
Net addition to shareholders' funds	253,269	228,912
Opening equity shareholders' finds	2,459,361	2,230,449
Closing equity shareholders' funds	£ 2,712,630	£ 2,459,361

12. FINANCIAL COMMITMENTS

The company leases properties on short term leases.

	2001	2000
Expiring between five and ten years inclusive	307,500	307,500
At 31 December	£ 307,500	£ 307,500

The company had no capital commitments at 31 December 2001 (2000 - £NIL).

13. HOLDING COMPANY

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

14. 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:-

Name of director	Type of Loan	Balance at 31.12.01	Balance at 31.12.00	Maximum amount outstanding during the period
		£	£	£
J.W.C. Swartz	Quasi-loan	-	4,690	4,690

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

	2001	2000
Net operating profit	348,981	326,623
Depreciation on tangible fixed assets	108,740	105,571
(Increase)/decrease in trade debtors	(196,271)	49,437
(Increase)/decrease in prepayments and accrued income	27,653	(98,494)
Increase/(decrease) in trade creditors	(123,804)	51,404
Increase/(decrease) in other taxation and social security	(55)	55
Increase/(decrease) in accrued expenses	(6,020)	21,570
Net cash inflow from operating activities	£ 159,224	£ 456,166

The report of the Auditors is on page 3.

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

FIXED ASSETS

	Leasehold Improvements	Furniture and fittings	Computer equipment	Motor vehicles	Total
Cost					
At 1 January	77,802	307,528	624,889	69,833	1,080,052
Additions	-	8,819	79,219	-	88,038
Disposals	-	-	-	-	-
At 31 December	77,802	316,347	704,108	69,833	1,168,090
Depreciation					
At 1 January	77,802	220,684	421,221	52,035	771,742
Charge for the year	-	18,664	84,580	5,496	108,740
Disposals	-	-	-	-	-
At 31 December	77,802	239,348	505,801	57,531	880,482
Net book value					
At 31 December 2001	£ -	£ 76,999	£ 198,307	£ 12,302	£ 287,608
At 31 December 2000	£ -	£ 86,844	£ 203,668	£ 17,798	£ 308,310