ARALON ADVISORY SERVICES LIMITED

FINANCIAL STATEMENTS

for the year ended
31 DECEMBER 2003

Company No: 1684721

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ARALON ADVISORY SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

TABLE OF CONTENTS

	Page No.
Report of the Directors	1 - 2
Report of the Auditors	3
Balance sheet	4
Profit and loss account	5
Cash flow statement	6
Notes to the financial statements	7 - 13

List of appendices	Appendix	
Fixed assets	A	14

ARALON ADVISORY SERVICES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003

1. **Financial statements**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

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 and funding 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 £265,015 (2002: £254,040) 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 2003, each of whom has been a director for the whole year ended on that date, are 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
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003

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**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

11. **Auditors**

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

By order of the Board

D.W. Hall
Secretary
4 June ,2004

Registered office:-

20 Cadogan Place
LONDON
SW1X 9SA

INDEPENDENT AUDITORS' REPORT
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 annual financial statements of Aralon Advisory Services Limited for the year ended 31 December 2003.

Respective responsibilities of directors and auditors

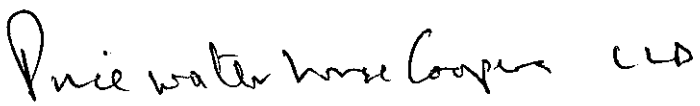
The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with section 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. This report, including the opinion, has been prepared for and only for the company's directors for the purpose of section 247B of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 LLP,
Chartered Accountants and Registered Auditors

LONDON 4 JUNE ,2004

ARALON ADVISORY SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	2002 £
Fixed Assets	6	266,179	278,997
Current Assets			
Debtors	7	3,346,575	2,753,116
Cash at bank and in hand		419,214	618,379
		3,765,789	3,371,495
Creditors: amounts falling due within one year	8	(305,283)	(188,822)
Net current assets		3,460,506	3,182,673
Total assets less current liabilities		3,726,685	3,461,670
Creditors: amounts falling due after more than one year	9	(495,000)	(495,000)
NET ASSETS		£ 3,231,685	£ 2,966,670
Capital and Reserves			
Called up share capital	10	100	100
Retained profits		3,231,585	2,966,570
EQUITY SHAREHOLDERS' FUNDS	11	£ 3,231,685	£ 2,966,670

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 4 JUNE ,2004

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 2003

	Notes	2003 £	2002 £
Gross profit - continuing operations		372,780	356,501
Loss on sale of fixed assets		(988)	(3,314)
Interest receivable and other income		12,583	17,777
Profit on ordinary activities before taxation	2	384,375	370,964
Tax on profit on ordinary activities	5	(119,360)	(116,924)
Retained profit for the year		£ 265,015	£ 254,040
Statement of retained profits			
Retained profits brought forward		2,966,570	2,712,530
Retained profit for the year		265,015	254,040
Retained profits carried forward		£ 3,231,585	£ 2,966,570

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 2003

	Notes	2003 £	2002 £
Operating activities			
Net cash flow from operating activities	15	7,689	469,341
Returns on investments and servicing of finance			
Interest received		12,583	17,777
Net cash inflow from returns on investments and servicing of finance		12,583	17,777
Taxation			
UK Corporation Tax		(120,247)	(124,666)
Tax paid		(120,247)	(124,666)
Capital expenditure			
Purchase of tangible fixed assets		(99,190)	(111,422)
Proceeds from sale of fixed assets		-	1,981
Net cash outflow from capital expenditure		(99,190)	(109,441)
Increase/(decrease) in cash in the period		£ (199,165)	£ 253,011
Analysis of changes in net cash			
Cash at bank and in hand at beginning of period		618,379	365,368
Increase/(decrease) in cash in the period		(199,165)	253,011
Cash at bank and in hand at end of period		£ 419,214	£ 618,379

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

1. PRINCIPAL ACCOUNTING POLICIES

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

A summary of the important 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 expense 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 operating profit - continuing operations.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit before taxation is stated after charging:

	2003 £	2002 £
Staff costs (see note 4)	2,636,362	2,437,905
Depreciation of fixed assets	111,020	114,738
Operating leases on properties	307,500	307,500
Auditors' remuneration	7,350	6,100
Loss on sale of fixed assets	988	3,314

3. DIRECTORS' EMOLUMENTS

	2003	2002
	£	£
Aggregate emoluments	402,637	395,629
Company pension contributions to money purchase schemes	50,200	50,200
	£ 452,837	£ 445,829

One director takes part in the money purchase pension schemes.

Highest paid director

Aggregate emoluments	241,840	237,391
Company pension contributions to money purchase schemes	-	-

4. EMPLOYEE INFORMATION

a) The company employed an average of 47 employees (2002: 45) (including executive directors) during the period, all of whom are involved in the provision of services.

b) Employment costs of all employees excluding temporary staff, were as follows:

	2003	2002
Gross salaries and wages	2,174,051	2,005,547
Employer's national insurance and state pension contributions	218,097	220,355
Other pension costs (see note 13)	244,214	212,003
	£ 2,636,362	£ 2,437,905

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

		2003		2002
UK corporation tax on profits for the period at 30% (2002: 30%)		119,360		118,962
UK corporation tax- prior year		-		(2,038)
	£	119,360	£	116,924

The tax assessed for the period is higher than the standard rate than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Profit on ordinary activities before tax	£	384,375	£	370,964
Profit on ordinary activities multiplied by standard rate in the UK 30% (2002 30%)		115,313		111,289
Effects of:				
Expenses not deductible for tax purposes		749		3,397
Capital allowances and other timing differences		3,298		4,276
Adjustments to tax charge in respect of prior year		-		(2,038)
	£	119,360	£	116,924

A deferred tax asset of £17,022 exists as a result of excess depreciation over capital allowances. This has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable. The asset would be recovered in the event that capital allowances exceeded depreciation.

6. FIXED ASSETS

	NET BOOK VALUE	
	2003	2002
Furniture and fittings	67,873	68,309
Computer equipment	194,897	202,095
Motor vehicles	3,409	8,593
	£ 266,179	£ 278,997

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

7. DEBTORS

	2003	2002
Trade debtors	3,145,214	2,603,377
Other debtors, including tax and social security	35,853	5,561
Prepayments and accrued income	165,508	144,178
	£ 3,346,575	£ 2,753,116

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

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
Trade creditors	56,703	50,563
Other creditors, including tax and social security	182,635	60,547
Accrued expenses	65,945	77,712
	£ 305,283	£ 188,822

The creditors for taxation and social security includes UK corporation tax payable amounting to £59,660 (2002: £60,547).

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.

	2003	2002
As 31 December	£ 495,000	£ 495,000

10. CALLED UP SHARE CAPITAL

	2003	2002
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

	2003	2002
Profit for the financial year	265,015	254,040
Net addition to shareholders' funds	265,015	254,040
Opening equity shareholders' funds	2,966,570	2,712,530
Closing equity shareholders' funds	£ 3,231,585	£ 2,966,570

12. FINANCIAL COMMITMENTS

The company leases properties on short term leases.

	2003	2002
Expiring between five and ten years inclusive	307,500	307,500
	£ 307,500	£ 307,500

The company had no capital commitments as at 31 December 2003 (2002: £NIL)

13. 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 £244,214 (2002:£212,003).

14. HOLDING COMPANY

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

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

	2003	2002
Net operating profit	372,780	356,501
Depreciation on tangible fixed assets	111,020	114,738
Increase in trade debtors	(541,837)	(103,878)
(Increase)/decrease in other debtors	(30,292)	49,876
(Increase)/decrease in prepayments and accrued income	(21,330)	8,822
Increase in trade creditors	6,140	7,061
Increase/(decrease) in other taxation and social security	122,975	(241)
Increase/(decrease) in accrued expenses	(11,767)	36,462
Net cash inflow from operating activities	£ 7,689	£ 469,341

ARALON ADVISORY SERVICES LIMITED
FIXED ASSETS AS AT 31 DECEMBER 2003 AND 2002
APPENDIX A

	Leasehold Improvements	Furniture and Fittings	Computer Equipment	Motor Vehicles	Total
Cost					
At 1 January	77,802	324,884	552,264	56,833	1,011,783
Additions	-	17,731	81,459	-	99,190
Disposals	-	-	-	(988)	(988)
At 31 December	77,802	342,615	633,723	55,845	1,109,985
Depreciation					
At 1 January	77,802	256,575	350,169	48,240	732,786
Charge for the year	-	18,167	88,657	4,196	111,020
At 31 December	77,802	274,742	438,826	52,436	843,806
Net book value					
At 31 December 2003	£ -	£ 67,873	£ 194,897	£ 3,409	£ 266,179
At 31 December 2002	£ -	£ 68,309	£ 202,095	£ 8,593	£ 278,997