

Com. House

2505995

Reports & Financial Statements

For the year ended 31 December 1997

UIB International Limited

Company Registration No: 02505955

NEVILLE RUSSELL

Chartered Accountants



UIB INTERNATIONAL LIMITED

INDEX

	Page
Report of the Directors	1 - 2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 10

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 December 1997.

STATEMENT OF 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 of the profit or loss of the company 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;
- ensure that they comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The company's principal activity is that of acting as an investment company.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company has maintained its income at a similar level to the previous year.

During the year, the company disposed of its investment in Caleas Assicurazioni SRL (Italy) and established a subsidiary, UIB Asia Reinsurance Brokers Pte Ltd (Singapore).

The directors consider the company's business will continue to develop although trading conditions are expected to be difficult.

RESULTS AND DIVIDENDS

Retained profit for the period after taxation was £16,540 (1996 £32,823 loss). The directors do not recommend a final dividend (1996 £nil).

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The directors set out in the table below have held office during the year from 1 January 1997 to the date of this report unless otherwise stated.

M G Kabban - Chairman
 B S Kabban
 P A Berridge - appointed 12 February 1998
 M J Davison
 G J Kabban - appointed 26 June 1997
 M G A Kamal - resigned 16 January 1998
 M R Lack - resigned 16 January 1998
 G Lille - resigned 16 January 1998
 C J Lockyer - resigned 16 January 1998
 N D J Oakley - appointed 12 February 1998

According to the register of directors' interests, none of the directors holding office on 31 December 1997 held beneficial interests in the £1 ordinary shares of the company. The beneficial interests of the directors holding office on 31 December 1997, in the share capital of the holding company, are shown in the accounts of that company.

TAXATION STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

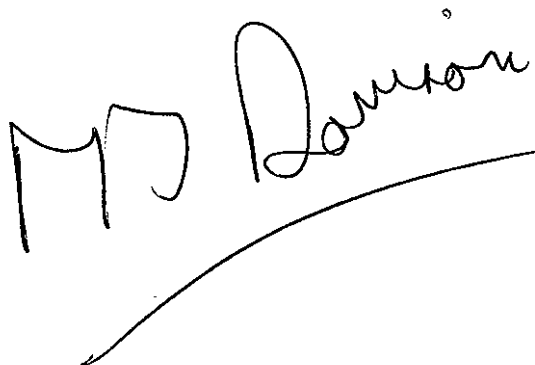
The auditors, Neville Russell will be proposed for re-appointment in accordance with Section 385(2) of the Companies Act 1985.

By order of the Board

MJ Davison
 Secretary

69 Mansell Street
 London E1 8AN

26 June 1998



REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

UIB INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared following the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the Report of the Directors, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 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 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 the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



CHARTERED ACCOUNTANTS
and Registered Auditors

24 Bevis Marks
London EC3A 7NR

26 June 1998

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1997

	Notes	1997 £	1996 £
Other operating income	2	16,423	30,196
Trading expenses		<u>3,601</u>	<u>66,578</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	12,822	(36,382)
Taxation on profit / (loss) on ordinary activities	6	<u>(3,718)</u>	<u>(3,559)</u>
RETAINED PROFIT / (LOSS) FOR THE YEAR	11	<u><u>£16,540</u></u>	<u><u>£(32,823)</u></u>

All recognised gains and losses are included in the Profit and Loss account above. The profit for the year has been calculated on the historical cost basis.

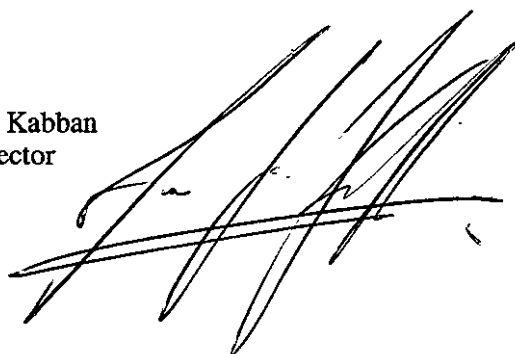
The company's turnover and expenses all relate to continuing operations.

BALANCE SHEET as at 31 December 1997

	Notes	1997	1996
		£	£
FIXED ASSETS			
Investments	8	392,978	375,954
CURRENT ASSETS			
Cash at bank and in hand		10,227	-
Debtors	9	-	1,310
Debtors falling due after more than one year	9	43,252	-
		53,479	1,310
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	10	405,975	353,322
NET CURRENT LIABILITIES		(352,496)	(352,012)
NET ASSETS		<u>£40,482</u>	<u>£23,942</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	11	40,480	23,940
SHAREHOLDERS' FUNDS	11	<u>£40,482</u>	<u>£23,942</u>

Approved by the board on 26 June 1998
and signed on its behalf by

B S Kabban
Director



NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Basis of preparation

Consolidated accounts have not been prepared as permitted by the exemption available under Section 248 of the Companies Act 1985.

(c) Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date at which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date.

Differences arising on the translation of such items are dealt with in the profit and loss account.

(d) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

(e) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

(f) Dividends

Dividends from investments are recognised in the period to which they relate.

2. OTHER OPERATING INCOME

	1997 £	1996 £
Dividends received	16,423	28,077
Other income	-	2,119
	<u>£16,423</u>	<u>£30,196</u>

3. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £	1996 £
The profit on ordinary activities before taxation is after charging:		
Auditors' remuneration	<u>£3,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997 (continued)

4. STAFF COSTS

	1997 £	1996 £
Staff costs, including directors' emoluments	<u>-</u>	<u>-</u>

5. DIRECTORS

None of the directors received emoluments from the company during the year (1996 £nil).

6. TAXATION

	1997 £	1996 £
United Kingdom corporation tax @ 31.5% (1996 33%)	-	90
Overprovision in respect of prior years	(4,539)	(5,477)
Foreign taxation suffered at source	<u>821</u>	<u>1,828</u>
	<u>£(3,718)</u>	<u>£(3,559)</u>

7. INTANGIBLE FIXED ASSETS

	Development Costs £
COST	
At 1 January 1997 and 31 December 1997	<u>£66,578</u>
AMORTISATION	
At 1 January 1997 and 31 December 1997	<u>£(66,578)</u>
NET BOOK VALUE	
At 1 January 1997 and 31 December 1997	<u>£nil</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997 (continued)

8. FIXED ASSET INVESTMENTS

(i) Unlisted investments

	Subsidiary Undertakings £	Associated Undertakings £	Trade Investments £	Total Unlisted £
COST				
As at 1 January 1997	70,420	257,244	48,290	375,954
Additions	10,586	194,635	-	205,221
Disposals	(9,491)	(178,706)	-	(188,197)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 1997	<u>£71,515</u>	<u>£273,173</u>	<u>£48,290</u>	<u>£392,978</u>

(ii) Subsidiaries held by the company

Subsidiaries	Country of Incorporation	Ordinary shares held	Nature of business
UIB Insurance Brokers SA	Switzerland	100%	Insurance broker
ARB SA	Switzerland	80%	Insurance broker

In the directors' opinion; the aggregate value of the above investments is not less than the amounts at which those assets are included in the Balance Sheet. As shown in the latest accounts available, the aggregate amount of capital and reserves, and retained profits of the subsidiaries for the period indicated were as follows:

Subsidiary	Period	Aggregate Capital and Reserves	Retained Profit for the period
UIB Insurance Brokers SA	Year ended 31 December 1997 (Unaudited)	£54,566 (CHF 130,686)	£261 (CHF 626)
ARB SA	Year ended 31 December 1996 (Audited)	£45,585 (CHF 109,176)	£3,831 (CHF 9,176)

(iii) Associates held by the company

Associates	Country of Incorporation	Ordinary shares held	Nature of business
UIB Asia Reinsurance Brokers Pte Ltd	Singapore	45%	Reinsurance broker
International Broking SL	Spain	35%	Insurance broker

In the directors' opinion, the aggregate value of the above investments is not less than the amounts at which those assets are included in the Balance Sheet. As shown in the latest draft unaudited accounts, the aggregate of capital and reserves, and retained profits attributable to the company's interest for the period indicated, were as follows:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997 (continued)

8. FIXED ASSET INVESTMENTS (continued)

(iii) Associates held by the company (continued)

Associates	Period	Attributable Capital and Reserves	Attributable Retained Profit/ (Loss) for the period
UIB Asia Reinsurance Brokers Pte Ltd	9 months to 31 December 1997	£86,616 (S\$ 241,772)	£(74,599) (S\$ (208,228))
International Broking SL	Year ended 31 December 1997	£(15,605) (PTS (3,913,878))	£(1,953) (PTS (489,752))

(iv) Trade investments held by the company

Trade Investment	Country of Incorporation	Ordinary shares held	Nature of business
MACS-ECICS Insurance Brokers Pte Ltd	Singapore	15%	Insurance broker
Yamato Reinsurance (Dublin) Ltd	Ireland	10.7%	Reinsurance captive

9. DEBTORS

	1997 £	1996 £
Amounts falling due within one year:		
Amounts owed to group undertakings	-	£1,310
Amounts falling due after more than one year:		
Other debtors	£43,252	£nil

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Amounts owed to group undertakings	402,975	352,828
Corporation tax	-	494
Other creditors	3,000	-
	<u>£405,975</u>	<u>£353,322</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997 (continued)

11. SHARE CAPITAL, RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital Authorised, Allotted, Issued & Fully Paid Ordinary Shares of £1 each £	Profit and Loss Account £	Total Shareholders' Funds £
Balance at 1 January 1996	2	56,763	56,765
Retained loss for the year	-	(32,823)	(32,823)
Balance at 31 December 1996	2	23,940	23,942
Retained profit for the year	-	16,540	16,540
Balance at 31 December 1997	<u>£2</u>	<u>£40,480</u>	<u>£40,482</u>

12. RELATED PARTY TRANSACTIONS

The company had various transactions with certain related parties during the year. Details of transactions and balances, together with details of the parties' relationship with the company are as follows:

Relationship	Nature of Transaction	1997 Transactions (to)/from £	1997 Balances due (to)/from £	1996 Transactions (to)/from £	1996 Balances due (to)/from £
UIB Holdings (UK) Limited					
Holding company	Inter-group finance	-	(352,828)	70,441	(352,828)
United Insurance Brokers Limited					
Fellow subsidiary	Inter-group finance	50,146	(50,146)	-	-

During the year, the associate undertaking Caleas Assicurazioni SRL (Italy) was transferred to United Insurance Brokers Limited through the inter-company books at the historic book cost of £178,706. Caleas Assicurazioni SRL was subsequently sold by United Insurance Brokers Limited for £223,436 and the profit on disposal was reflected in the books of United Insurance Brokers Limited.