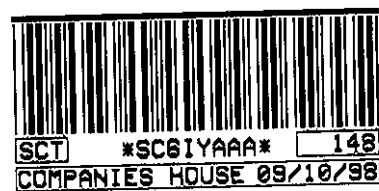


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BlackRock *SC160801*
International, Limited.

(formerly CastleInternational
Asset Management Limited)

Report and Accounts

31 December 1997

BlackRock International, Limited.
(formerly CastleInternational Asset Management Limited)

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £367,241 (1996: £990,757). The retained loss of £216,955 (1996: £990,757) for the year has been transferred to reserves. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The main business of the group is investment management. The company changed its name to BlackRock International, Limited. on 5 March 1998.

FUTURE DEVELOPMENTS

The directors aim to continue to conduct the business in such a way as to attract further clients.

FIXED ASSETS

Fixed assets of £14,638 (1996: £198,146) were acquired during the year.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1997 were as follows:

Gordon Anderson
Doug Waggoner
Peter Tait
Nigel Barry
Young Chin

No director was interested in the shares of the company.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the annual general meeting.

By order of the Board

Whitmore

DIRECTOR
DM COMPANY SERVICES LTD

Secretary

16 April 1998

100

100

100

100

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of BlackRock International, Limited.
(formerly CastleInternational Asset Management Limited)

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1997 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Chartered Accountants
Registered Auditor
Edinburgh

22 April 1998

BlackRock International, Limited.
(formerly CastleInternational Asset Management Limited)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1997

	<i>Note</i>	<i>Year ended</i> <i>31 December</i>	<i>Period ended</i> <i>31 December</i>
		<i>1997</i>	<i>1996</i>
		<i>£</i>	<i>£</i>
TURNOVER	2	2,276,789	1,086,336
Administrative expenses		(2,697,437)	(2,130,592)
OPERATING LOSS		(420,648)	(1,044,256)
Bank interest receivable		53,407	53,499
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(367,241)	(990,757)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR	12	(367,241)	(990,757)

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £367,241 in the year ended 31 December 1997 and of £990,757 in the period ended 31 December 1996.

BlackRock International, Limited.
(formerly CastleInternational Asset Management Limited)

BALANCE SHEET
at 31 December 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	6	145,003	167,890
CURRENT ASSETS			
Debtors	7	232,724	391,611
Cash at bank and in hand		762,649	1,138,030
		995,373	1,529,641
CREDITORS: amounts falling due within one year	8	199,321	754,575
NET CURRENT ASSETS		796,052	775,066
TOTAL ASSETS LESS CURRENT LIABILITIES		941,055	942,956
CREDITORS: amounts falling due after more than one year	9	150,286	-
		790,769	942,956
CAPITAL AND RESERVES:			
Share capital	10,12	1,300,000	1,300,000
Share premium account		848,767	633,713
Profit and loss account	12	(1,357,998)	(990,757)
Equity shareholders' funds	12	790,769	942,956

Gordon Anderson

16 April 1998

Director

BlackRock International, Limited.
(formerly CastleInternational Asset Management Limited)

STATEMENT OF CASH FLOWS
for the period ended 31 December 1997

	Notes	1997 £	1996 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	3(c)	(628,475)	(647,536)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		52,678	49,999
NET CASH INFLOW FROM RETURNS ON INVESTMENTS		52,678	49,999
TAXATION		-	-
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(14,638)	(198,146)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(14,638)	(198,146)
NET CASH OUTFLOW BEFORE FINANCING		(590,435)	(795,683)
FINANCING			
Proceeds from issue of shares		215,054	1,933,713
NET CASH INFLOW FROM FINANCING		215,054	1,933,713
(DECREASE)/INCREASE IN CASH		(375,381)	1,138,030

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

(Decrease)/increase in cash in the period	13	(375,381)	1,138,030
Net debt at 1 January	13	1,138,030	-
Net debt at 31 December	13	762,649	1,138,030

1. ACCOUNTING POLICIES

Basis of preparation
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Fixtures, fittings and equipment - over 4-10 years

Pensions
The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currency
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

TURNOVER
Turnover, which is stated net of value added tax, represents the amounts derived from corporate services.

(a) This is stated after charging:

The emoluments of the highest paid director were £275,357 (1996: £203,500).

	1997	1996
		£
c) Reconciliation of operating profit to net cash inflow from operating activities:		
Operating loss	(270,362)	(1,044,256)
Depreciation	37,525	30,256
Decrease/(increase) in debtors	159,616	(388,111)
(Decrease)/increase in creditors	(555,254)	754,575
	<u>(628,475)</u>	<u>647,536</u>

BlackRock International, Limited.
(formerly CastleInternational Asset Management Limited)

NOTES TO THE ACCOUNTS
at 31 December 1997

4. STAFF COSTS

	1997	1996
	£	£
Wages and salaries	1,012,398	899,916
Social security costs	103,979	73,425
Other pension costs	87,001	66,409
	<u>1,203,378</u>	<u>1,039,750</u>

The average weekly number of employees during the period was made up as follows:

	No	No
Office and management	<u>14</u>	<u>12</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

No tax is payable due to the availability of accumulated tax losses.

6. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Telephone £	Total £
Cost					
At 31 December 1996	88,591	43,264	47,352	18,939	198,146
Additions	-	12,536	2,042	60	14,638
At 31 December 1997	<u>88,591</u>	<u>55,800</u>	<u>49,394</u>	<u>18,999</u>	<u>212,784</u>
Depreciation					
At 31 December 1996	6,683	9,948	10,199	3,426	30,256
Charge for period	8,859	12,043	11,881	4,742	37,525
At 31 December 1997	<u>15,542</u>	<u>21,991</u>	<u>22,080</u>	<u>8,168</u>	<u>67,781</u>
Net book value					
At 31 December 1997	<u>73,049</u>	<u>33,809</u>	<u>27,314</u>	<u>10,831</u>	<u>145,003</u>
At 31 December 1996	<u>81,908</u>	<u>33,316</u>	<u>37,153</u>	<u>15,513</u>	<u>167,890</u>

7. DEBTORS

	1997	1996
	£	£
Trade debtors	185,984	337,045
Prepayments and accrued income	31,855	27,591
Other debtors	14,885	26,975
	<u>232,724</u>	<u>391,611</u>

BlackRock International, Limited.
(formerly CastleInternational Asset Management Limited)

NOTES TO THE ACCOUNTS
at 31 December 1997

8. CREDITORS: amounts falling due within one year

	1997	1996
	£	£
Other taxes and social security costs	31,007	29,247
Trade creditors	30,990	110,018
Accruals	137,324	615,310
	<u>199,321</u>	<u>754,575</u>

Accruals include £Nil (1996: £472,438) due to the parent undertaking.

9. CREDITORS: amounts falling due after more than one year

	1997	1996
	£	£
Long-term compensation scheme	150,286	-
	<u>150,286</u>	<u>-</u>

10. SHARE CAPITAL

	1997	Authorised 1996	Issued and fully paid 1997	1996
	£	£	£	£
Ordinary shares of £1 each	1,300,000	1,300,000	1,300,000	1,300,000
	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>

11. OTHER FINANCIAL COMMITMENTS

At 31 December the company had annual commitments under non-cancellable operating leases as set out below:-

	Land & buildings 1997	Motor vehicles 1997	Land & buildings 1996	Motor vehicles 1996
	£	£	£	£
Leases which expire:				
within one year	-	-	-	-
in the second to fifth year inclusive	-	46,144	-	47,393
in over five years	89,522	-	89,522	-
	<u>89,522</u>	<u>46,144</u>	<u>89,522</u>	<u>47,393</u>

BlackRock International, Limited.
(formerly CastleInternational Asset Management Limited)

NOTES TO THE ACCOUNTS
at 31 December 1997

12. RECONCILIATION OF RESERVES AND MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Called up share capital</i>	<i>Share premium</i>	<i>Profit and loss account</i>	<i>Long term compensation reserve</i>	<i>Shareholders' funds</i>
	£	£	£	£	
Balance:					
At 31 December 1996	1,300,000	633,713	(990,757)	-	942,956
Capital introduced	-	215,054	-	-	215,054
Profit attributable to members of the company	-	-	(367,241)	-	(367,241)
At 31 December 1997	<u>1,300,000</u>	<u>848,767</u>	<u>(1,357,998)</u>	<u>150,286</u>	<u>790,769</u>

13. NOTES TO THE STATEMENT OF CASH FLOW

Analysis of changes in net debt:

	<i>At 1 January 1997</i>	<i>Cash outflow</i>	<i>At 31 December 1997</i>
	£	£	£
Cash at bank and in hand	1,138,030	(375,381)	762,649

14. ULTIMATE PARENT COMPANY

The ultimate parent company of the group of undertakings for which group accounts are drawn up and of which the company is a member, is PNC Bank Corp. a company registered in the USA.

15. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 1997.

16. RELATED PARTIES

No disclosure of transactions with the parent company has been made as permitted by FRS8 para 3 (c).