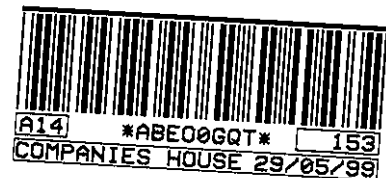


Aston Rothbury Group Plc

FINANCIAL STATEMENTS

for the year ended

31 December 1998



Company Registration No. 2807862

Aston Rothbury Group Plc

DIRECTORS AND OFFICERS

DIRECTORS

B C Nalborough
I J Clark
N A Sellars

SECRETARY

I J Clark

COMPANY NUMBER

2807862 (England and Wales)

REGISTERED OFFICE

2nd Floor, Romy House
159-167 Kings Road
Brentwood, Essex
CM14 4FF

AUDITORS

Baker Tilly
Iveco Ford House
Station Road
Watford
Herts
WD1 1TG

Aston Rothbury Group Plc

DIRECTORS' REPORT

The directors submit their report and financial statements of Aston Rothbury Group Plc for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of management services.

YEAR 2000

The directors have addressed the impact on the business of the year 2000. All computer systems, telecommunications and other technical systems have been assessed. Many of the company's systems and processes are already compliant and the directors anticipate that the review, including all necessary software modifications will be completed by 31 July 1999. The directors consider the costs of the review not to be material.

INTRODUCTION OF THE EURO

The company will be able to handle euro transactions when required.

REVIEW OF THE BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £29,633.

The directors do not recommend payment of an ordinary dividend.

DIRECTORS

The following directors have held office since 1 January 1998:-

B C Nalborough
I J Clark
N A Sellars

Aston Rothbury Group Plc

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

*Ordinary shares (50p called up) of £ 1
each*

	31.12.98	1.1.98
B C Nalborough	0	0
I J Clark	0	0
N A Sellars	0	0

Ordinary shares (£1 called up) of £ 1 each

	31.12.98	1.1.98
B C Nalborough	0	0
I J Clark	1	1
N A Sellars	0	0

*Redeemable 0% Preference shares of £ 1
each*

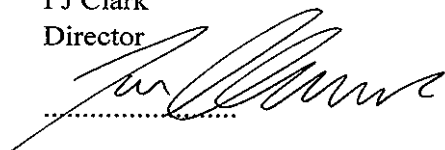
	31.12.98	1.1.98
B C Nalborough	0	0
I J Clark	0	0
N A Sellars	0	0

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

By order of the board

I J Clark
Director



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Aston Rothbury Group Plc

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF ASTON ROTHBURY GROUP PLC

We have audited the financial statements on pages 6 to 16.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of 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 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 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
Iveco Ford House
Station Road
Watford
Herts
WD1 1TG

5 May 1999

Aston Rothbury Group Plc

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1998

	<i>Notes</i>	1998 £	1997 £
TURNOVER	1	131,198	384,324
Other operating expenses	2	97,067	384,315
OPERATING PROFIT		34,131	9
Interest payable and similar charges	3	68	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	34,063	9
Taxation	6	4,430	5,021
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	12	29,633	(5,012)

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Aston Rothbury Group Plc

BALANCE SHEET

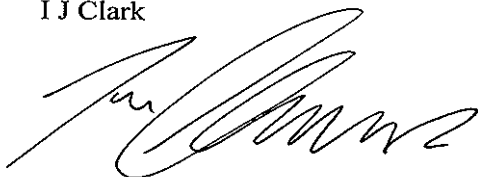
31 December 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	7	108,427	90,604
Investments	8	1,185,003	1,185,003
		<u>1,293,430</u>	<u>1,275,607</u>
CURRENT ASSETS			
Debtors	9	816,184	839,533
Cash at bank and in hand		-	5,778
		<u>816,184</u>	<u>845,311</u>
CREDITORS: Amounts falling due within one year	10	1,100,165	1,141,102
NET CURRENT LIABILITIES		<u>(283,981)</u>	<u>(295,791)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,009,449</u>	<u>979,816</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,025,001	1,025,001
Profit and loss account	12	(15,552)	(45,185)
SHAREHOLDERS' FUNDS	13	<u>1,009,449</u>	<u>979,816</u>
Equity interests		9,449	(20,184)
Non-equity interests		1,000,000	1,000,000
		<u>1,009,449</u>	<u>979,816</u>

Approved by the board on 4 May 1999

I J Clark

Director



Aston Rothbury Group Plc

CASH FLOW STATEMENT

for the year ended 31 December 1998

	<i>Notes</i>	1998 £	1997 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	14	26,187	200,630
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(68)	-
Net cash inflow/(outflow) for returns on investments and servicing of finance		(68)	-
TAXATION		(1,348)	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible assets		(32,472)	(10,736)
Payments to acquire investments		-	(185,000)
Net cash outflow for capital expenditure		(32,472)	(195,736)
INCREASE/(DECREASE) IN CASH IN THE YEAR		(7,701)	4,894

Aston Rothbury Group Plc

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold land and buildings	over the term of the lease
Fixtures, fittings and equipment	4-8 years

INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

LEASED ASSETS

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Aston Rothbury Group Plc

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1998

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2. OTHER OPERATING EXPENSES

	1998	1997
	£	£
Administrative expenses	97,067	384,315

3. INTEREST PAYABLE

	1998	1997
	£	£
On bank loans and overdrafts	68	-

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998	1997
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets:		
Charge for the year:		
owned assets	14,649	11,914
Hire of plant and machinery	546	534
Operating lease rentals:		
Land and buildings	26,332	14,270
Auditors' remuneration	1,200	1,000

5. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:	1998	1997
	No.	No.
Office and management	3	11
	£	£
Staff costs for the above persons:		
Wages and salaries	2,640	287,775
Social security costs	-	27,170
	2,640	314,945

Aston Rothbury Group Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

6. TAXATION	1998 £	1997 £
Based on the profit for the year:		
U.K. Corporation tax at 21% (1997 - 22%)	8,103	5,021
Over provided in earlier years	(3,673)	-
	<u>4,430</u>	<u>5,021</u>

7. TANGIBLE FIXED ASSETS

	<i>Leasehold land and buildings £</i>	<i>Fixtures, fittings and equipment £</i>	<i>Total £</i>
Cost			
1 January 1998	100,330	15,103	115,433
Additions	9,380	23,093	32,473
31 December 1998	<u>109,710</u>	<u>38,196</u>	<u>147,906</u>
Depreciation			
1 January 1998	22,524	2,305	24,829
Charge in the year	10,809	3,841	14,650
31 December 1998	<u>33,333</u>	<u>6,146</u>	<u>39,479</u>
Net book value			
31 December 1998	<u>76,377</u>	<u>32,050</u>	<u>108,427</u>
31 December 1997	<u>77,806</u>	<u>12,798</u>	<u>90,604</u>

Aston Rothbury Group Plc

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1998

8. FIXED ASSET INVESTMENTS

	<i>Shares in subsidiary undertakings £</i>
Cost	
1 January 1998 and 31 December 1998	1,185,003

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Aston Rothbury Factors Limited	England	Ordinary	100
Aston Rothbury & Co. Limited	England	Ordinary	100
Aston Rothbury Discount Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Aston Rothbury Factors Limited	1,048,902	128,786
Aston Rothbury & Co. Limited	(78,943)	6,377
Aston Rothbury Discount Limited	2	-

Consolidated financial statements have not been prepared as the company is exempt from the requirement to do so by the virtue of s248 Companies Act 1985.

These accounts therefore present information about the parent company and not the group.

9. DEBTORS	1998	1997
	£	£
Due within one year		
Amounts owed by group undertakings	804,598	815,000
Other debtors	-	13,886
Prepayments and accrued income	11,586	10,647
	<u>816,184</u>	<u>839,533</u>

Aston Rothbury Group Plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

10. CREDITORS: Amounts falling due within one year	1998	1997
	£	£
Bank loans and overdrafts	1,923	-
Trade creditors	8,018	1,756
Amounts owed to group undertakings	1,065,303	1,100,000
Corporation tax	8,103	5,021
Other taxes and social security costs	1,894	14,972
Accruals and deferred income	14,924	19,353
	<u>1,100,165</u>	<u>1,141,102</u>

11. SHARE CAPITAL	1998	1997
	£	£
Authorised		
1,000,000 Ordinary shares (50p called up) of £ 1 each	1,000,000	1,000,000
1,000,000 Redeemable 0% Preference shares of £ 1 each	1,000,000	1,000,000
	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, issued and fully paid		
49,998 Ordinary shares (50p called up) of £1 each	24,999	24,999
2 Ordinary shares (£1 called up) of £ 1 each	2	2
1,000,000 Redeemable 0% Preference shares of £ 1 each	1,000,000	1,000,000
	<u>1,025,001</u>	<u>1,025,001</u>

The redeemable, preference shares are redeemable at the holder's option at any time. They have no dividend or voting rights and do not confer the right to any participation in the company's profits. In the event of a winding up, the holders of the preference shares have priority to any other class of share in paying to them the capital on such shares, but no right to any surplus assets of the company.

12. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account</i> £
1 January 1998	(45,185)
Retained profit for the year	29,633
31 December 1998	<u>(15,552)</u>

Aston Rothbury Group Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1998	1997
	£	£
Profit/(Loss) for the financial year	29,633	(5,012)
Opening shareholders' funds	979,816	984,828
	<u> </u>	<u> </u>
Closing shareholders' funds	1,009,449	979,816
	<u> </u>	<u> </u>

Aston Rothbury Group Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

14. CASH FLOWS		1998	1997	
		£	£	
a. Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit		34,131	9	
Depreciation of tangible assets		14,649	11,914	
Decrease/(increase) in debtors		23,349	(814,925)	
(Decrease)/Increase in creditors within one year		(45,942)	1,003,632	
		<u>26,187</u>	<u>200,630</u>	
Net cash inflow from operating activities				
		<u>26,187</u>	<u>200,630</u>	
b. Analysis of net (debt)/funds	1 January 1998	Cash flow	Other non-cash changes	31 December 1998
	£	£	£	£
Net cash:				
Cash at bank and in hand	5,778	(5,778)		-
Bank overdrafts	-	(1,923)		(1,923)
	<u>5,778</u>	<u>(7,701)</u>		<u>(1,923)</u>
Debt:				
	<u>5,778</u>	<u>(7,701)</u>		<u>(1,923)</u>
Net funds/(debt)	<u>5,778</u>	<u>(7,701)</u>	<u>-</u>	<u>(1,923)</u>
c. Reconciliation of net cash flow to movement in net debt		1998	1997	
		£	£	
(Decrease)/increase in cash in the year		(7,701)	4,894	
Cash inflow from increase in debt		-	-	
		<u>(7,701)</u>	<u>4,894</u>	
Movement in net (debt)/funds in the year		<u>(7,701)</u>	<u>4,894</u>	
Opening net funds		5,778	884	
		<u>5,778</u>	<u>884</u>	
Closing net (debt)/funds		(1,923)	5,778	
		<u>(1,923)</u>	<u>5,778</u>	

Aston Rothbury Group Plc

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1998

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998	1997
	£	£
Land and buildings expiring after five years	48,987	26,757

16. RELATED PARTY TRANSACTIONS

The directors consider Red Star Investments Limited, which is incorporated in the Isle of Man, as the ultimate parent undertaking.

The following transactions with related parties arose during the year:

Management charges rendered:

Aston Rothbury Factors Limited £76,633 (1997 - £249,326)

Aston Rothbury & Co. Limited £7,466 (1997 - £91,266)

Loan fees rendered:

Aston Rothbury Factors Limited £11,025 (1997 - £nil)

Aston Rothbury & Co. Limited £23,500 (1997 - £nil)

The following balance was due to a related party at the balance sheet date:

Red Star Investments Limited £1,065,300 (1997 - £1,100,000)

The following balances were due from related parties at the balance sheet date:

Aston Rothbury Factors Limited £321,890 (1997 - £315,000)

Aston Rothbury & Co. Limited £482,707 (1997 - £500,000)