

FIRST LEADER (UK) LIMITED
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000
TOGETHER WITH DIRECTORS' AND AUDITOR'S REPORT

RAMSDENS
Chartered Accountants
Birstall House
6 Bourbon Street
Aylesbury
Bucks



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FIRST LEADER (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000

The directors present their annual report on the company, together with the accounts and auditors' report, for the year ended 31st December 2000.

PRINCIPAL ACTIVITY

The company's principal activity was the provision of agency services.

BUSINESS REVIEW, RESULTS AND DIVIDENDS

| The results for the year were as follows:- | <u>2000</u> | <u>1999</u> |
|---|-------------|-------------|
| Turnover | £930,314 | £760,237 |
| Profit on Ordinary Activities before Taxation | £103,368 | £ 69,113 |
| Profit on Ordinary Activities after Taxation | £ 66,229 | £ 31,606 |


| The directors who served during the year were:- | <u>Ordinary Shares</u> <u>of £1 each</u> | |
|---|---|-------------|
| | <u>2000</u> | <u>1999</u> |
| Doctor N Levy (Israeli) | - | - |
| R Cohen (Israeli) | - | - |
| A L Terzakian (Australian) | - | - |
| S Aspiotis (Greek) | - | - |

No dividend is proposed for the year.

AUDITORS

The directors will place a resolution before the Annual General Meeting to re-appoint Ramsdens as auditors for the ensuing year.

By Order of the Board



Secretary

AUDITOR'S REPORT TO THE MEMBERS

OF

FIRST LEADER (UK) LIMITED

We have audited the financial statements on pages 3 to 8, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999) under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 year. 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, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and 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.

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 irregularities 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 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Birstall House
6 Bourbon Street
Aylesbury
Bucks

25 September 2001

Ramsdens

RAMSDENS
Chartered Accountants
and Registered Auditors

FIRST LEADER (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2000

| | <u>Notes</u> | <u>2000</u> | <u>1999</u> |
|--|--------------|-------------|-------------|
| TURNOVER | | 930,314 | 760,237 |
| Less: Cost of Sales | | 167,303 | 155,328 |
| | | 763,011 | 604,909 |
| Net Operating Expenses | | 654,271 | 530,676 |
| OPERATING PROFIT | 2 | 108,740 | 74,233 |
| Interest Payable | 3 | 5,372 | 5,120 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 103,368 | 69,113 |
| Tax Charge on Profit on Ordinary Activities | 6 | 37,139 | 37,507 |
| PROFIT FOR THE FINANCIAL YEAR | | 66,229 | 31,606 |
| Debts Written Off | | - | 439,544 |
| | | 66,229 | (407,938) |
| RETAINED PROFIT, Beginning of Year | | 9,807 | 417,745 |
| RETAINED PROFIT, End of Year | | £ 76,036 | £ 9,807 |

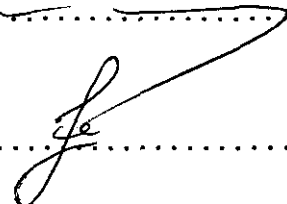
The accompanying notes form an integral part of this Profit and Loss Account.

FIRST LEADER (UK) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2000

| | <u>Notes</u> | <u>2000</u> | <u>1999</u> |
|---|--------------|-------------|-------------|
| <u>FIXED ASSETS</u> | | | |
| Tangible Assets | 7 | 114,585 | 55,003 |
| <u>CURRENT ASSETS</u> | | | |
| Debtors | 8 | 136,739 | 76,914 |
| Cash at Bank and On Hand | | 41,043 | 124 |
| | | 177,782 | 77,038 |
| <u>CREDITORS:-</u> | | | |
| Amounts falling due within one year | 9 | 207,897 | 114,613 |
| <u>NET CURRENT ASSETS/(LIABILITIES)</u> | | (30,115) | (37,575) |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | 84,470 | 17,428 |
| <u>CREDITORS:-</u> | | | |
| Amounts falling due after more than one year | 10 | 8,334 | 7,521 |
| <u>NET ASSETS</u> | | £ 76,136 | £ 9,907 |
| <u>SHAREHOLDERS' FUNDS</u> | | | |
| Called Up Share Capital | 11 | 100 | 100 |
| Reserves | | 76,036 | 9,807 |
| | | £ 76,136 | £ 9,907 |

The accounts were approved by the Board of Directors on 25 September 2001.


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)
) Directors
)
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The annexed notes form part of these accounts.

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

The principal accounting policies are:-

a) Basis of Accounting

These accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

b) ~~Tangible~~ Fixed Assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its estimated useful life as follows:-

| | |
|------------------------|------|
| Motor Vehicles | 25% |
| Fixtures and Fittings | 25% |
| Leasehold Improvements | 10% |
| Computer Equipment | 100% |

c) Debtors

Debtors are stated net of any provision for bad and doubtful debts.

d) Taxation

Corporation tax is payable on taxable profits at the current rate.

e) Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of services in the normal course of business.

f) Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Depreciation on the relevant assets is charged to the Profit and Loss Account.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account using the rule of 78 method.

All other leases are 'operating' leases, and the annual rentals are charged to the profit and loss account of a straight-line basis over the lease term.

g) Cash Flow Statement

Exemption under FRS1 applies on the grounds that the company qualifies as a small company.

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

Continued

| | | |
|--|-------------------|-------------------|
| | <u>2000</u> | <u>1999</u> |
| 2. <u>OPERATED PROFIT</u> | £ | £ |
| Total Directors' Emoluments | 59,361 | 58,619 |
| Auditors Remuneration and Expenses | 9,000 | 9,000 |
| Depreciation of Assets | 53,632 | 32,361 |
| Loss on Sale of Tangible Fixed Assets | - | 570 |
| | <u> </u> | <u> </u> |
| and after crediting:- | | |
| Profit on Sale of Tangible Fixed Assets | <u>1,760</u> | <u>-</u> |
| | | |
| 3. <u>INTEREST PAYABLE AND SIMILAR CHARGES</u> | <u>2000</u> | <u>1999</u> |
| Interest Payable - Bank Loans and Overdrafts and other Loans repayable within five years:- | 1,310 | 1,123 |
| - all other loans | 104 | 37 |
| Finance charges payable - finance leases and Hire Purchase Contracts | 3,958 | 3,960 |
| | <u>£ 5,372</u> | <u>£ 5,120</u> |
| | | |
| 4. <u>STAFF COSTS</u> | | |
| The average number of persons employed by the company, including directors, during the year was as follows:- | | |
| | <u>2000</u> | <u>1999</u> |
| Management and Administration | <u>6</u> | <u>7</u> |
| The aggregate payroll costs of these persons were as follows:- | | |
| | <u>2000</u> | <u>1999</u> |
| Wages and Salaries | 212,133 | 217,742 |
| Social Security | - | 24,987 |
| Other Pension Costs | 26,205 | - |
| | <u>£238,338</u> | <u>£242,729</u> |
| | | |
| 5. <u>DIRECTORS' REMUNERATION</u> | <u>2000</u> | <u>1999</u> |
| (excluding pension contributions) | £ 59,361 | £ 58,619 |
| | <u> </u> | <u> </u> |
| The remuneration of the chairman was | <u>£ 51,840</u> | <u>£ 51,840</u> |
| | | |
| The remuneration of the directors, including the above, was within the following ranges:- | | |
| | <u>2000</u> | <u>1999</u> |
| £ 0 - £ 5,000 | 3 | 3 |
| £25,001 - £35,000 | - | - |
| £35,001 - £55,000 | 1 | 1 |

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

Continued

| | | |
|---|-------------|-------------|
| 6. <u>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</u> | <u>2000</u> | <u>1999</u> |
| Corporation Tax based on profits for the year | £ 37,139 | £ 37,507 |

7. TANGIBLE FIXED ASSETS

The following are included in the net book value of tangible fixed assets:-

| | <u>TOTAL</u> | <u>Motor Vehicles</u> | <u>Fixtures & Fittings</u> | <u>Computer Equipment</u> | <u>Leasehold Improvement</u> |
|---------------------------|--------------|---------------------------|------------------------------------|-------------------------------|----------------------------------|
| <u>COST</u> | | | | | |
| Balance as at 1.1.00 | 181,750 | 129,469 | 52,281 | - | - |
| Additions in Year | 134,496 | 34,740 | 18,261 | 12,192 | 69,303 |
| Disposals in Year | (70,365) | (37,917) | (32,448) | - | - |
| <hr/> | | | | | |
| Balance as at 31.12.00 | 245,881 | 126,292 | 38,094 | 12,192 | 69,303 |
| <hr/> | | | | | |
| <u>DEPRECIATION</u> | | | | | |
| Depreciation as at 1.1.00 | 126,747 | 80,458 | 46,289 | - | - |
| Charge for Year | 53,632 | 28,447 | 6,063 | 12,192 | 6,930 |
| Depreciation on Disposals | (49,083) | (18,958) | (30,125) | - | - |
| <hr/> | | | | | |
| Balance as at 31.12.00 | 131,296 | 89,947 | 22,227 | 12,192 | 6,930 |
| <hr/> | | | | | |
| <u>NET BOOK VALUE</u> | | | | | |
| 31st December 2000 | 114,585 | 36,345 | 15,867 | - | 62,373 |
| <hr/> | | | | | |
| 31st December 1999 | 55,003 | 49,011 | 5,992 | - | - |
| <hr/> | | | | | |

| | | |
|--|-------------|-------------|
| 8. <u>DEBTORS</u> - All receivable within one year | <u>2000</u> | <u>1999</u> |
| Trade Debtors | - | 30,000 |
| Other Debtors | 31,095 | 35,688 |
| Prepayments and Accrued Income | 105,644 | 11,226 |
| Holding Company | - | - |
| | <hr/> | <hr/> |
| | £136,739 | £ 76,914 |
| | <hr/> | <hr/> |

| | | |
|---|-------------|-------------|
| 9. <u>CREDITORS</u> - Amounts falling due within one year | <u>2000</u> | <u>1999</u> |
| Social Security and Other Taxes | 8,218 | 8,096 |
| Other Creditors | 151,985 | 22,645 |
| Obligations under Finance Leases and Hire Purchase Contracts | 10,555 | 23,016 |
| Bank Overdrafts and Loans | - | 23,349 |
| Current Taxation | 37,139 | 37,507 |
| | <hr/> | <hr/> |
| | £207,897 | £114,613 |
| | <hr/> | <hr/> |

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

Continued

10. CREDITORS - Amounts falling due after more than one year
(If any of the following fall due after more than five years a further analysis is required giving the amounts falling due after that time)

| | <u>2000</u> | <u>1999</u> |
|---|----------------|----------------|
| Obligations under finance leases and Hire Purchase Contracts | 8,334 | 7,521 |
| | <u>£ 8,334</u> | <u>£ 7,521</u> |

11. SHARE CAPITAL

The authorised, allotted and fully paid share capital of the company consisted of 100 shares of £1 each amounting to £100.

| | <u>2000</u> | <u>1999</u> |
|---|--------------|--------------|
| 100 Ordinary Shares of £1 each - Authorised | <u>£ 100</u> | <u>£ 100</u> |
| 100 Ordinary Shares of £1 each - Issued and Fully Paid | <u>£ 100</u> | <u>£ 100</u> |

12. ULTIMATE HOLDING COMPANY

The company is a subsidiary of First Leader SA, a company incorporated in Panama.

13. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of First Leader SA. First Leader SA have provided the share capital of £100.