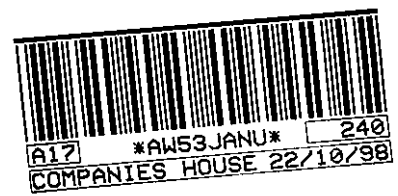


FIRST LEADER (UK) LIMITED
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997
TOGETHER WITH DIRECTORS' AND AUDITOR'S REPORT

RAMSDENS
Chartered Accountants
Birstall House
6 Bourbon Street
Aylesbury
Bucks

No. of views of companies for the year.



FIRST LEADER (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1997

The directors present their annual report on the company, together with the accounts and auditors' report, for the year ended 31st December 1997.

DIRECTORS' RESPONSIBILITIES

Company law requires us as 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 we 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;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enables me to ensure that the financial statements comply with the Companies Act 1985. We 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 was the provision of agency services.

BUSINESS REVIEW, RESULTS AND DIVIDENDS

The results for the year were as follows:-

	<u>1997</u>	<u>1996</u>
Turnover - Continuing Operations	£782,759	£757,366
Profit on Ordinary Activities before Taxation	£ 71,160	£ 68,851
Profit on Ordinary Activities after Taxation	£ 45,210	£ 41,278

The directors who served during the year were:-

	<u>Ordinary Shares</u> <u>of £1 each</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

David Smith
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 under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, 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 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 1997 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

19th October 1998

Ramsdens

RAMSDENS
Chartered Accountants
and Registered Auditors

FIRST LEADER (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
TURNOVER - Continuing Operations		782,759	757,366
Less: Cost of Sales - Continuing Operations		123,627	123,620
		<u>659,132</u>	<u>633,746</u>
Net Operating Expenses - Continuing Operations		585,082	561,245
OPERATING PROFIT - Continuing Operations	2	74,050	72,501
Interest Payable	3	2,890	3,650
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>71,160</u>	<u>68,851</u>
Tax Charge on Profit on Ordinary Activities	6	25,950	27,573
PROFIT FOR THE FINANCIAL YEAR		<u>45,210</u>	<u>41,278</u>
RETAINED PROFIT, Beginning of Year		319,903	278,625
RETAINED PROFIT, End of Year		<u>£365,113</u>	<u>£319,903</u>

The company has no recognised gains and losses other than those included in the 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 equivalent.

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

FIRST LEADER (UK) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
<u>FIXED ASSETS</u>			
Tangible Assets	7	50,547	55,169
<u>CURRENT ASSETS</u>			
Debtors	8	401,618	359,792
Cash at Bank and On Hand		7,418	6,565
		409,036	366,357
<u>CREDITORS:-</u>			
Amounts falling due within one year	9	73,866	89,831
<u>NET CURRENT ASSETS</u>			
		335,170	276,526
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
		385,717	331,695
<u>CREDITORS:-</u>			
Amounts falling due after more than one year	10	20,504	11,692
<u>NET ASSETS</u>			
		£365,213	£320,003
<u>SHAREHOLDERS' FUNDS</u>			
Called Up Share Capital	11	100	100
Reserves		365,113	319,903
	12	£365,213	£320,003

The accounts were approved by the Board of Directors on 19th October 1998.

.....)
 signed on behalf of the Directors
 account of the Company) **Directors**

The annexed notes form part of these accounts.

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

The principal accounting policies are:-

a) Basis of Accounting

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards.

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%

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 1997

Continued

	<u>1997</u>	<u>1996</u>
2. <u>OPERATED PROFIT</u>	£	£
Total Directors' Emoluments	98,441	86,473
Auditors Remuneration and Expenses	8,000	8,000
Depreciation of Assets	44,805	35,521
Loss on Sale of Tangible Fixed Assets	-	-
	<u> </u>	<u> </u>
and after crediting:-		
Profit on Sale of Tangible Fixed Assets	<u>7,500</u>	<u>4,400</u>

	<u>1997</u>	<u>1996</u>
3. <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>		
Interest Payable - Bank Loans and Overdrafts and other Loans repayable within five years:-		
- all other loans	1,135	1,127
Finance charges payable - finance leases and Hire Purchase Contracts	<u>1,755</u>	<u>2,523</u>
	<u>£ 2,890</u>	<u>£ 3,650</u>

	<u>1997</u>	<u>1996</u>
4. <u>STAFF COSTS</u>		
The average number of persons employed by the company, including directors, during the year was as follows:-		
Management and Administration	<u>9</u>	<u>10</u>

The aggregate payroll costs of these persons were as follows:-

	<u>1997</u>	<u>1996</u>
Wages and Salaries	292,153	294,805
Social Security	33,548	32,567
Other Pension Costs	-	-
	<u>£325,701</u>	<u>£327,372</u>

	<u>1997</u>	<u>1996</u>
5. <u>DIRECTORS' REMUNERATION</u>		
(excluding pension contributions)	<u>£ 87,840</u>	<u>£ 76,860</u>
The remuneration of the chairman was	<u>£ 51,840</u>	<u>£ 43,360</u>

The remuneration of the directors, including the above, was within the following ranges:-

	<u>1997</u>	<u>1996</u>
£ 0 - £ 5,000	2	2
£25,001 - £35,000	-	-
£35,001 - £55,000	2	2

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

Continued

6. <u>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</u>		<u>1997</u>	<u>1996</u>
Corporation Tax based on profits for the year at 33%		£ 25,950	£ 27,573
		<hr/>	<hr/>
7. <u>TANGIBLE FIXED ASSETS</u>			
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>COST</u>			
Balance as at 1.1.97	219,366	177,610	41,756
Additions in Year	40,183	31,902	8,281
Disposals in Year	(32,880)	(32,880)	-
	<hr/>	<hr/>	<hr/>
Balance as at 31.12.97	£226,669	176,632	50,037
	<hr/>	<hr/>	<hr/>
<u>DEPRECIATION</u>			
Depreciation as at 1.1.97	164,197	133,187	31,010
Charge for Year	44,805	33,033	11,772
Depreciation on Disposals	(32,880)	(32,880)	-
	<hr/>	<hr/>	<hr/>
Balance as at 31.12.97	£176,122	133,340	42,782
	<hr/>	<hr/>	<hr/>
<u>NET BOOK VALUE</u>			
31st December 1997	£ 50,547	43,292	7,255
	<hr/>	<hr/>	<hr/>
31st December 1996	£ 55,169	44,423	10,746
	<hr/>	<hr/>	<hr/>
		<u>1997</u>	<u>1996</u>
8. <u>DEBTORS</u> - All receivable within one year			
Trade Debtors		249,521	218,933
Other Debtors		11,187	7,031
Prepayments and Accrued Income		20,492	13,410
Holding Company		120,418	120,418
		<hr/>	<hr/>
		£401,618	£359,792
		<hr/>	<hr/>
		<u>1997</u>	<u>1996</u>
9. <u>CREDITORS</u> - Amounts falling due within one year			
Trade Creditors		-	-
Social Security and Other Taxes		10,972	20,940
Other Creditors		22,710	30,427
Obligations under Finance Leases and Hire Purchase Contracts		14,234	10,891
Bank Overdrafts and Loans		-	-
Current Taxation		25,950	27,573
		<hr/>	<hr/>
		£ 73,866	£ 89,831
		<hr/>	<hr/>

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

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>1997</u>	<u>1996</u>
Trade Creditors	-	-
Other Creditors	-	-
Obligations under finance leases and Hire Purchase Contracts	20,504	11,692
Bank Loans	-	-
	<u>£ 20,504</u>	<u>£ 11,692</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>1997</u>	<u>1996</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>

	<u>1997</u>	<u>1996</u>
12. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS</u>		
Profit for the Year	45,210	41,278
Opening Shareholders Funds	320,003	278,725
Closing Shareholders Funds	<u>£365,213</u>	<u>£320,003</u>

13. ULTIMATE HOLDING COMPANY

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

FINANCIAL EXPENSES

14. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of First Leader SA. The holding company owes First Leader (UK) Limited £120,418. There was no movement during the year.