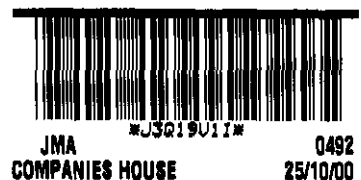


Prosoft Resources Limited

Report and Accounts

31 December 1999

Registered no: 1993280



Prosoft Resources Limited

Registered No. 1993280

DIRECTORS

A Hoy
D Bonsall

SECRETARY


G Wallace

AUDITORS

Ernst & Young
100 Barbirolli Square
Manchester
M2 3EY

REGISTERED OFFICE

EQE House
The Beacons
Warrington Road
Birchwood
Warrington
Cheshire
WA3 6WJ

 **ERNST & YOUNG**

Prosoft Resources Limited

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The loss for the year, after taxation amounted to £9,787 (1998: £65,130). The directors do not recommend a dividend in the current year.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principle activity during the period continued to be computer software consultancy. The business of Prosoft Resources Limited was hived up into that of its parent undertaking, EQE International Limited, on 1st May 1999.

RESEARCH AND DEVELOPMENT

Prosoft Resources Limited was committed to research and development as an important activity which contributes to the future success of the company and the group following the hive up. R&D activities take the form of fully funded activities carried out on behalf of clients or groups of clients, part funded activities where Prosoft contributed resources or activities fully or partly funded by EQE International Ltd (or EQE International Inc.).

EURO COMPLIANCE

The directors have considered the implementation of the Euro and do not consider it to have a significant impact on the business.

FUTURE DEVELOPMENTS

The business will continue to develop within EQE International Limited. Prosoft Resources Limited will become dormant.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year are noted on page 2.

No director at the year end had any interest in the share capital of the company during the year.

AUDITORS

A resolution to appoint KPMG as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary
G Wallace

Date 20 October 2000

Prosoft Resources Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS to the members of Prosoft Resources Limited

We have audited the accounts on pages 6 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

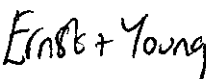
Basis of opinion

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 affairs of the company as at 31 December 1999 and of the results of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Manchester
Date 20 October 2000

Prosoft Resources Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

		<i>Year ended 31 December 1999</i>	<i>Period ended 31 December 1998</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	79,063	200,673
Cost of sales		26,708	69,214
GROSS PROFIT		<u>52,355</u>	<u>131,459</u>
Administration expenses		55,474	180,953
OPERATING LOSS	3	<u>(3,119)</u>	<u>(49,494)</u>
Interest receivable		111	-
Interest payable and similar charges	6	(7,016)	(15,390)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(10,024)</u>	<u>(64,884)</u>
Taxation expense (benefit) on loss on ordinary activities	7	(237)	246
LOSS TRANSFERRED FROM RESERVES FOR THE FINANCIAL YEAR		<u>(9,787)</u>	<u>(65,130)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £9,787 in the year ended 31 December 1999 (1998: £65,130).

Prosoft Resources Limited

BALANCE SHEET at 31 December 1999

		31 December 1999	31 December 1998
	Notes	£	£
FIXED ASSETS			
Intangible assets	8	-	34,305
Tangible assets	9	-	31,947
		<u>-</u>	<u>66,252</u>
CURRENT ASSETS			
Stock and work in progress		-	194,650
Debtors	10	-	85,009
		<u>-</u>	<u>279,659</u>
CREDITORS: amounts falling due within one year	11	27,517	360,847
NET CURRENT ASSETS		<u>(27,517)</u>	<u>(81,188)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(27,517)</u>	<u>(14,936)</u>
CREDITORS: amounts falling due after more than one year	12	-	2,794
		<u>(27,517)</u>	<u>(17,730)</u>
CAPITAL AND RESERVES			
Called up share capital	14 and 15	29,328	29,328
Profit and loss account	15	(56,845)	(47,058)
		<u>(27,517)</u>	<u>(17,730)</u>

A. S. H. 20/10/00
Director - A. Hoy

Prosoft Resources Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES

Basis of preparation

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

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of EQE International Limited and its cash flows are included within the consolidated cash flow of that company.

Development costs

Development costs on software, which is in commercial production, are capitalised. These costs are depreciated over the sales life of the software.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the costs of each asset evenly over its expected useful life, as follows:

Furniture and fixtures	15% on cost
Motor vehicles	25% on cost
Computer equipment	15% on cost

Long term contracts

Amounts recoverable on contracts are valued at anticipated net sales value of work done after provision for contingencies and anticipated future losses on contracts.

Payments received on account of contracts are deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors

Foreign currencies

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.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Stocks

Work in progress is valued at the lower of cost and net realisable value. Costs include all direct expenditures and an appropriate proportion of fixed and variable overhead.

Prosoft Resources Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Pensions

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

2. TURNOVER

The turnover and loss are attributable to one principal activity of the company.

3. OPERATING PROFIT

	<i>Year ended</i> <i>31 December</i> <i>1999</i> £	<i>Period ended</i> <i>31 December</i> <i>1998</i> £
This is stated after charging:		
Auditors' remuneration - audit services	-	2,350
Depreciation of owned fixed assets	7,084	7,822
Depreciation of assets held under finance leases and hire purchase contracts	3,028	12,724
Amortisation of software development costs	6,237	-
Pension costs	1,932	15,383
	<u> </u>	<u> </u>

4. DIRECTORS' REMUNERATION

	<i>Year ended</i> <i>31 December</i> <i>1999</i> £	<i>Period ended</i> <i>31 December</i> <i>1998</i> £
Emoluments	-	50,202
	<u> </u>	<u> </u>
Company contributions paid to money purchase pension schemes	-	8,831
	<u> </u>	<u> </u>
Members of money purchase pension scheme	-	3
	<u> </u>	<u> </u>

Prosoft Resources Limited

NOTES TO THE ACCOUNTS at 31 December 1999

5. STAFF COSTS

	<i>Year ended 31 December 1999</i>	<i>Period ended 31 December 1998</i>
	<i>£</i>	<i>£</i>
Wages and salaries	77,895	167,793
Social security costs	7,628	15,611
Other pension costs	1,932	6,552
	<u>87,455</u>	<u>189,956</u>

The average weekly number of employees during the year was as follows:

	<i>1999 No.</i>	<i>1998 No.</i>
All staff	5	15

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Year ended 31 December 1999</i>	<i>Period ended 31 December 1998</i>
	<i>£</i>	<i>£</i>
Bank loans, overdrafts and other loans repayable within five years	5,844	6,733
Finance charges payable under finance leases and hire purchase contracts	586	2,476
Other	586	6,181
	<u>7,016</u>	<u>15,390</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<i>Year ended 31 December 1999</i>	<i>Period ended 31 December 1998</i>
	<i>£</i>	<i>£</i>
Based on the profit for the year:		
Corporation tax at 33%	(237)	246
	<u>(237)</u>	<u>246</u>

Prosoft Resources Limited

NOTES TO THE ACCOUNTS at 31 December 1999

8. INTANGIBLE FIXED ASSETS

	<i>Software development £</i>
Cost:	
At 1 January 1999	34,305
Additions	-
Disposals	(34,305)
At 31 December 1999	-
Amortisation:	
At 1 January 1999	-
Provided during the period	6,237
Disposals	(6,237)
At 31 December 1999	-
Net book value:	
At 31 December 1999	-
At 31 December 1998	34,305

9. TANGIBLE FIXED ASSETS

	<i>Fixtures and fittings £</i>	<i>Motor vehicles £</i>	<i>Computer equipment £</i>	<i>Total £</i>
Cost:				
At 1 January 1999	5,872	15,988	69,569	91,429
Additions	-	-	825	825
Disposals	(5,872)	(15,988)	(70,394)	(92,254)
At 31 December 1999	-	-	-	-
Depreciation:				
At 1 January 1999	4,556	14,242	40,685	59,483
Provided during the year	646	1,746	7,720	10,112
Disposals	(5,202)	(15,988)	(48,405)	(69,595)
At 31 December 1999	-	-	-	-
Net book value:				
At 31 December 1999	-	-	-	-
At 31 December 1998	1,316	1,746	28,884	31,947

Prosoft Resources Limited

NOTES TO THE ACCOUNTS at 31 December 1999

10. DEBTORS

	<i>31 December</i>	<i>31 December</i>
	<i>1999</i>	<i>1998</i>
	£	£
Trade debtors	-	62,571
Prepayments and accrued income	-	18,422
Corporation tax debtor	-	4,016
	<u>-</u>	<u>85,009</u>

11. CREDITORS: amounts falling due within one year

		<i>31 December</i>	<i>31 December</i>
		<i>1999</i>	<i>1998</i>
	<i>Notes</i>	£	£
Bank overdraft		-	166,690
Obligations under finance leases and hire purchase contracts	13	-	6,100
Trade creditors		-	33,991
Amounts owed to group undertakings		27,517	32,666
Other taxes and social security costs		-	57,440
Other creditors		-	31,827
Accruals		-	32,133
		<u>27,517</u>	<u>360,847</u>

The bank overdraft is secured by a floating charge debenture over the company debts.

Prosoft Resources Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

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

	<i>31 December 1999</i>	<i>31 December 1998</i>
	£	£
Obligations under finance leases (note 13)	-	2,794
	<u>-</u>	<u>2,794</u>

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	<i>31 December 1999</i>	<i>31 December 1998</i>
	£	£
Amounts payable:		
Within one year	-	7,064
In two to five years	-	3,436
	<u>-</u>	<u>10,500</u>
Less: finance charges allocated to future periods	-	(1,606)
	<u>-</u>	<u>8,894</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 11)	-	6,100
Non-current obligations (note 12)	-	2,794
	<u>-</u>	<u>8,894</u>

14. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	No.	No.	£	£
Ordinary shares	100,000	100,000	29,328	29,328
	<u>100,000</u>	<u>100,000</u>	<u>29,328</u>	<u>29,328</u>

Prosoft Resources Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 30 April 1998	29,328	18,072	47,400
Loss for the year	-	(65,130)	(65,130)
At 31 December 1998	29,328	(47,058)	(17,730)
Loss for the year	-	(9,787)	(9,787)
At 31 December 1999	29,328	(56,845)	(27,517)

16. PENSION COMMITMENTS

The company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total pension cost for the year was £1,932 (1998: £15,383).

17. RELATED PARTY TRANSACTIONS

The company is taking advantage of the disclosure options under FRS8 not to disclose related party transactions in the accounts of 90% or greater owned subsidiary undertakings whose voting rights are controlled within the group.

18. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is EQE International Limited, a company registered in England and Wales. It has included the company in its group accounts, copies of which are available from EQE House, The Beacons, Warrington Road, Birchwood, Warrington WA3 6WJ.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is The American Bureau of Shipping, a company registered in the United States of America. Copies of its group accounts, which include the company are available from ABS Plaza, 16855 Northchase Drive, Houston, TX77060, USA.