

Company Registration No. 3311531 (England and Wales)

WINTON CAPITAL MANAGEMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997



WINTON CAPITAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	D W Harding (Appointed 4 February 1997) O Murgian (Appointed 26 February 1997)
Secretary	Temple Secretarial Limited
Company number	3311531
Registered office	12 Gough Square London EC4A 3DE
Auditors	Gallagher & Co Titchfield House 69/85 Tabernacle Street LONDON EC2A 4RR
Business address	1a St Mary Abbot's Place London W8 6LS
Bankers	LLoyds Bank plc 112/114 Kensington High Street London W8 4SN
Solicitors	Withers 12 Gough Square London EC4A 3DE

WINTON CAPITAL MANAGEMENT LIMITED

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WINTON CAPITAL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1997

The directors present their report and financial statements for the period ended 31 December 1997.

Principal activities and review of the business

The principal activity of the company is that of a derivative fund manager. The company was authorised by The Securities and Futures authority to carry out investment business on the 17 June 1997. The company was incorporated on the 3 February 1997 as Templeco 334 Limited and changed its name on the 4 February 1997.

Results and dividends

The results for the period are set out on page 4.

It is proposed that the retained loss of £89,338 is transferred to reserves.

Fixed assets

The significant changes in fixed assets during the period are explained in note 7 to the financial statements.

Directors

The following directors have held office since 3 February 1997:

D W Harding	(Appointed 4 February 1997)
O Murgian	(Appointed 26 February 1997)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 1997	3 February 1997
D W Harding	450,000	-
O Murgian	-	-
	6% Cumulative, Convertible preference share of £1 each	
	31 December 1997	3 February 1997
D W Harding	-	-
O Murgian	-	-

Auditors

Gallagher & Co were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

WINTON CAPITAL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1997

Directors' responsibilities

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:

- 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;
- 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.

By order of the board



Temple Secretarial Limited

Secretary

18 February 1998

WINTON CAPITAL MANAGEMENT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF WINTON CAPITAL MANAGEMENT LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Gallagher & Co

Chartered Accountants
Registered Auditors

18 February 1998

Titchfield House
69/85 Tabernacle Street
LONDON
EC2A 4RR

WINTON CAPITAL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1997

	Notes	Period ended 31 December 1997 £
Turnover	2	9,433
Administrative expenses		(117,344)
Operating loss	3	(107,911)
Other interest receivable and similar income	4	26,192
Loss on ordinary activities before taxation		(81,719)
Tax on loss on ordinary activities	5	-
Loss on ordinary activities after taxation		(81,719)
Dividends (including those in respect of non-equity shares)	6	(7,619)
Retained loss for the period	11	(89,338)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

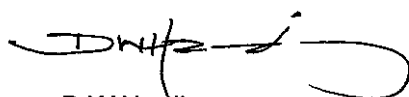
There are no recognised gains and losses other than those passing through the profit and loss account.

WINTON CAPITAL MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1997

	Notes	1997 £	£
Fixed assets			
Tangible assets	7		5,851
Current assets			
Debtors	8	11,035	
Cash at bank and in hand		505,494	
		<u>516,529</u>	
Creditors: amounts falling due within one year	9	(4,099)	
Net current assets			<u>512,430</u>
Total assets less current liabilities			<u>518,281</u>
Capital and reserves			
Called up share capital	10		600,000
Other reserves	11		7,619
Profit and loss account	11		(89,338)
Shareholders' funds	12		<u>518,281</u>
Equity interests			<u>360,662</u>
Non-equity interests			<u>157,619</u>
			<u>518,281</u>

The financial statements were approved by the Board on 18 February 1998



D W Harding
Director

WINTON CAPITAL MANAGEMENT LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 1997

		Period ended 31 December 1997 £
Net cash outflow from operating activities		(112,630)
Returns on investments and servicing of finance		
Interest received	26,192	
Net cash inflow/(outflow) for returns on investments and servicing of finance		26,192
Capital expenditure		
Payments to acquire tangible assets	(8,068)	
Net cash outflow for capital expenditure		(8,068)
Net cash outflow before management of liquid resources and financing		(94,506)
Financing		
Issue of ordinary share capital	450,000	
Issue of preference share capital	150,000	
Issue of shares	600,000	
Decrease in debt	-	
Net cash inflow/(outflow) from financing		600,000
Increase/(decrease) in cash in the period		505,494

WINTON CAPITAL MANAGEMENT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 1997

1	Reconciliation of operating loss to net cash outflow from operating activities			1997
				£
	Operating (loss)/profit			(107,911)
	Depreciation of tangible assets			2,217
	Increase in debtors			(11,035)
	Increase in creditors within one year			4,099
	Net cash outflow from operating activities			(112,630)
2	Analysis of net funds/(debt)	3 February 1997	Cash flow	Other non-cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	-	505,494	
	Debt:			
	Net (debt)/funds	-	505,494	-
3	Reconciliation of net cash flow to movement in net debt			1997
				£
	Increase in cash in the period			505,494
	Cash inflow from increase in debt			-
	Movement in net funds in the period			505,494
	Opening net debt			-
	Closing net funds			505,494

WINTON CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	3 years
Fixtures, fittings & equipment	4 years

1.5 Taxation

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

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.6 Foreign currency translation

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

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

1997
£

Operating loss is stated after charging:

Depreciation of tangible assets	2,217
Auditors' remuneration	2,500

4 Other interest receivable and similar income

1997
£

Bank interest	26,192
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WINTON CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

5 Taxation

The company has estimated losses of £67,000 available for carry forward against future trading profits.

6 Dividends

1997
£

Dividends on non-equity shares:

Cumulative preference dividend not yet declared

7,619

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 3 February 1997	-	-	-
Additions	7,893	175	8,068
At 31 December 1997	7,893	175	8,068
Depreciation			
At 3 February 1997	-	-	-
Charge for the period	2,182	35	2,217
At 31 December 1997	2,182	35	2,217
Net book value			
At 31 December 1997	5,711	140	5,851

8 Debtors

1997
£

Trade debtors	9,432
Other debtors	1,603
	11,035

WINTON CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

9	Creditors: amounts falling due within one year	1997
		£
	Trade creditors	380
	Taxes and social security costs	69
	Accruals and deferred income	3,650
		<u>4,099</u>
10	Share capital	1997
		£
	Authorised	
	600,000 Ordinary shares of £1 each	600,000
	150,000 6% Cumulative, Convertible preference share of £1 each	150,000
		<u>750,000</u>
	Allotted, called up and fully paid	
	450,000 Ordinary shares of £1 each	450,000
	150,000 6% Cumulative, Convertible preference share of £1 each	150,000
		<u>600,000</u>

On 26 February 1997 the company increased its authorised share capital from £100 to £750,000 by the creation of 599,900 ordinary shares of £1 each and 150,000 6% cumulative, convertible preference shares of £1 each. On the same day the company issued 449,998 ordinary shares and 150,000 preference shares at par for cash.

The preference shares shall be converted into ordinary shares on a one to one basis upon the preference shareholder achieving certain targets. The preference shares shall be redeemed in full by the fifth anniversary of the date of the issue of the preference shares.

11 Statement of movements on reserves

	Other reserves	Profit and loss account
	£	£
Retained loss for the period	-	(89,338)
Movement during the period	7,619	-
Balance at 31 December 1997	<u>7,619</u>	<u>(89,338)</u>

The other reserves are preference share appropriation for cumulative dividend not yet declared.

WINTON CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

12 Reconciliation of movements in shareholders' funds	1997 £
Loss for the financial period	(81,719)
Dividends	(7,619)
	<hr/>
Proceeds from issue of shares	(89,338)
Reversal of non-equity appropriations	600,000
	7,619
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Net addition to shareholders' funds	518,281
Opening shareholders' funds	-
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Closing shareholders' funds	518,281
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Shareholders' funds allocated to non-equity	
Non-equity share capital	150,000
Cumulative dividend not yet declared	7,619
	<hr/>
	157,619
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Shareholders' funds allocated to equity	
Difference between total shareholders' funds and amounts allocated to non-equity interests	360,662
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Made up as follows:-	
Equity shares	450,000
Profit and loss account reserve	(81,719)
Cumulative dividend due to non equity shareholders	(7,619)
	<hr/>
	360,662
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WINTON CAPITAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

13 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	1997 Number
Sales and support	4
	<hr/>
Employment costs	£
Wages and salaries	49,775
Social security costs	4,845
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	54,620
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