ASAP International Group Plc

Report and Financial Statements

Period Ended
31 December 2000

Annual report and financial statements for the period ended 31 December 2000

Contents

Page:

1	Chairman's statement
3	Corporate governance statement
4	Report of the directors
7	Statement of directors' responsibilities
8	Report of the auditors
9	Consolidated profit and loss account
10	Consolidated balance sheet
11	Parent company balance sheet
12	Consolidated cash flow statement
13	Notes forming part of the financial statements
27	Notice of Meeting
28	Form of Proxy

Directors and advisers

Directors

J M Blain (Chairman and Chief Executive Officer)
S L McNeill-Ritchie (Non-executive)
J L Blain (Non-executive)

Secretary and registered office

Boyes Turner Secretaries Ltd
Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

Company number

03810326

Auditors

BDO Stoy Hayward
The Heights
59-65 Lowlands Road
Harrow
Middlesex
HA1 3AU

Solicitors

Tarlo Lyons
Watchmaker Court
33 St Johns Lane
London
EC1M 4BS

OFEX Corporate Advisers

Capital Strategy Plc
2 Ganton Street
London
W1F 7QL

Registrars

Harford Registrars
Harford House
101-103 Great Portland Street
London
W1N 6LL

Chairman's Statement

The past year has been one of considerable change for the ASAP Group. The company obtained its OFEX trading facility in March 2000 and raised new capital of around £5 million, net of fund raising costs. The strategy outlined in the Prospectus was actively pursued but unfortunately did not deliver the level of sales envisaged by your Board in the then prevailing market conditions.

As a result your Board urgently reviewed the strategy. It implemented a major cost reduction programme in the following months, which has reduced the headcount from nearly 100 to its present level of just under 30. As part of this programme, we have temporarily withdrawn from the recruitment business in the UK pending an improvement in market conditions and to maximise focus on the core Customer Relationship Management (CRM) software and consultancy business.

In addition we acquired the assets of CityPro International Limited (CityPro), a leading vendor of Goldmine CRM systems, from Administrative Receivers in October 2000. CityPro had seen a decline in its levels of business but provided the Group with a base of customers and staff capable of expansion and development.

We have also broadened the Group's product portfolio in the CRM market by entering into a software distribution agreement with the UK subsidiary of Onyx Software Inc, a leading American CRM software vendor, in May 2001. This will enable the Group to service a much wider segment of the CRM market, which remains a long-term growth sector.

Financial summary

Following the reorganisation of the Group's subsidiaries under the common ownership of the company in February 2000, ahead of the trading facility on OFEX, we have adopted merger accounting. This reports the figures as if the Group has been in its present form since 1st January 1999.

The Group has made an operating loss of £2,672,556 in the year on sales of £265,263. Net interest on the Group's cash balances reduced the loss before tax to £2,512,581. This compares with an operating profit of £16,207 on sales of £362,812 and a profit before tax of £16,541 in 1999. The tax charge was negligible in the year and no dividend is payable such that the loss per share was 7.77p which compares with earnings per share of 0.04p in 1999.

The Group had net assets of around £2.5 million at the year-end and net cash of around £2.65 million. The Group had borrowings under finance leases of £124,252 at the year-end.

Operational review

Sales declined in the year following the repositioning of the Group into a focussed Goldmine implementation operation and the development of this activity. Sales however increased by nearly 80% in the second 6 months of the year, when compared with the first half. Sales in the quarter to March 2001 have exceeded those in the 6 months to December 2000 on a much lower cost base.

Selective authoring opportunities will continue to be pursued where profitable and where the technical reputation of the Group will be enhanced or where the topics are relevant to the Group's product offerings. We have just completed the authoring of a book on the Banking and Finance Industries. This is one of our main vertical market areas of expertise. The income from this activity will continue to be minor in the context of the Group.

I am conscious of the continuing cash drain until the Group becomes profitable and remain vigilant on costs and financial commitments to ensure that the Group retains sufficient cash balances to see it through into profitability.

The year has seen the development of intellectual property to support our CRM consulting capability. We also have developed a number of software applications for our own use, which we may market in the future. Our CRM consulting team has developed over the year and we currently hold considerable CRM expertise and capability, which we can readily scale to meet our expected growth.

Chairman's Statement (continued)

People

Walter Goldsmith resigned as Chairman in March 2001 having steered the company through its start-up phase. I would like to place on record my thanks for his steady guidance during a difficult period.

The Managing Director of ASAP Goldmine Consultancy Ltd, Duncan Logan, joined the Group with the acquisition of CityPro and has fully integrated the two Goldmine businesses under the ASAP branding. The acquisition of CityPro also brought a team of people experienced in Goldmine to add to the Group's existing skills.

I am pleased to welcome Chris Howells, who joined the Group from ICL in April 2001 and who will be spearheading our sales and marketing activities and, in particular, our Onyx business. Chris has an established CRM sales record and forms an excellent addition to our team.

I would also like to place on record my thanks to all our employees who have worked hard for the Group during the year in difficult market conditions. It is never easy to reduce staff numbers substantially, which regrettably we have had to do, and the remaining people have coped ably with the changes.

We have today announced the appointment of Jennifer Blain to the Board. Jennifer was a director of the company until January 2000. She has agreed to serve on the Board to fill the vacancy caused by the resignation of Walter Goldsmith. The Board is putting a Special Resolution to Shareholders at the forthcoming Annual General Meeting to reduce the minimum number of directors from 3 to 2. If this Resolution is passed, Jennifer has agreed to step down again from the Board.

It is my intention to appoint a second non-executive director in due course and in addition to separate the role of Chairman and Chief Executive Officer at an appropriate time. I will also consider further executive appointments to the Board as appropriate.

Prospects

Whilst our sales figures are very disappointing, ASAP has acquired in excess of 70 new customers since admission to OFEX, which should provide a foundation for future sales. There is considerable sales potential within our existing customer base. Many of our new customers are household names, which is testament to the quality and professionalism of our delivery team. Over the coming year, we aim to build on the relationships that we have made with new and existing customers.

The Group is on an improving monthly trend although sales levels are still some way below what is satisfactory. Despite the recent problems in the technology markets, I am convinced that the Group now has the management structure, technical expertise and product range from which to build a large and profitable business over the medium term and to be a major player in the CRM market. With over £1.7 million in cash we also have the resources to fulfil this strategy.

J M Blain
Chairman

31 May 2001

Corporate governance statement

Corporate governance

Whilst the company is not formally required to comply with the Combined code it broadly supports the recommendations of best practice for the governance of listed companies as set out in that Code. The directors believe that the company applies those recommendations in so far as is practicable and appropriate for a company of its size.

As explained in the Chairman's Statement the directors are looking to strengthen the Board in due course, and will consider the appropriate level of corporate governance compliance for the company when new appointments are made.

Report of the directors for the period ended 31 December 2000

The directors present their report together with the audited financial statements for the period ended 31 December 2000.

Incorporation

The company was incorporated on 20 July 1999 under the name ASAP International Group Limited with registered number 3810326. The company was re-registered as a public limited company on 21 February 2000.

Principal activities, trading review and future developments

The principal activity of the company is to act as holding company for the group. The principal activity of the group is the provision of CRM software implementation services with associated consultancy and training, IT recruitment and authoring services.

On 18 February 2000 the company acquired the entire issued share capitals of ASAP World Consultancy Limited, ASAP Authors Limited, ASAP Goldmine Consultancy Limited, ASAP Standards and Assessment Board Limited, ASAP Worldwide Limited, ASAP Institute Limited, Documentation Consultants (UK) Limited and ASAP Concept Limited, the consideration being satisfied by the allotment and issue of 26,999,980 ordinary shares of 10p each in the company.

In March 2000, the company was admitted to OFEX, a facility operated by J P Jenkins Limited, a member of the London Stock Exchange. On the same date, the company issued 6,750,000 ordinary shares of 10p each at a cash price of 80p per share.

A detailed review of the business is contained in the Chairman's Statement on page 1.

Results and dividends

The results of the Group for the year are set out on page 9 and show the loss for the year.

These consolidated results and the comparatives are the combined results of ASAP International Group Plc and its subsidiary undertakings, as described in note 1 of the financial statements.

The directors do not recommend the payment of a dividend.

Policy on payment of creditors

The group agrees specific payment terms with individual suppliers and then makes payment in accordance with these terms following the receipt of appropriate supporting documentation. Where no specific terms have been agreed the group's policy is to pay suppliers generally by the end of the month following that in which the supplier's invoice is received. For the group, the number of average days' purchases included within trade creditors at 31 December 2000 was 14 days (1999 - 15 days). For the company itself, the figure at 31 December 2000 was 22 days (1999 - nil, as the company did not trade).

Report of the directors for the period ended 31 December 2000 (Continued)

Directors

The directors of the company during the period and the beneficial interests, of those who held office at the year end, in the ordinary share capital of the parent company and options to purchase such shares were as follows:

		31 December 2000		20 July 1999	
		Shares	**Options**	**Shares**	**Options**
J M Blain	(appointed 20 July 1999)	**27,000,000**	**-**	1	-
J L Blain	(appointed 20 July 1999, resigned 27 January 2000)	**-**	**-**	1	-
S L McNeill-Ritchie	(appointed 10 February 2000)	**50,000**	**37,500**	-	-
M Walker-Smith	(appointed 10 February 2000, resigned 22 December 2000)	**n/a**	**n/a**	n/a	n/a
W K Goldsmith	(appointed 18 February 2000, resigned 6 March 2001)	**61,250**	**20,000**	-	-
P R Rolph	(appointed 18 February 2000, resigned 24 April 2000)	**n/a**	**n/a**	n/a	n/a

J L Blain was re-appointed as a director on 31 May 2001.

There have been no changes in the above shareholdings since the year end.

J M Blain's interest in shares includes 12,825,000 shares registered in the name of and beneficially owned by his wife, J L Blain, and 1,350,000 shares held by him jointly with her as trustees of the Blain family settlement.

No director has any interest in the shares of any of the subsidiary companies.

Further details of the directors' share options are shown in note 5, which also shows the movements during the period. Details of any directors' interest in transactions of the group are given in note 20.

The director who retires by rotation is S L McNeill-Ritchie who, being eligible, offers himself for re-election. Mr McNeill-Ritchie's services are provided to the company under a consultancy agreement with Hamilton Laird Consulting Ltd, which is terminable by the company on 6 months' notice.

J M Blain, executive director, has a service contract which is terminable by the company on 12 months' notice.

Going concern

Having made due enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Report of the directors for the period ended 31 December 2000 (Continued)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

J M Blain
Chairman

31 May 2001

Statement of directors' responsibilities

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 group, and of the profit or loss of the group 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 departure 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the auditors

To the shareholders of ASAP International Group Plc

We have audited the financial statements on pages 9 to 26 which have been prepared under the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 7 the company's directors are responsible for the preparation of the 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 affairs of the company and the group as at 31 December 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

31 May 2001

Consolidated profit and loss account for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	2	**265,263**	362,812
Cost of sales		**(155,971)**	(249,204)
Gross profit		**109,292**	113,608
Administrative expenses		**(2,781,848)**	(97,401)
Operating (loss)/profit	3	**(2,672,556)**	16,207
Interest receivable		**168,768**	334
Interest payable	6	**(8,793)**	-
(Loss)/profit on ordinary activities before taxation		**(2,512,581)**	16,541
Taxation on (loss)/profit from ordinary activities	7	**(306)**	(5,630)
(Loss)/profit on ordinary activities after taxation		**(2,512,887)**	10,911
Dividends	8	-	(17,938)
Loss for the year	17	**(2,512,887)**	(7,027)
(Loss)/earnings per share (pence, basic and diluted)	9	(7.77)	0.04

All amounts relate to continuing activities.
All recognised gains and losses are included in the profit and loss account.

The notes on pages 13 to 26 form part of these financial statements.

Consolidated balance sheet at 31 December 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	11		**123,211**		27,701
Current assets					
Debtors	13	**271,587**		55,865	
Cash at bank and in hand		**2,651,045**		47,367	
		2,922,632		103,232	
Creditors: amounts falling due within one year	14	**(500,236)**		(127,777)	
Net current assets/(liabilities)			**2,422,396**		(24,545)
Total assets less current liabilities			**2,545,607**		3,156
Creditors: amounts falling due after more than one year	15		**(10,239)**		-
Net assets			**2,535,368**		3,156
Capital and reserves					
Called up share capital	16		**3,375,000**		2,700,000
Share premium account	17		**4,370,099**		-
Merger reserve	17		**(2,699,986)**		(2,699,986)
Profit and loss account	17		**(2,509,745)**		3,142
Shareholders' funds - equity interests	18		**2,535,368**		3,156

The financial statements were approved by the Board on 31 May 2001

J M Blain
Director

The notes on pages 13 to 26 form part of these financial statements.

Parent company balance sheet at 31 December 2000

	Note	2000 £	2000 £
Fixed assets			
Tangible assets	11		**115,772**
Investments	12		**200,000**
			315,772
Current assets			
Debtors	13	**179,927**	
Cash at bank and in hand		**2,450,237**	
		2,630,164	
Creditors: amounts falling due within one year	14	**277,299**	
Net current assets			**2,352,865**
Total assets less current liabilities			**2,668,637**
Creditors: amounts falling due after more than one year	15		**(10,239)**
Net assets			**2,658,398**
Capital and reserves			
Called up share capital	16		**3,375,000**
Share premium account	17		**4,370,099**
Profit and loss account	17		**(5,086,701)**
Shareholders' funds - equity interests	18		**2,658,398**

The financial statements were approved by the Board on 31 May 2001

J M Blain
Director

The notes on pages 13 to 26 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2000

	Note	2000		1999	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	21		**(2,427,412)**		65,372
Returns on investments and servicing of finance					
Interest received		**168,768**		334	
Interest paid		**(41)**		-	
Interest element of finance lease rental payments		**(8,752)**		-	
Net cash inflow from returns on investments and servicing of finance			**159,975**		334
Taxation					
UK corporation tax paid			**(7,248)**		(10,135)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(120,221)**		(22,512)	
Sale of tangible fixed assets		**-**		2,804	
			(120,221)		(19,708)
Equity dividends paid			-		(17,938)
Cash (outflow)/inflow before management of liquid resources and financing			**(2,394,906)**		17,925
Financing					
Capital element of finance lease rental payments		**(43,042)**		-	
Gross proceeds from the issue of shares		**5,400,000**		2	
Flotation costs offset against share premium		**(354,901)**		-	
Cash inflow from financing			**5,002,057**		2
Increase in cash	22		**2,607,151**		17,927

The notes on pages 13 to 26 form part of these financial statements.

Notes forming part of the financial statements for the period ended 31 December 2000

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention in accordance with generally accepted accounting practices and relevant accounting standards.

Basis of preparation

ASAP International Group Plc ('ASAP') was incorporated on 20 July 1999 to act as the direct holding company for eight subsidiary undertakings ('subsidiaries') as below:

- ASAP Authors Limited
- ASAP Goldmine Consultancy Limited
- ASAP Institute Limited
- ASAP World Consultancy Limited
- ASAP Worldwide Limited
- Documentation Consultants (UK) Limited
- ASAP Standards and Assessment Board Limited
- ASAP Concept Limited

The combination of ASAP and the above companies into the current ASAP International Group took place on 18 February 2000. The combination has been accounted for as a merger in accordance with the provisions of Financial Reporting Standard 6. Accordingly, these financial statements are presented as if the combined businesses had always been part of the ASAP International Group. Accordingly, the consolidated results of ASAP International Group Plc have been shown for the year ended 31 December 2000, to include the results of the subsidiaries for that twelve month period. Although ASAP was not incorporated until 20 July 1999, comparative financial information has been included in respect of the subsidiaries for the twelve months ended 31 December 1999. ASAP did not trade prior to 1 January 2000.

Merger accounting

Where merger accounting is used, the investment is recorded in the company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

In the group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the group. The results of such a subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the company and those issued by the company to acquire them is taken to reserves.

Going Concern

The group incurred a loss of £2,512,887 during the year ended 31 December 2000. At that date it had cash resources of £2,651,045. As explained in the Chairman's Statement the Board is implementing a major cost cutting programme and has focused on the core CRM software business. In view of the consequential major reductions in the company's cost base together with the Board's confidence that it can expand its CRM related activities during 2001 and onwards, the Board believe that it is appropriate to prepare the financial statements on a going concern basis

Turnover

Turnover represents invoiced sales of goods and services, excluding value added tax.

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

1 Accounting policies *(Continued)*

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives as follows:

Computer equipment	-	18 months to 2 years straight line
Fixtures, fittings and equipment	-	4 years straight line

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities or assets are likely to crystallise in the foreseeable future.

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 amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment 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. The capital part reduces the amounts payable to the lessor.

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

Investments

Investments held as fixed assets are stated at the nominal value of shares issued to acquire the investments, less any provisions for impairment in value.

Pension costs

Contributions to personal pension schemes are charged to the profit and loss account in the year in which they become payable.

Financial instruments

In relation to the disclosures made in note 24:

- short term debtors and creditors are not treated as financial assets or financial liabilities; and
- the group does not hold or issue derivative financial instruments for trading purposes.

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

2 Turnover

Turnover is wholly attributable to the principal activities of the group. Consultancy and recruitment income arises solely within the United Kingdom and authoring income arises solely within the USA.

Turnover by principal activity may be analysed as follows:

	2000 £	1999 £
Consultancy	**240,769**	330,341
Recruitment	**21,050**	-
Authoring	**3,804**	32,471
	265,263	362,812

3 Operating (loss)/profit

	2000 £	1999 £
This has been arrived at after charging:		
Depreciation owned assets	**68,418**	8,454
Depreciation leased assets	**108,604**	-
Loss on disposal of assets	**14,983**	-
Auditors' remuneration - audit services	**20,000**	-
- non-audit services	**8,869**	-
Operating lease rentals - land and buildings	**94,522**	-

4 Employees

	2000 £	1999 £
Staff costs to all employees, including executive directors, consist of:		
Wages and salaries	**1,430,901**	8,692
Social security costs	**148,699**	-
Other pension costs	**2,675**	-
	1,582,275	8,692

The average number of employees, including executive directors, during the year was 40 (1999 - 2).

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

5 Directors

	2000 £	1999 £
Directors' emoluments consist of:		
Fees	**33,313**	-
Emoluments	**153,454**	8,692
Compensation for loss of office	**29,080**	-
Pension contributions	**2,675**	-
	218,522	8,692
Emoluments of the highest paid director:		
Emoluments	**99,792**	8,692

There is one director who is accruing retirement benefits under a money purchase pension scheme (1999: none).

The share options granted to directors during the period were:

	Granted number	Lapsed number	31 December 2000	Exercise price	Period of exercise
S L McNeill-Ritchie	37,500	-	37,500	80p	22 February 2001 - 22 February 2010
M Walker-Smith	37,500	(37,500)	-	80p	22 February 2003 - 22 February 2010
W K Goldsmith	20,000	-	20,000	80p	22 February 2003 - 22 February 2010
P R Rolph	37,500	(37,500)	-	80p	22 February 2001 - 22 February 2010

The market price of the shares at 31 December 2000 was 18p and the range during 2000 was 18p to 80p.

6 Interest payable

	2000 £	1999 £
Bank loans and overdrafts	**41**	-
Finance leases	**8,752**	-
	8,793	-

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

7 Taxation on (loss)/profit from ordinary activities

	2000 £	1999 £
UK corporation tax at 21%	**-**	5,630
Underprovision in respect of prior years	**306**	-
	306	5,630

8 Dividends

	2000 £	1999 £
Ordinary dividends payable	**-**	17,938
	-	17,938

The comparative figure for dividends is the total of the amounts paid by the company's subsidiaries during the year ended 31 December 1999.

9 Basic and diluted loss per share

Basic and diluted loss per ordinary share has been calculated using the weighted average number of shares in issue during the financial period. The weighted average number of equity shares in issue was 32,348,361 (1999 - 27,000,000) and the loss after tax was £2,512,887 (1999 - profit of £10,911). No potential ordinary shares have been treated as dilutive in the year to 31 December 2000 as their conversion to ordinary shares would decrease the net loss per share.

10 Result for the financial period

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group result for the year includes a loss after tax of £5,086,701 which is dealt with in the financial statements of the parent company. The company did not trade prior to 1 January 2000.

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

11 Tangible assets

Group	**Computer equipment £**	**Fixtures, fittings and equipment £**	**Total £**
Cost			
At 1 January 2000	15,433	25,110	40,543
Additions	274,715	12,800	287,515
Disposals	(8,850)	(20,970)	(29,820)
At 31 December 2000	**281,298**	**16,940**	**298,238**
Depreciation			
At 1 January 2000	7,196	5,646	12,842
Provided for the year	171,515	5,507	177,022
Disposals	(8,850)	(5,987)	(14,837)
At 31 December 2000	**169,861**	**5,166**	**175,027**
Net book value			
At 31 December 2000	**111,437**	**11,774**	**123,211**
At 31 December 1999	8,237	19,464	27,701

The net book value of tangible fixed assets includes an amount of £60,336 (1999 - £nil) in respect of assets held under finance leases.

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

11 Tangible assets *(Continued)*

Company	**Computer equipment £**	**Fixtures, fittings and equipment £**	**Total £**
Cost			
Additions and at 31 December 2000	**272,270**	**6,300**	**278,570**
Depreciation			
Provided for the year and at 31 December 2000	**161,344**	**1,454**	**162,798**
Net book value			
At 31 December 2000	**110,926**	**4,846**	**115,772**

The net book value of tangible fixed assets includes an amount of £60,336 (1999 - £nil) in respect of assets held under finance leases.

12 Fixed asset investments

Company	**Subsidiary undertakings £**
Cost	
Additions and as at 31 December 2000	**2,699,998**
Provision	
Provision in the year and at 31 December 2000	**2,499,998**
Net book value	
At 31 December 2000	**200,000**

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

12 Fixed asset investments (Continued)

The company has the following wholly-owned subsidiary undertakings, all of which are incorporated in England and Wales.

Name	Nature of business
ASAP Authors Limited	Authoring
ASAP Goldmine Consultancy Limited	Software implementation and consultancy
ASAP Institute Limited	Training services
ASAP World Consultancy Limited	Software implementation and consultancy
ASAP Worldwide Limited	IT recruitment
Documentation Consultants (UK) Limited	Authoring
ASAP Standards and Assessment Board Limited	Dormant
ASAP Concept Limited	Dormant

13 Debtors

	Group		Company
	2000	**1999**	**2000**
	£	**£**	**£**
Trade debtors	**108,263**	52,102	**27,014**
Amounts due from subsidiary undertakings	**-**	-	**-**
VAT recoverable	**128,677**	3,761	**128,162**
Other debtors	**34,647**	2	**24,751**
	271,587	55,865	**179,927**

All amounts fall due for payment within one year.

14 Creditors: amounts falling due within one year

	Group		Company
	2000	**1999**	**2000**
	£	**£**	**£**
Bank overdraft	**-**	3,473	**-**
Trade creditors	**94,616**	11,815	**67,488**
Taxation and social security	**71,180**	23,679	**17,278**
Corporation tax	**84**	7,026	**-**
Obligations under finance leases	**114,013**	-	**114,013**
Accruals	**216,268**	9,488	**76,201**
Director’s loan account	**4,075**	72,296	**2,319**
	500,236	127,777	**277,299**

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

15 Creditors: amounts falling due after more than one year

	Group		Company
	2000	1999	2000
	£	£	£
Obligations under finance leases due more than 1 year but not more than two years	**10,239**	-	**10,239**

16 Share capital

Authorised	2000 £
Ordinary shares of 10p (1999 - £1) each	**5,000,000**

Allotted, called up and fully paid	2000 £
Ordinary shares of 10p (1999 - £1) each	**3,375,000**

The authorised share capital of the company on incorporation on 20 July 1999 was £100 divided into 100 ordinary shares of £1 each, of which 2 shares were issued at par to the subscribers to the Memorandum of Association.

On 18 February 2000, the share capital of the company was sub-divided into 1,000 shares of 10p each and the authorised share capital was increased from £100 (divided into 1,000 shares of 10p each) to £5,000,000 (divided into 50,000,000 shares of 10p each). On the same day, the company acquired the whole of the issued share capital of its subsidiaries (as stated in note 1) by issuing 26,999,980 ordinary shares at par.

Upon admission to OFEX on 17 March 2000, a further 6,750,000 ordinary shares were issued for cash at 80p per share.

Merger accounting principles require shares issued to effect the merger of the group companies to be shown as if they had always been in existence. The consolidated balance sheet at 31 December 1999 therefore shows share capital of £2,700,000. The actual share capital of the company at that date was £2.

Share options

Share options granted to directors are shown in note 5 above. In addition, the following outstanding share options have been granted to employees of the Group under the ASAP Approved Share Option Scheme and the ASAP approved Executive Share Option scheme, all of which are normally exercisable between 3 and 10 years from the date of grant.

The following options to subscribe for the company's share capital were outstanding at 31 December 2000.

Period of exercise	Number of shares	Exercise price
22 February 2001 - 22 March 2010	95,000	80p

In addition, Capital Strategy Plc has an option to subscribe for 337,500 ordinary shares at a price of 160p per ordinary share at any time prior to 23 March 2003.

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

17 Reserves

Group	**Merger reserve**	**Share premium account**	**Profit and loss account**
	£	**£**	**£**
At 1 January 2000	-	-	3,142
Loss for the period	-	-	(2,512,887)
Acquisition of subsidiaries	(2,699,986)	-	-
Premium on issue of shares	-	4,725,000	-
Costs of issue of shares	-	(354,901)	-
At 31 December 2000	**(2,699,986)**	**4,370,099**	**(2,509,745)**

Company	**Share premium account**	**Profit and loss account**
	£	**£**
At 20 July 1999	-	-
Loss for the period	-	(5,086,701)
Issue of shares	4,725,000	-
Costs of issue of shares	(354,901)	-
At 31 December 2000	**4,370,099**	**(5,086,701)**

18 Reconciliation of movements in shareholders' funds

	Group		**Company**
	2000	**1999**	**2000**
(Loss)/profit for the period	**(2,512,887)**	10,911	**(5,086,701)**
Dividends	**-**	(17,938)	**-**
	(2,512,887)	(7,027)	**(5,086,701)**
New shares issued			
- subscriber shares	**-**	2	**2**
- acquisition of subsidiaries	**-**	-	**2,699,998**
- on listing on OFEX	**5,400,000**	-	**5,400,000**
Costs of issue of shares	**(354,901)**	-	**(354,901)**
	2,532,212	(7,025)	**2,658,398**
Opening shareholders' funds	**3,156**	10,181	-
Closing shareholders' funds	**2,535,368**	3,156	**2,658,398**

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

19 Commitments under operating leases

As at 31 December 2000, the group had no material annual commitments under non-cancellable operating leases.

20 Related party transactions

During the year, the group entered into the following arrangements in which the following directors had an interest:

(a) Fees of £46,200 (1999 - £nil) were paid to Hamilton Laird Consulting Ltd, a company in which S L McNeill-Ritchie has an interest, in relation to consultancy services principally provided during the period prior to the OFEX flotation.

(b) Fees of £4,000 (1999 - £nil) were paid to Episode Consulting Ltd, a company in which P R Rolph has an interest, in relation to consultancy services provided during the period.

No amounts in respect of any of the above were outstanding at 31 December 2000 (1999 - £nil).

(c) During the year the company issued 26,999,980 ordinary shares of 10p each at par to J M Blain and J L Blain as consideration for the acquisition of eight companies (as detailed in note 1).

At 31 December 2000 the group owed £4,075 (1999: £72,296) to J M Blain.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, “Related Party Transactions”, not to disclose any transactions with subsidiary undertakings whose results are included in these consolidated financial statements.

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

21 Reconciliation of operating profit to net cash inflow from operating activities

	2000	1999
Operating (loss)/profit	**(2,672,556)**	16,207
Depreciation	**177,022**	8,454
Loss on disposal of assets	**14,983**	-
Increase in debtors	**(215,722)**	(9,914)
Increase in creditors	**268,861**	50,625
Net cash (outflow)/inflow from operating activities	**(2,427,412)**	65,372

22 Reconciliation of net cash inflow to movement in net funds

	2000 £	1999 £
Increase in cash in the year	**2,607,151**	17,927
Cash outflow from decrease in debt and lease financing	**43,042**	-
Change in net funds resulting from cash flows	**2,650,193**	17,927
New finance leases	**(167,294)**	-
Movement in net funds in the year	**2,482,899**	17,927
Funds at start of year	**43,894**	25,967
Closing funds at end of year	**2,526,793**	43,894

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

23 Analysis of net funds

	At 1 January 2000 £	Cash flow £	Other non-cash changes £	At 31 December 2000 £
Cash in hand and at bank	47,367	2,603,678	-	**2,651,045**
Overdrafts	(3,473)	3,473	-	**-**
	43,894	2,607,151	-	**2,651,045**
Obligations under finance leases	-	43,042	(167,294)	**(124,252)**
Total	43,894	2,650,193	(167,294)	**2,526,793**

24 Financial instruments

Fair values of financial assets and liabilities

The directors consider that the fair values of financial assets and liabilities are equal to their book values.

Policies and risks

The directors consider that there is currently no significant interest rate risk or exchange rate risk.

Maturity profile of the group's financial liabilities

The majority of the group's financial assets and liabilities as at 31 December 2000 mature within one year as shown in notes 13 and 14.

Interest rate and liquidity risk

Other than finance leases of £124,252 the group has no borrowings, and places surplus funds on short term deposits at market interest rates. At 31 December 2000, the average interest rate on finance leases was 13.6% and the interest earned on short term cash deposits was 5.7%.

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

25 Capital commitments

The group had no material capital commitments at the period end.

26 Ultimate controlling party

The ultimate controlling party is J M Blain, a director of the company.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of ASAP International Group Plc will be held at Regent House Business Centre, 24-25 Nutfield Place, London W1H 5YN on 12 July 2001 at 9.00 am for the following purposes:

ORDINARY BUSINESS

Resolution 1.	To receive the financial statements for the period ended 31 December 2000 together with the reports of the Directors and Auditors thereon.
Resolution 2.	To re-elect Mr S L McNeill-Ritchie as a director.
Resolution 3.	To re-appoint BDO Stoy Hayward as Auditors and to authorise the directors to agree the Auditors' remuneration.

SPECIAL BUSINESS

To consider, and if thought fit to pass the following resolution, as a special resolution

Resolution 4.	That Article 61(1) of the Company's Articles of Association be amended so as to read "Unless and until otherwise determined by the Company by ordinary resolution and subject to Article 75, the number of Directors shall not be more than twelve nor less than two."

By Order of the Board
Boyes Turner Secretaries Limited

Registered Office:
Abbots House
Abbey Street
Reading
Berkshire RG1 3BD

31 May 2001

NOTES

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll vote in his stead. A proxy need not be a member of the company.

There are no directors' service contracts of more than one year's duration.

Form of Proxy

I, of being a member of the above-named Company hereby appoint the chairman of the meeting or of as my proxy to vote for me on my behalf at the 2001 Annual General Meeting of the Company to be held on 12 July 2001 and at any adjournment thereof.

Please indicate with an 'X' in the space below how you wish your votes to be cast.

		For	Against
Resolution 1	To receive the financial statements for the period ended 31 December 2000 together with the reports of the Directors and Auditors thereon.		
Resolution 2	to re-elect Mr S L McNeill-Ritchie as director		
Resolution 3	To re-appoint BDO Stoy Hayward as Auditors and to authorise the directors to agree the Auditors' remuneration.		
Resolution 4	That Article 61(1) of the Company's Articles of Association be amended so as to read "Unless and until otherwise determined by the Company by ordinary resolution and subject to Article 75, the number of Directors shall not be more than twelve nor less than two."		

Signed this day of 2001

Notes:

1. A Member may appoint a proxy of his own choice. If such an appointment is made, delete the words "the chairman of the meeting" and insert the name of the person appointed proxy in the space provided. The completion of the Form of Proxy will not preclude shareholders from attending and voting at the Annual General Meeting.

2. This Form of Proxy must be signed by the appointor or his/her attorney duly authorised in writing. If the appointor is a corporation, this form must be signed as a deed or under the hand of some officer or attorney duly authorised in that behalf.

3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.

4. If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

5. To be valid, this form must be completed and deposited at the registered office of the company, shown on the Notice of Meeting, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.