

CROSBY PARTNERS LIMITED
(formerly known as Crosby (UK) Limited)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2004



haysmacintyre
Chartered Accountants
Registered Auditors
London

Registered Number: 2933861

CROSBY PARTNERS LIMITED

DIRECTORS REPORT

FOR THE YEAR ENDED 31 MARCH 2004

The directors present their annual report together with the audited financial statements for the year ended 31 March 2004.

CHANGE OF NAME

On 1 July 2003, the company changed its name from Crosby (UK) Limited to Crosby Partners Limited.

PRINCIPAL ACTIVITIES

The company is regulated by the Financial Services Authority, and the principal activity of the company is the provision of consultancy and advisory services in the areas of financial management.

REVIEW OF BUSINESS

The directors report that the loss for the year is US\$203,896 (2003: loss US\$55,845). The loss has been transferred to the profit and loss account which shows an accumulated loss of US\$2,363,696 (2003: US\$2,159,800) and the directors do not recommend the payment of a dividend (2003: US\$Nil)

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their beneficial interest in the company at the beginning and end of the year was as follows:

	At the end of the year	At the beginning of the year
Peter O'Kane	-	-
Derek Bainbridge (appointed 1 June 2004)	-	-
Ian Shaun Gibbs	-	-

According to the Register of Directors' shareholdings, Peter O'Kane owned 100% of the share capital of Pacific Lombard Limited, the company's ultimate parent undertaking, at the end of the year. None of the other directors had any interests to be disclosed under Schedule 7 of the Companies Act 1985.

STATEMENT OF 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.

CROSBY PARTNERS LIMITED

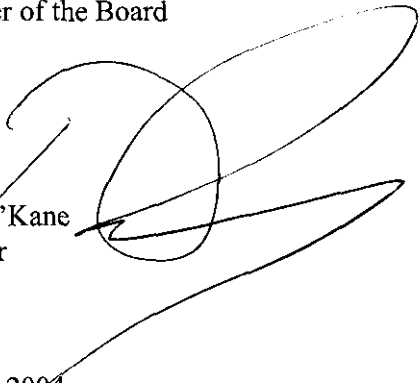
DIRECTORS REPORT (Continued)

AUDITORS

Messrs haysmacintyre have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board

Peter O'Kane
Director

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke, is written over the signature block and extends towards the date.

29 June 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

CROSBY PARTNERS LIMITED

We have audited the financial statements of Crosby Partners Limited for the year ended 31 March 2004 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

haysmacintyre
haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

29 June 2004

CROSBY PARTNERS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2004**

	Notes	2004 US\$	2003 US\$
Turnover	1	465,784	185,784
Administration expenses		(725,095)	(278,665)
Other income		5,578	9,549
Operating loss	2	(253,733)	(83,332)
Interest receivable and similar income	5	1,729	2,892
Interest payable and similar charges	6	-	(3,026)
Profit on foreign exchange		48,108	27,621
Loss on ordinary activities before taxation		(203,896)	(55,845)
Taxation	7	-	-
Retained loss for the financial year after taxation	15	<u>\$(203,896)</u>	<u>\$(55,845)</u>

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the results for the above financial years.

The notes on pages 7 to 13 form part of these accounts.

CROSBY PARTNERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2004

	Notes	2004 US\$	2003 US\$
FIXED ASSETS			
Tangible fixed assets	8	715	25,171
Investment in associate company	9	10,000	100,000
CURRENT ASSETS			
Debtors	10	143,178	143,540
Cash at bank and in hand		57,187	152,456
		<u>200,365</u>	<u>295,996</u>
CREDITORS: amounts falling due within one year	11	<u>(36,434)</u>	<u>(21,667)</u>
NET CURRENT ASSETS		<u>163,931</u>	<u>274,329</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>174,646</u>	<u>399,500</u>
CREDITORS: amounts falling due after more than one year	12	-	(20,958)
		<u>\$174,646</u>	<u>\$378,542</u>
CAPITAL AND RESERVES			
Share capital	13	2,538,342	2,538,342
Profit and loss account	14	(2,363,696)	(2,159,800)
SHAREHOLDERS' FUNDS	15	<u>\$174,646</u>	<u>\$378,542</u>

Signed on behalf of the Board on 29 June 2004

.....Director
Peter O'Kane

The notes on pages 7 to 13 form part of these accounts.

CROSBY PARTNERS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MARCH 2004**

	Notes	2004 US\$	2003 US\$
Net cash (outflow)/inflow from operating activities	20	(145,106)	304
Returns on investments and servicing of finance	21	49,837	27,487
Capital expenditure	21	27,209	
Net cash (outflow)/inflow before financing		(68,060)	27,791
Financing	21	(27,209)	(5,029)
(Decrease)/increase in cash		<u>\$(95,269)</u>	<u>\$22,762</u>

**RECONCILIATION OF NET CASHFLOW TO MOVEMENT
IN NET DEBT**

Decrease in cash		(95,269)
Cash outflow from decrease in debt and lease financing		27,209
Change in net funds		(68,060)
Net funds at 1st April 2003		125,247
Net funds at 31st March 2004	22	<u>\$57,187</u>

The notes on pages 7 to 13 form part of these accounts.

CROSBY PARTNERS LIMITED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards. The particular accounting policies adopted are described below:-

(i) Basis of Accounting

The accounts have been prepared under the historical cost convention.

(ii) Investments

Investments are stated at cost less any impairment in value.

(iii) Depreciation

Depreciation is provided to write off the cost of fixed assets over their expected useful lives at the following rates:

Motor Vehicles	- 33 $\frac{1}{3}$ % per annum straight line
Furniture and fittings	- 25% per annum straight line

(iv) Hire Purchase Contracts

Hire purchase Contracts are initially recorded at fair value in the balance sheet, with an equivalent liability shown as appropriate under creditors due within or after one year.

The assets are depreciated over their expected useful lives. Finance charges are allocated to accounting periods on a straight line basis.

(v) Turnover

Turnover represents amounts net of Value Added Tax in respect of work completed during the year to 31 March 2004.

(vi) Operating Leases

The amount due for the year on operating leases is charged to the profit and loss account.

(vii) Pensions

The company makes payments to its employees' personal pension plans which are charged against profits.

(viii) Foreign Currencies

Transactions in foreign currencies have been translated into Sterling at the month end rate of the calendar month in which the transactions occurred. Assets and liabilities denominated in a foreign currency have been translated into Sterling at the rate of exchange prevailing on the balance sheet date.

All exchange differences are dealt with through the profit and loss account.

(ix) Deferred Taxation

Deferred tax is provided using the full provision method in accordance with Financial Reporting Standard No. 19. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

CROSBY PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2004

2. OPERATING LOSS

	2004 US\$	2003 US\$
Operating loss is stated after charging:		
Operating leases		
- land and buildings	20,700	20,700
Diminution in value in investment in associate	90,000	59,575
Depreciation - owned	2,825	2,382
- finance leases	-	13,311
Auditors' remuneration - audit	4,200	4,150
	<u>207,725</u>	<u>90,528</u>

3. STAFF COSTS

Employee costs during the year were as follows:

Wages and salaries	109,100	-
Social security costs	11,950	-
	<u>\$121,050</u>	<u>\$-</u>

	No.	No.
The average number of persons employed by the company during the year was:	<u>2</u>	<u>2</u>

4. DIRECTORS' REMUNERATION

	US\$	US\$
	<u>\$57,984</u>	<u>\$-</u>

The directors' remuneration shown above (excluding pension contributions) included:

5. INTEREST RECEIVABLE AND SIMILAR INCOME

Bank deposit interest	<u>\$1,729</u>	<u>\$2,892</u>
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CROSBY PARTNERS LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2004

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 US\$	2003 US\$
Hire purchase interest	\$ -	\$3,026
	<u> </u>	<u> </u>

7. TAXATION

Taxation is based on the adjusted profit for the year and comprises
Current year corporation tax

-	-
<u> </u>	<u> </u>
\$ -	\$-
<u> </u>	<u> </u>

The tax assessed for the period higher than the companies rate of tax of 19% (2003: 19%). The differences are explained below:

Loss on ordinary activities before tax	\$(203,896)	\$(55,845)
	<u> </u>	<u> </u>
Tax on loss on ordinary activities at 19% (2003: 19%)	(38,740)	(10,611)
Effect of:		
Depreciation in excess of capital allowances	-	1,076
Capital allowances in excess of depreciation	(4,395)	-
Disallowable expenditure	7,015	8,011
Diminution in investments	20,275	11,319
Loss carried forward	15,845	-
Small companies relief	-	(5,194)
Utilisation of losses brought forward	-	(4,601)
	<u> </u>	<u> </u>
Taxation on current year loss	\$ -	\$ -
	<u> </u>	<u> </u>

CROSBY PARTNERS LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2004

8. TANGIBLE FIXED ASSETS

	Motor Vehicles US\$	Furniture and fittings US\$	Total US\$
COST			
As at 1st April 2003	39,934	9,529	49,463
Disposals	(39,934)	-	(39,934)
As at 31st March 2004	-	9,529	9,529
DEPRECIATION			
As at 1st April 2003	18,303	5,989	24,292
Charge for the year	-	2,825	2,825
Eliminated on disposal	(18,303)	-	(18,303)
Balance at 31st March 2004	-	8,814	8,814
NET BOOK VALUE			
Balance at 31st March 2004	\$ -	\$715	\$715
Balance at 31st March 2003	\$21,631	\$3,540	\$25,171

Included within motor vehicles are assets bought under finance leases with cost of US\$nil (2003: US\$39,934) and net book value of US\$nil (2003: US\$21,631).

9. INVESTMENT IN ASSOCIATED COMPANIES

	2004 US\$	2003 US\$
Associate company		
Cost	159,575	159,575
Less: provision for diminution in value	(149,575)	(59,575)
	<u>\$10,000</u>	<u>\$100,000</u>

The company has investments in the following associated company:

Associate company	Country of incorporation	Principal activity	Proportion of ordinary Shares held by company
Crosby MTM Limited	England	Provision of Corporate advisory Services	33.33%

The following information is given in respect of the audited financial statements of Crosby MTM Limited for the year ended 31 December 2003. The US dollar amounts have been translated at the exchange rate prevailing at the year end. They are given for information only.

	2004 £	2004 US\$	2003 £	2003 US\$
Loss for the year before and after tax	<u>£(3,014)</u>	<u>\$(5,548)</u>	<u>£(252,324)</u>	<u>\$(398,445)</u>
Net liabilities	<u>£(33,605)</u>	<u>\$(61,859)</u>	<u>£(30,591)</u>	<u>\$(48,306)</u>

CROSBY PARTNERS LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2004

10. DEBTORS

	2004 US\$	2003 US\$
Trade debtors	5,596	35,146
Amounts owed by group undertakings	18,372	79,075
Directors loan account	3,659	3,139
Other debtors	21,241	23,022
Prepayments and accrued income	94,310	3,158
	<u>\$143,178</u>	<u>\$143,540</u>

11. CREDITORS: amounts falling due within one year

Trade creditors	5,857	5,565
Hire purchase obligations	-	6,251
Amounts owed to group undertakings	14,838	-
Other creditors	3,847	3,300
Accruals and deferred income	11,892	6,551
	<u>\$36,434</u>	<u>\$21,667</u>

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

Hire purchase obligations	<u>\$ -</u>	<u>\$20,958</u>
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13. SHARE CAPITAL

Authorised:

3,500,000 Ordinary shares of US\$1 each	3,500,000	3,500,000
1,000 Ordinary shares of £1 each	1,500	1,500
	<u> </u>	<u> </u>

Allotted, called up and fully paid:

2,538,339 Ordinary shares of US\$1 each	2,538,339	2,538,339
2 Ordinary shares of £1 each	3	3
	<u>\$2,538,342</u>	<u>\$2,538,342</u>

14. PROFIT AND LOSS ACCOUNT

At 1st April 2003	(2,159,800)	(2,103,955)
Retained loss for the financial year	(203,896)	(55,845)
	<u> </u>	<u> </u>
At 31st March 2004	<u>\$(2,363,696)</u>	<u>\$(2,159,800)</u>

CROSBY PARTNERS LIMITED**NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31 MARCH 2004****15. MOVEMENT IN SHAREHOLDERS' FUNDS**

	2004 US\$	2003 US\$
Loss for the financial year	(203,896)	(55,845)
Net movement in shareholders' funds	(203,896)	(55,845)
Opening shareholders' funds	378,542	434,387
Closing shareholders' funds	<u>£174,646</u>	<u>\$378,542</u>

16. OPERATING LEASES

At 31 March 2004, the company had the following annual commitments under non cancellable leases:

	2004 US\$	2003 US\$
Operating leases which expire:		
In less than 1 year	<u>\$21,600</u>	<u>\$ -</u>

17. OBLIGATIONS UNDER FINANCE LEASES

Amounts due within one year	-	6,251
In the second to fifth years inclusive	-	20,958
	<u>\$ -</u>	<u>\$27,209</u>

18. ULTIMATE PARENT COMPANY

The directors regard Pacific Lombard, a company incorporated in the United Kingdom, as the ultimate parent company. The ultimate controlling party is Peter O'Kane, a director of the company.

The largest group in which the results of the Crosby Partners Limited are consolidated is that headed by Pacific Lombard Limited, incorporated in the United Kingdom.. The consolidated financial statements of Pacific Lombard Limited are available to the public.

19. RELATED PARTY TRANSACTIONS

In accordance with the exemption available under Financial Reporting Standard 8 'Related Party Disclosures', no disclosure is given of transactions with group companies.

CROSBY PARTNERS LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2004

20. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2004 US\$	2003 US\$
Operating loss	(253,733)	(83,332)
Depreciation	2,825	15,693
Decrease in debtors	362	50,384
Increase/(decrease) in creditors	21,018	(42,016)
Diminution in value of investment	90,000	59,575
Profit on sale of fixed assets	(5,578)	-
	<u>\$(145,106)</u>	<u>\$304</u>

21. CASHFLOW SCHEDULES

Returns on investment and servicing of income

Interest received	1,729	2,892
Interest payable	-	(3,026)
Profit on foreign exchange	48,108	27,621
	<u>\$49,837</u>	<u>\$27,487</u>

Capital expenditure

Proceeds from the sale of fixed assets	<u>\$27,209</u>	<u>\$ -</u>
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Financing

Capital repayment of finance leases	<u>\$(27,209)</u>	<u>\$(5,029)</u>
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22. ANALYSIS OF NET DEBT

	1st April 2003 US\$	Cash Flow US\$	Non Cash Changes US\$	31st March 2004 US\$
Net cash:				
Cash at bank	152,456	(95,269)	-	57,187
Debt within one year	(6,251)	6,251	-	-
Debt greater than one year	(20,958)	20,958	-	-
Net positions	<u>\$125,247</u>	<u>\$(68,060)</u>	<u>\$-</u>	<u>\$57,187</u>