

2
12/15/04

NEST INVESTMENTS PROPERTY LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2003

Registered Number 3197767



A28
COMPANIES HOUSE

AEQGXUM

0255
19/05/04

PKF

NEST INVESTMENTS PROPERTY LIMITED
(Registered Number 3197767)
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2003

CONTENTS

DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
INDEPENDENT AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	6-9

**NEST INVESTMENTS PROPERTY LIMITED
DIRECTORS' REPORT**

The directors present their annual report together with the financial statements for the year ended 31 December 2003.

REVIEW OF THE YEAR

There has been no significant change in the activities of the company.

RESULTS

The profit for the financial year after tax amounted to £223,730 (2002: profit £41,193).

PRINCIPAL ACTIVITY

The principal activity of the company is the renting of property.

DIRECTORS

The directors who served during the year were:-

G K Abu Nahl
M Eftekhar


AUDITORS

PKF are eligible for re-appointment as auditors to the company and a resolution proposing their re-appointment will be proposed at the AGM.

BASIS OF PREPARATION

This directors' report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

 E Tan

For and on behalf of
St John's Square
Secretaries Limited

28 April 2004

NEST INVESTMENTS PROPERTY LIMITED
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; and
- 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 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.

The directors are also responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NEST INVESTMENTS PROPERTY LIMITED**

We have audited the financial statements of Nest Investments Property Limited for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 auditors' 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's members as a body for our audit work, for this report or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. 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.

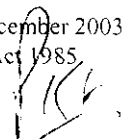
Basis of audit opinion

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 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF

Registered Auditors

London, UK

Date 12 May 2004

NEST INVESTMENTS PROPERTY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
TURNOVER		440,170	413,353
Cost of sales		-	-
GROSS PROFIT		440,170	413,353
Administrative expenses		(145,703)	(121,372)
OPERATING PROFIT		294,467	291,981
Other income	3	14,260	1,133
Interest payable and similar charges	4	(144,229)	(247,613)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	164,498	45,501
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	59,232	(4,308)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION	13	223,730	41,193

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

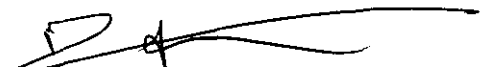
	<u>2003</u> £	<u>2002</u> £
Profit for the financial year	223,730	41,193
Unrealised surplus on revaluation of property	-	157,662
Total recognised gains and losses for the year	223,730	198,855

NEST INVESTMENTS PROPERTY LIMITED
BALANCE SHEET
31 DECEMBER 2003

	<u>Notes</u>	<u>£</u>	<u>2003</u>	<u>£</u>	<u>2002</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	7		4,655,114		4,674,546	
CURRENT ASSETS						
Debtors & prepayments	8	114,250		79,184		
Cash at bank and in hand		35,532		7,011		
		<u>149,782</u>		86,195		
CREDITORS						
Amounts falling due within one year	9	(407,677)		(235,264)		
NET CURRENT LIABILITIES						
			(257,895)		(149,069)	
TOTAL ASSETS LESS CURRENT LIABILITIES						
			<u>4,397,219</u>		<u>4,525,477</u>	
CREDITORS						
Amounts falling due after more than one year	10		(3,223,210)		(3,575,198)	
NET ASSETS						
			<u><u>1,174,009</u></u>		<u><u>950,279</u></u>	
CAPITAL AND RESERVES						
Called up share capital	11		1,000		1,000	
Revaluation reserve	12		1,427,459		1,427,459	
Profit and loss account	13		(254,450)		(478,180)	
			<u><u>1,174,009</u></u>		<u><u>950,279</u></u>	

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the board on 28th April 2004


M. EFTEKHAR Director

**NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003**

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are material to the company's affairs.

(a) Accounting convention

The financial statements set out on pages 4 to 9 have been prepared under the historical cost convention, with the exception of land and buildings which are included at a valuation, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

(b) Depreciation

Tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following rates:

	<u>Rates</u>
Furniture, fixture and fittings	15%
Plant and machinery	10%
Computer equipment	50%

(c) Turnover

Turnover represents rents receivable, service charges and insurance recoveries.

(d) Deferred tax

Provision is made for deferred tax using the full provision method. Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

(e) Investment properties

Land and buildings representing investment properties are included at market value.

(f) Foreign currency

Transactions denominated in foreign currency are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2003</u> £	<u>2002</u> £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	19,432	20,287
Auditors' remuneration	6,338	5,000
	<hr/> 25,770	
 3 OTHER INCOME		
Interest received	861	-
Charge to related company	13,399	1,133
	<hr/> 14,260	1,133

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

4	INTEREST PAYABLE	<u>2003</u> £	<u>2002</u> £
	Bank interest and charges	76,803	180,187
	Interest due to group undertakings	67,426	67,426
		<hr/>	<hr/>
		144,229	247,613
		<hr/>	<hr/>

5 DIRECTORS' REMUNERATION

The directors did not receive any remuneration during the year.

6	TAXATION	<u>2003</u> £	<u>2002</u> £
	(a) Analysis of (credit) / charge in year		
	Current tax		
	UK corporation tax on profits of the year at 30%	-	4,308
	Overprovision re previous year	(732)	-
	Deferred tax	(58,500)	-
		<hr/>	<hr/>
		(59,232)	4,308
		<hr/>	<hr/>

The taxable profit has been reduced by interest paid during the year in excess of the amount charged in the profit and loss account.

(b) Deferred tax

Deferred tax comprises:

Capital allowances in excess of depreciation	70,320	62,292
Timing difference re interest payable	(128,820)	(62,292)
	<hr/>	<hr/>

Deferred tax at 31 December 2003	(58,500)	-
	<hr/>	<hr/>

7 TANGIBLE FIXED ASSETS

	<u>Land and buildings</u> £	<u>Furniture Fixtures & Fittings</u> £	<u>Plant and machinery</u> £	<u>Computer Equipment</u> £	<u>Total</u> £
Cost or valuation					
At 1 January 2003	4,600,000	99,273	53,963	6,327	4,759,563
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	4,600,000	99,273	53,963	6,327	4,759,563
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2003	-	(56,502)	(22,188)	(6,327)	(85,017)
Charge for year	-	(14,036)	(5,396)	-	(19,432)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	-	(70,538)	(27,584)	(6,327)	(104,449)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book amounts					
At 31 December 2003	4,600,000	28,735	26,379	-	4,655,114
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	4,600,000	42,771	31,775	-	4,674,546
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

7 TANGIBLE FIXED ASSETS (Continued)

As from 1 January 1998 the land and buildings shown above became investment properties and are included at market value. Accordingly, no depreciation charge is appropriate since that date. The requirement of the Companies Act is to depreciate all fixed assets but that requirement conflicts with the Financial Reporting Standard for Smaller Entities (effective June 2002) ("the FRSSE"). The directors consider that to depreciate investment properties would not give a true and fair view and have therefore adopted the principles of the FRSSE. If this departure from the Act had not been made the profit would have been reduced by depreciation amounting to approximately £80,000. All other tangible fixed assets are included at cost less the appropriate depreciation.

The investment property was valued as at 29 May 2002 on an open market basis at £4.6 million by independent chartered surveyors. If the property was sold at its revalued amount there would be a potential tax liability on the chargeable gain of approximately £276,000.

8 DEBTORS	<u>2003</u> £	<u>2002</u> £
Debtors, all of which are due within one year, comprised:		
Other debtors	1,090	584
Prepayments	4,104	3,502
Trade debtors	50,556	75,098
Deferred tax (see note 6)	58,500	-
	<hr/> 114,250 <hr/>	<hr/> 79,184 <hr/>

9 CREDITORS

Amounts falling due within one year:

Bank loan (see note 10)	64,153	60,589
Bank overdraft	-	22,514
Due to Nest Investments Holdings (Cyprus) Ltd	179,224	-
Tax payable	20,776	4,308
Accruals and deferred income	143,524	147,853
	<hr/> 407,677 <hr/>	<hr/> 235,264 <hr/>

10 CREDITORS

Amounts falling due after more than one year:

Due to parent undertaking	55,881	2,235,787
Due to Nest Investments Holdings (Cyprus) Ltd	1,895,454	-
Bank loan	1,271,875	1,339,411
	<hr/> 3,223,210 <hr/>	<hr/> 3,575,198 <hr/>

The amount due to Nest Investments Holdings (Cyprus) Limited is subject to interest at the rate of 0.5% above STG LIBOR fixed on 31 December each year on the principal amount of £1,500,444. There is no fixed date for repayment of the loan.

The bank loan represents a loan from Bank of Scotland repayable at an interest rate of 5.75% per annum. The repayment period of the loan is fifteen years (i.e. 180 monthly instalments). The loan is secured by a) first legal charge over Nest Business Park, and b) an all monies debenture over the assets of the company. The capital element of instalments due after five years is approximately £974,300.

NEST INVESTMENTS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

11	CALLED UP SHARE CAPITAL	<u>2003</u>	<u>2002</u>
		<u>Number</u>	<u>£</u>
	Authorised:		
	Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid:		
	Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
12	REVALUATION RESERVE	<u>2003</u>	<u>2002</u>
		<u>£</u>	<u>£</u>
	Balance at 1 January 2003	1,427,459	1,269,797
	Revaluation in the year	-	157,662
	Balance at 31 December 2003	1,427,459	1,427,459
13	PROFIT AND LOSS ACCOUNT		
	The movement of reserves during the year was as follows:		
	At 1 January 2003	(478,180)	(519,373)
	Profit for the year	223,730	41,193
	At 31 December 2003	(254,450)	(478,180)
14	PARENT UNDERTAKING AND CONTROLLING PARTY		
	The company is a 100% subsidiary of Nest Investments (Holdings) Limited, a company incorporated in Jersey. The controlling party is Mr G K Abu Nahl.		
15	RELATED PARTY TRANSACTIONS		
	The company has a loan from a group company and a current account due to its parent undertaking as disclosed in notes 9 and 10. The interest payable on this loan is shown in note 4.		
	The parent company has charged expenses of £35,000 to the company during the year.		
	In November 2002 the company agreed that the property at Nest Business Park would be used as collateral for £1.36 million to enable its bankers to issue a bank guarantee to the Corporation of Lloyd's on behalf of another group company, Trust International Insurance Co., EC Bahrain, on account of Trust Underwriting Limited. A fee of £13,399 (2002: £1,133) was received for the provision of this security.		