

**Esperia Capital
Management Limited
(formerly Marolda Management Limited)**

Report and Financial Statements
Period ended December 31, 1999

**Rees Pollock
Chartered Accountants**



ESPERIA CAPITAL MANAGEMENT LIMITEDDirectors

P E Howard
A Marolda
R G Thumann
A Varma

Secretary

SLC Registrars Limited

Auditors

Rees Pollock
7 Pilgrim Street
London
EC4V 6DR

Bankers

Royal Bank of Scotland
Drummonds Branch
Admiralty Arch
49 Charing Cross
London
SW1A 2DX

Solicitors

Iliad Consulting Limited
Interpark House
7 Down Street
London
W1 7DS

Registered Office

32 Dover Street
London
W1X 3RA

Company Number

3684651

ESPERIA CAPITAL MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the period ended December 31, 1999.

Results and dividends

The trading loss for the period amounted to £111,625.

Review of the business

The company was incorporated on December 16, 1998 as Marolda Management Limited. The name of the company was changed to Esperia Capital Management Limited on March 11, 1999. The main activity of the company is investment management. This activity commenced in June 1999.

Future developments

The company will seek to continue to develop its investment management business.

Directors and their interests

The directors who served during the period and their beneficial interests in the share capital of the company were as follows:

		At December 31, 1999
		Ordinary shares
P E Howard	(appointed on incorporation)	60,000
A Marolda	(appointed on incorporation)	(see note 13)
R G Thumann	(appointed on March 9, 1999)	-
A Varma	(appointed on January 8, 1999)	-
D A Venus	(appointed and resigned on incorporation)	-

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 these 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ESPERIA CAPITAL MANAGEMENT LIMITEDDIRECTORS' REPORTDirectors' responsibilities

(continued)

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 accounts 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 of fraud and other irregularities. The directors confirm that these accounts comply with these requirements.

Year 2000

The company has not experienced any problems with its computer systems as a result of the year 2000 conversion and no significant costs were incurred. The directors are continuing to monitor developments.

Auditors

Rees Pollock were appointed as the company's first auditors. A resolution to re-appoint Rees Pollock as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'A Marolda', written over a horizontal line.

A Marolda
Director

April 27, 2000

**REES POLLOCK***Chartered Accountants*

7 Pilgrim Street
London EC4V 6DR
Telephone 020 7329 6404
Fax 020 7329 6408

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ESPERIA CAPITAL MANAGEMENT LIMITED**

We have audited the financial statements on pages 5 to 11 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 pages 2 and 3 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 affairs of the company as at December 31, 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock
Chartered Accountants
Registered Auditor

April 28, 2000

ESPERIA CAPITAL MANAGEMENT LIMITEDPROFIT AND LOSS ACCOUNTFOR THE PERIOD ENDED DECEMBER 31, 1999

	Notes	1999 £
Turnover	2	583,395
Gross profit		----- 583,395
Operating expenses		(702,121)
Operating loss	3	----- (118,726)
Interest receivable		7,101
Loss on ordinary activities before taxation		----- (111,625)
Taxation charge on loss on ordinary activities		-
Retained loss for the financial period	11	----- (111,625) =====

There are no recognised gains or losses, other than those dealt with above.

All amounts relate to continuing activities.

The notes on pages 8 to 11 form part of these financial statements.

ESPERIA CAPITAL MANAGEMENT LIMITEDBALANCE SHEET AT DECEMBER 31, 1999

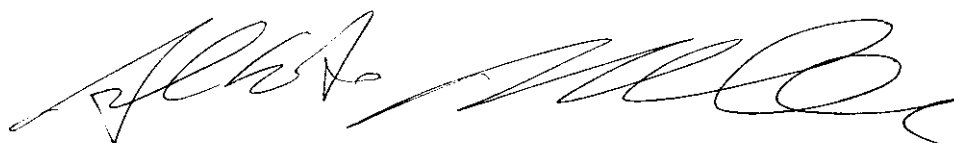
	Notes	£	1999 £
Fixed assets			
Tangible assets	7		156,652
Current assets			
Debtors	8	64,620	
Cash at bank and in hand		430,724	

		495,344	
Creditors: amounts falling due within one year	9	163,621	

Net current assets			331,723

Total assets less current liabilities and net assets			488,375
			=====
Capital and reserves:			
Called up share capital	10,11		600,000
Profit and loss account	11		(111,625)

Equity shareholders' funds	11		488,375
			=====



A Marolda
Director

April 27, 2000

The notes on pages 8 to 11 form part of these financial statements.

ESPERIA CAPITAL MANAGEMENT LIMITEDSTATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 1999

	1999 £
Operating loss	(118,726)
Depreciation	27,300
Increase in debtors	(64,620)
Increase in creditors	163,621

Net cash flow from operating activities:	7,575
Returns on investments and servicing of finance:	
Interest received	7,101
Capital expenditure:	
Payments to acquire tangible fixed assets	(183,952)

Net cash outflow before financing	(169,276)
Financing:	
Issue of ordinary share capital	600,000

Increase in cash and net funds in the period	430,724
Net funds on incorporation	-

Net funds at December 31, 1999	430,724
	=====

The notes on pages 8 to 12 form part of these financial statements.

ESPERIA CAPITAL MANAGEMENT LIMITEDNOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 19991. Accounting policiesAccounting convention

The financial statements are prepared in accordance with applicable Accounting Standards and under the historical cost convention.

Depreciation

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

Plant and machinery	-	over three to five years
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Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Foreign currencies

Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies during the period are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2. Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax. The company's turnover is derived entirely from outside the UK.

3. Operating loss

	1999
	£
This is stated after charging:	
Auditors' remuneration	8,000
Depreciation of owned fixed assets	27,300
Operating lease rentals – plant and machinery	22,071

ESPERIA CAPITAL MANAGEMENT LIMITEDNOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 1999
(continued)4. Directors' remuneration

	1999 £
Salaries	112,087
Fees	18,750

	130,837
	=====

5. Staff costs

	£
Wages and salaries	277,982
Social security costs	31,304

	309,286
	=====

The monthly average number of employees during the period was as follows:

Professional staff	5
	=====

6. Taxation

There is no taxation charge for the period due to losses incurred.

ESPERIA CAPITAL MANAGEMENT LIMITEDNOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 1999
(continued)7. Tangible fixed assets

	1999 Plant & machinery £
Cost:	
At incorporation	-
Additions	183,952

At December 31, 1999	183,952

Depreciation:	
At incorporation	-
Provided during the period	27,300

At December 31, 1999	27,300

Net book value:	
At December 31, 1999	156,652
	=====

8. Debtors

	£
Other debtors	39,470
Prepayments and accrued income	25,150

	64,620
	=====

Included in other debtors is an amount of £30,000 which is due after more than one year.

9. Creditors: amounts falling due within one year

	£
Trade creditors	79,639
Accruals	68,450
Other taxes and social security costs	15,532

	163,621
	=====

ESPERIA CAPITAL MANAGEMENT LIMITEDNOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 1999

(continued)

10. Share capital

	Authorised	Allotted, called up and fully paid
	1999 No.	1999 £
Ordinary shares of £1 each	1,000,000	600,000
	<u> </u>	<u> </u>

During the period, 600,000 ordinary shares of £1 each were issued fully paid for cash of £600,000.

11. Reconciliation of equity shareholders' funds

	1999 £
At incorporation	-
Share capital allotted (see note 10)	600,000
Loss retained for the period	(111,625)
	<u> </u>
At December 31, 1999	488,375
	<u> </u>

12. Other financial commitments

At December 31, 1999, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1999 £
Operating leases which expire:	
In two to five years	60,000
	<u> </u>

13. Parent undertaking and controlling party

The immediate parent undertaking is Roldan Holdings Limited, a company incorporated in the British Virgin Islands, which holds 480,000 shares.

In the directors' opinion the ultimate controlling party is the Roldan Trust, established under the law of Jersey.

A Marolda has an interest under this trust.