

Esperia Capital Management Limited

Report and Accounts
30 September 2002



OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	R G Thumann P E Howard A Marolda A Varma
Company Secretary	SLC Registrars Limited
Registered Office	32 Dover Street London W1X 3RA
Auditors	Rees Pollock 7 Pilgrim Street London EC4V 6DR
Bankers	The Royal Bank of Scotland London Drummonds Branch 49 Charing Cross Road London SW1A 2DX
Solicitors	Berwin Leighton Paisner Bouverie House 154 Fleet Street London EC4A 2JD
Registered Number	3684651

DIRECTORS' REPORT

The directors present their report and accounts of the company for the year ended 30 September 2002.

Principal activities and business review

The principal activity of the company during the year was investment management. The company will seek to continue to develop this business.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have not recommended a dividend.

The directors and their interests

The directors who served the company during the year together with their beneficial interests in the share capital of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 September 2002	At 1 October 2001
R G Thumann	—	—
P E Howard	60,000	60,000
A Marolda	—	—
A Varma	—	—

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts 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 accounts comply with the Companies Act 1985. The directors 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.

Auditors

A resolution to re-appoint Rees Pollock as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A Marolda
Director

15/1/03 2002

A handwritten signature in black ink, appearing to be 'A Marolda', written over the date '15/1/03 2002'.



REES POLLOCK

Chartered Accountants

7 Pilgrim Street

London EC4V 6DR

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESPERIA CAPITAL MANAGEMENT LIMITED

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of the directors and the auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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

We report to you our opinion as to whether the accounts 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 accounts, 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. Our responsibilities do not extend to any other information.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

Rees Pollock 
Chartered Accountants
Registered Auditors
22 January 2003

Esperia Capital Management Limited

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2002

	Note	2002 £	2001 £
TURNOVER	2	730,457	2,043,041
Cost of sales		42,363	79,732
GROSS PROFIT		688,094	1,963,309
Administrative expenses		670,428	1,965,210
OPERATING PROFIT/(LOSS)	3	17,666	(1,901)
Interest receivable		10,897	29,051
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		28,563	27,150
Tax on profit on ordinary activities	6	15,004	18,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		13,559	9,150
Balance brought forward		(77,563)	(26,713)
Purchase of own shares		—	(60,000)
Balance carried forward		(64,004)	(77,563)

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 13 form part of these accounts.

Esperia Capital Management Limited

BALANCE SHEET
at 30 September 2002

	Note	£	2002 £	2001 £
FIXED ASSETS				
Tangible assets	7		12,159	58,604
CURRENT ASSETS				
Debtors	8	57,290		102,097
Cash at bank		530,761		479,698
		588,051		581,795
CREDITORS: amounts falling due within one year	9	64,214		117,962
NET CURRENT ASSETS			523,837	463,833
TOTAL ASSETS LESS CURRENT LIABILITIES			535,996	522,437
CAPITAL AND RESERVES				
Called-up equity share capital	12		540,000	540,000
Capital redemption reserve	13		60,000	60,000
Profit and Loss Account			(64,004)	(77,563)
SHAREHOLDERS' FUNDS	14		535,996	522,437

A Marolda



15/1/03

The notes on pages 9 to 13 form part of these accounts.

CASH FLOW STATEMENT

for the year ended 30 September 2002

	2002	2001
£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	64,183	(37,882)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>10,897</u>	<u>29,051</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	10,897	29,051
TAXATION	(24,017)	—
FINANCING		
Purchase of own equity shares	<u>—</u>	<u>(60,000)</u>
NET CASH OUTFLOW FROM FINANCING	—	(60,000)
INCREASE/(DECREASE) IN CASH	<u>51,063</u>	<u>(68,831)</u>

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

	2002	2001
	£	£
Operating profit/(loss)	17,666	(1,901)
Depreciation	46,445	52,783
Decrease in debtors	44,807	38,979
Decrease in creditors	(44,735)	(127,743)
Net cash inflow/(outflow) from operating activities	<u>64,183</u>	<u>(37,882)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002	2001
	£	£
Increase/(Decrease) in cash in the period	<u>51,063</u>	<u>(68,831)</u>
Movement in net funds in the period	<u>51,063</u>	<u>(68,831)</u>
Net funds at 1 October 2001	<u>479,698</u>	<u>548,529</u>
Net funds at 30 September 2002	<u>530,761</u>	<u>479,698</u>

The notes on pages 9 to 13 form part of these accounts.

Esperia Capital Management Limited

CASH FLOW STATEMENT *(continued)*
for the year ended 30 September 2002
ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Oct 2001 £	Cash flows £	At 30 Sep 2002 £
Net cash:			
Cash in hand and at bank	479,698	51,063	530,761
Net funds	<u>479,698</u>	<u>51,063</u>	<u>530,761</u>

The notes on pages 9 to 13 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 30 September 2002

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - over three to five years

Operating lease agreements

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 in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange 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 PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2002	2001
	£	£
Depreciation	46,445	52,783
Auditors' remuneration		
- as auditors	8,000	8,000
Operating lease costs		
- land and buildings	60,000	60,000
Net profit on foreign currency translation	<u>(15,976)</u>	<u>(10,975)</u>

NOTES TO THE ACCOUNTS

for the year ended 30 September 2002

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Number of professional staff	4	6
Number of administrative staff	1	1
	<u>5</u>	<u>7</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	277,235	1,312,566
Social security costs	24,917	105,632
	<u>302,152</u>	<u>1,418,198</u>

5. DIRECTORS' EMOLUMENTS

	2002	2001
	£	£
Emoluments	<u>170,551</u>	<u>266,606</u>

Emoluments of highest paid director:

	2002	2001
	£	£
Total emoluments (excluding pension contributions):	<u>100,552</u>	<u>147,406</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation

	2002	2001
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2001 - 20%)	15,004	18,000
Total current tax	<u>15,004</u>	<u>18,000</u>

NOTES TO THE ACCOUNTS

for the year ended 30 September 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2001 - 20%).

	2002	2001
	£	£
Profit on ordinary activities before taxation	<u>28,563</u>	<u>27,150</u>
Profit on ordinary activities multiplied by standard rate of corporation tax	5,427	5,430
Expenses not deductible for tax purposes	3,264	10,041
Depreciation for the period in excess of capital allowances	5,941	6,510
Utilisation of tax losses brought forward	—	(3,981)
Effect of change in taxation rate	<u>372</u>	<u>—</u>
Total current tax (note 6(a))	<u>15,004</u>	<u>18,000</u>

7. TANGIBLE FIXED ASSETS

	Plant & Machinery
	£
Cost	
At 1 October 2001 and 30 September 2002	<u>176,936</u>
Depreciation	
At 1 October 2001	118,332
Charge for the year	<u>46,445</u>
At 30 September 2002	<u>164,777</u>
Net book value	
At 30 September 2002	<u>12,159</u>
At 30 September 2001	<u>58,604</u>

8. DEBTORS

	2002	2001
	£	£
Other debtors	33,360	60,867
Prepayments and accrued income	<u>23,930</u>	<u>41,230</u>
	<u>57,290</u>	<u>102,097</u>

The debtors above include the following amounts falling due after more than one year:

	2002	2001
	£	£
Other debtors	<u>30,000</u>	<u>30,000</u>

NOTES TO THE ACCOUNTS

for the year ended 30 September 2002

9. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	10,296	54,537
Taxation and social security	16,918	28,375
Accruals and deferred income	37,000	35,050
	<u>64,214</u>	<u>117,962</u>

10. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2002	2001
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>60,000</u>	<u>60,000</u>

11. RELATED PARTY TRANSACTIONS

During the year Esperia Capital Management Limited received £44,988 in respect of marketing services provided to Esperia Distribution Limited, a company owned by Point Break Trust. A Marolda has an interest under this trust. No amounts remain unpaid at the year-end.

12. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	540,000	600,000
Purchase of own equity shares	—	(60,000)
	<u>540,000</u>	<u>540,000</u>

13. CAPITAL REDEMPTION RESERVE

	2002	2001
	£	£
Capital redemption reserve	<u>60,000</u>	<u>60,000</u>

NOTES TO THE ACCOUNTS

for the year ended 30 September 2002

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
£	£	£
Profit for the financial year	13,559	9,150
Purchase of own equity shares	—	(60,000)
Net addition/(reduction) to funds	13,559	(50,850)
Opening equity shareholders' funds	522,437	573,287
Closing equity shareholders' funds	535,996	522,437

15. 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.

16. SUBSIDIARY UNDERTAKING

Esperia Capital Management Limited owns 100% of the issued share capital of Esperia General Partner Limited, a dormant company, registered in the United Kingdom. The investment was made for £1 in the year ended 30 September 2001.